PROSPECTUS

BERICA ABS 5 S.R.L.

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

Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067
Issue Price: 100%

Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067
Issue Price: 100%

Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067
Issue Price: 100%

*This document (the "**Prospectus**") constitutes a prospectus for the Senior Notes and Mezzanine Notes (as defined below) for the purposes of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU (the "**Prospectus Directive**") and the relevant implementing measures in Luxembourg as well as a* Prospetto Informativo *for the Notes (as defined below) for the purposes of Article 2, paragraph 3, of Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time (the "**Securitisation Law**"). On 1° March 2017 (the "**Issue Date**"), Berica ABS 5 S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**") will issue the Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class A Notes**" or the "**Senior Notes**"), the Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class B Notes**") and the Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class C Notes**", and together with the Class B Notes the "**Mezzanine Notes**"; the Class A Notes, the Class B Notes and the Class C Notes, collectively, the "**Rated Notes**"). Application has been made to the* Commission de Surveillance du Secteur Financier *as competent authority under the Prospectus Directive as transposed in Luxembourg on 10 July 2005 for the approval of this Prospectus and application has been made to the Luxembourg Stock Exchange (the "**Stock Exchange**") for the Rated Notes to be admitted to listing on the Official List and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, a regulated market for the purposes of Directive 2004/39/EC. The Commission de Surveillance du Secteur Financier does not assume any responsibility as to the economic or financial soundness of the transaction described in this Prospectus or the quality or solvency of the Issuer. In connection with the issue of the Rated Notes, on the Issue Date the Issuer will also issue Euro 51,519,000 Class J Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class J Notes**" or the "**Junior Notes**" and, together with the Senior Notes and the Mezzanine Notes, the "**Notes**"). No application has been made to list the Class J Notes on any stock exchange. The Class J Notes are not being offered pursuant to this Prospectus.*

*The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made in respect of the claims and rights connected thereto arising from two portfolios of performing residential mortgage claims (respectively the "**BPVi Claims**" and the "**BN Claims**", and collectively, the "**Claims**") which have been purchased by the Issuer from, respectively, Banca Popolare di Vicenza S.p.A. ("**BPVi**") and Banca Nuova S.p.A. ("**BN**") pursuant to the terms of two transfer agreements each dated 30 November 2016, as subsequently amended (namely, the "**BPVi Transfer Agreement**" and the "**BN Transfer Agreement**" and collectively, the "**Transfer Agreements**"). The Portfolios (as defined below) do not consist, in whole or in part, actually or potentially, of (a) tranches of other asset-backed securities; or (b) credit-linked notes, swaps or other derivatives instruments, or synthetic securities.*

*Interest on the Notes will accrue from the Issue Date on a daily basis in Euro and be payable on 31 May 2017 (the "**First Payment Date**") and thereafter quarterly in arrears on the last day of February, May, August and November in each year (provided that, if such day is not a Business Day (as defined below), then interest on such Notes will be payable on the immediately preceding Business Day) (each, a "**Payment Date**"). The rate of interest applicable to the Notes for each period from (and including) a Payment Date to (but excluding) the following Payment Date (each, an "**Interest Period**", provided that the first Interest Period (the "**Initial Interest Period**") shall begin on (and include) the Issue Date and end on (and exclude) the First Payment Date) shall be the higher of:*

(1) *the aggregate of:*

*(A) the rate per annum equal to the Euro-zone inter-bank offered rate ("**Euribor**") for three month deposits in Euro determined in accordance with Condition 5 (Interest) (the "**Three Month Euribor**") (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 2 months and 3 months deposits in Euro) plus*

*(B) the following relevant margins (each, a "**Relevant Margin**"):*

(a) with regard to the Class A Notes: 0.40% per annum;

(b) with regard to the Class B Notes: 0.50% per annum;

(c) with regard to the Class C Notes: 0.60% per annum;

(d) with regard to the Class J Notes: 0.00% per annum,

provided that the rate of interest applicable on each of the Class B Notes and the Class C Notes shall not be higher than 4% per annum; and

(2) *zero.*

The Class J Notes bear, in addition to interest, Additional Return from (and including) the Issue Date.

Calculations as to the estimated weighted average life of the Rated Notes can be made based on certain assumptions. See the section headed "Estimated Weighted Average Life of the Rated Notes and Certain Assumptions". 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.

*By operation of Italian law, the Issuer's right, title and interest in and to the Portfolios and the other Issuer's Rights (as defined in the Conditions) are segregated from all other assets of the Issuer and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer's accounts under this Transaction and not commingled with other sums) will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to pay any costs, fees and expenses payable, or other amounts due, to the Other Issuer Creditors (as defined below) and to any third party creditor in respect of any costs, fees or expenses payable by the Issuer to such third party creditors in relation to the securitisation of the Portfolios (the "**Securitisation**" or the "**Transaction**"). Amounts derived from the Portfolios will not be available to any such creditors of the Issuer in respect of any other amounts owed to them or to any other creditors of the Issuer. The Noteholders and the Other Issuer Creditors will agree that the Issuer Available Funds (as defined below) will be applied by the Issuer in accordance with the application of the orders of priority of payments of the Issuer Available Funds set forth in Condition 4 (Orders of Priority) and the Intercreditor Agreement (the "**Orders of Priority**").*

*The Notes will be subject to mandatory redemption, in whole or in part, from time to time on each Payment Date. The aggregate amount to be applied in mandatory pro rata redemption in part will be calculated in accordance with the provisions set forth in Condition 6.2 (Mandatory Pro Rata Redemption). The Issuer may at its option, on the Call Date or on any Payment Date thereafter (prior to the delivery of a Trigger Notice) (each an "**Optional Redemption Date**"), redeem:(i) the Notes in whole (but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date; or (ii) with the prior consent of the Junior Noteholders, the Rated Notes only (or the Rated Notes in whole and the Junior Notes in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date in accordance with the provisions set forth in Condition 6.3 (Optional Redemption). Unless previously redeemed in full in accordance with the Conditions, the Notes will be redeemed on the Payment Date falling in November 2067 (the "**Final Maturity Date**"). If any amounts remain outstanding in respect of the Notes upon expiry of the Cancellation Date (as defined below), such amounts (and the obligations to make payments in their respect) will be deemed to be released by the Noteholders and the Notes will be cancelled.*

*The Notes shall be held in a dematerialised form on behalf of the ultimate owners, from the Issue Date until redemption or cancellation thereof, by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holders. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking S.A. ("**Clearstream**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"). Monte Titoli shall act as depository for Clearstream and Euroclear. The Notes shall at all times be evidenced by book-entries in accordance with the provisions of Article 83-bis of the Italian Legislative Decree No. 58 of 24 February 1998 and with the regulation issued on 22 February 2008 by the Bank of Italy together with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes. The Notes have not and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are being offered only outside the United States (the "**U.S.**") to persons other than U.S. persons in compliance with Regulation S of the Securities Act ("**Regulation S**"). See the section headed "Subscription and Sale" below. The Issuer will be relying on an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in this Prospectus).*

*The Class A Notes are expected, on issue, to be rated Aa2(sf) by Moody's Investors Ltd ("**Moody's**") and AA-sf by FITCH ITALIA – Società Italiana per Il Rating S.p.A. ("**Fitch**" and, together with Moody's, the "**Rating Agencies**"). The Class B Notes are expected, on issue, to be rated A1(sf) by Moody's and Asf by Fitch. The Class C Notes are expected, on issue, to be rated A3(sf) by Moody's and BBBsf by Fitch. As of the date of this Prospectus, each of Moody's and Fitch is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority (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**"). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which each of Moody's and Fitch belong have a market share of, respectively, 31.29% and 16.56%. No rating will be assigned to the Class J Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.*

The Originators will on the Issue Date subscribe all of the Notes. It is the intention of the Originators, as Initial Noteholders, to use the Senior Notes, in full or in part, as collateral in repurchase transactions and/or as collateral in connection with liquidity and/or open market operations with the European Central Bank or other qualified investors and to ultimately sell the Rated Notes in the secondary market to other investors, subject to the applicable selling restrictions. See the section headed "Subscription and Sale" below..

Under the Subscription Agreements and the Intercreditor Agreement, each of the Originators undertakes that it will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction in accordance with option (1)(d) of Article 405 of Regulation (EU) No. 575/2013, option (1)(d) of Article 51 of the Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 and option 2(d) of Article 254 of Regulation (EU) No. 35/2015. As at the Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes).

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 headed "Risk Factors".

Arrangers

Banca Popolare di Vicenza **J.P. Morgan**

Dated 27 Febuary 2017

None of the Issuer, the Arrangers or any other party to the Transaction Documents other than BPVi (in relation to the BPVi Portfolio) and BN (in relation to the BN Portfolio) has undertaken or will undertake any investigations, searches or other actions to verify the details of the Portfolios sold to the Issuer, nor has any of the Issuer, the Arrangers or any other party to the Transaction Documents (other than BPVi, in relation to the BPVi Portfolio, and BN, in relation to the BN Portfolio) undertaken, nor will they undertake, any investigations, searches, or other actions to establish the existence of any of the monetary claims in the Portfolios or the creditworthiness of any Borrower.

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

*Each of BPVi and BN accepts responsibility for the information contained in this Prospectus in the relevant parts of the sections headed "The Portfolios", "Credit and Collection Policies and Recovery Procedures" and "The Originators and the Servicers" and any other information contained in this Prospectus relating to itself, the relevant credit and collection procedures, the Claims and the Mortgage Loans (each as defined in the section entitled "**Glossary of Terms**"). To the best knowledge and belief of each of BPVi and BN (which has 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 true and do not omit anything likely to affect the import of such information.*

J.P. Morgan Securities plc has provided the information relating to it under the section headed "The Swap Counterparty and EMIR Reporting Agent" below and accepts responsibility for the information contained in that section. To the best of the knowledge and belief of J.P. Morgan Securities plc (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as aforesaid, J.P. Morgan Securities plc has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

JPMorgan Chase Bank, N.A. has provided the information relating to it under the section headed "The Swap Guarantor" below and accepts responsibility for the information contained in that section. To the best of the knowledge and belief of JPMorgan Chase Bank, N.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as aforesaid, JPMorgan Chase Bank, N.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

BNP Paribas Securities Services has provided the information under the section headed "The Calculation Agent, the Paying Agent, the Account Bank and the Luxembourg Listing Agent" below and accepts responsibility for the information contained in that section. To the best of the knowledge and belief of BNP Paribas Securities Services (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as aforesaid, BNP Paribas Securities Services has not, however, been involved in the preparation or distribution of, and do not accept responsibility for, this Prospectus or any part hereof.

Zenith Service S.p.A. has provided the information under the section headed "The Back-Up Servicer and the Corporate Services Provider" below and accepts responsibility for the information contained in that section. To the best of the knowledge and belief of Zenith Service S.p.A. (which has taken all

reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as aforesaid, Zenith Service S.p.A. has not, however, been involved in the preparation or distribution of, and do not accept responsibility for, this Prospectus or any part hereof.

130 Finance S.r.l. has provided the information under the section headed "The Representative of the Noteholders and the Back-Up Servicer Facilitator" below and accepts responsibility for the information contained in that section. To the best of the knowledge and belief of 130 Finance S.r.l. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as aforesaid, 130 Finance S.r.l. has not, however, been involved in the preparation or distribution of, and do not accept responsibility for, this Prospectus or any part hereof.

*No Person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Arrangers, the Issuer, the Representative of the Noteholders, the Servicers, the Master Servicer, the Administrative Services Provider, the Back-up Servicer Facilitator, the Back-Up Servicer, the Corporate Services Provider, the Account Bank, the Collection Account Bank, the Paying Agent, the Cash Manager, the Calculation Agent, the Luxembourg Listing Agent, the Subordinated Loan Provider, the Swap Counterparty, the EMIR Reporting Agent, the Swap Guarantor and the Quotaholder (each as defined below in the section entitled "**Principal Parties**"), or BPVi and BN (in any capacity under the Transaction Documents). None of the aforementioned parties, other than the Issuer (and, to the extent set forth above, BPVi, BN, J.P. Morgan Securities plc, JPMorgan Chase Bank, N.A., BNP Paribas Securities Services, Zenith Service S.p.A. and 130 Finance S.r.l.) makes any representation, warranty or undertaking, express or implied, or accepts responsibility for the accuracy or completeness of the information contained in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. 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 and BPVi, BN, J.P. Morgan Securities plc, JPMorgan Chase Bank, N.A., BNP Paribas Securities Services, Zenith Service S.p.A. and 130 Finance S.r.l. or the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.*

None of the Arrangers accepts any responsibility for the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes.

The Notes shall be direct, secured limited recourse obligations solely of the Issuer. In particular, the Notes shall not be obligations or responsibilities of, or guaranteed by, any of the Representative of the Noteholders, the Servicers, the Master Servicer, the Administrative Services Provider, the Back-Up Servicer Facilitator, the Back-Up Servicer, the Corporate Services Provider, the Account Bank, the Collection Account Bank, the Paying Agent, the Cash Manager, the Calculation Agent, the Luxembourg Listing Agent, the Subordinated Loan Provider, the Swap Counterparty, the EMIR Reporting Agent, the Swap Guarantor, BPVi and BN (in any capacity under the Transaction Documents), the Arrangers, or the Quotaholder. Furthermore, none of the Principal Parties (other than the Issuer) or BPVi and BN accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

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

None of the Arrangers makes any representation, warranty or undertaking, express or implied, to any prospective investor or purchaser of the Notes or accepts responsibility regarding the legality of any

investment in the Notes by any such prospective investor or purchaser under applicable investment or similar laws or regulations.

The Notes have not been and shall not be registered under the Securities Act or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions the Notes may not be offered or sold within the U.S. or for the benefit of U.S. Persons (as defined in Regulation S). See the section headed "Subscription and Sale" below.

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

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.

*Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the same meanings as those set forth in the section entitled "**Glossary of Terms**". These and other terms used in this Prospectus are subject to the definitions of such terms set forth in the Transaction Documents, as amended from time to time.*

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

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

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

Any web-site referred to in this Prospectus does not form part of the same.

TABLE OF CONTENTS

RISK FACTORS

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

CONSIDERATIONS RELATING TO THE ISSUER

Securitisation Law

The Securitisation Law was enacted in the Republic of Italy in April 1999. As at the date of this Prospectus, only limited interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for limited regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer, or any other party to the Transaction Documents as at the date of this Prospectus.

On 24 December 2013, Italian 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*") (the "**Decree 145**"), converted with amendments into Law No. 9 of 21 February 2014, came into force introducing certain amendments to the Securitisation Law. In particular, Decree 145 has provided, *inter alia*, that:

(a) the special purpose vehicles incorporated under the Securitisation Law may open segregated accounts with the servicers for the deposit of the collections received from the debtors and the other amounts paid to the special purpose vehicles under the securitisation transactions; the sums deposited into such accounts will be segregated from the assets of the servicers with which the accounts are held, as well as from those of any other person holding deposits with the servicers, and will be available only to satisfy the obligations of the special purpose vehicles *vis-à-vis* the noteholders and the other creditors in relation to the securitisation transactions. In the event that the servicers become subject to any proceeding under Title IV of the Consolidated Banking Act or any insolvency proceeding or restructuring agreement, the sums deposited into such accounts will remain outside the servicers' estate and will not be subject to suspension of payments;

(b) the servicers or the sub-servicers may open accounts with banks for the deposit of the collections received from the debtors; any action from the creditors of the servicers on the sums deposited into such accounts will be prohibited (save for the amounts in excess of those pertaining to the special purpose vehicles). In the event that the servicers become subject to any insolvency proceeding or restructuring agreement, the sums deposited on such accounts, for an amount equal to the amounts pertaining to the special purpose vehicles, will remain outside the servicer's estate and will not be subject to suspension of payments;

(c) from the date of publication of the notice of transfer of the receivables in the Official Gazette, the debtors will not be entitled to set-off any claim arisen after such date with the amounts due to the special purpose vehicle in relation to the receivables; and

(d) payments made by debtors in relation to receivables in the framework of a securitisation under the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to Article 65 of the Italian Bankruptcy Law.

Prospective Noteholders should be aware that, as at the date of this Prospectus, these provisions of Decree 145 have not been tested in any case law nor specified in any further regulation. The Issuer, therefore, cannot predict their impact as at the date of this Prospectus.

In addition to that, Law Decree No. 91 of 24 June 2014 ("*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l'efficientamento energetico dell'edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea*") converted with amendments into Law No. 116 of 11 August 2014 (the "**Law 116/2014**") introduced certain amendments to the Securitisation Law for the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in securitisation transactions in Italy and by better clarifying certain provisions of the Securitisation Law. For further details with respect to such amendements, please see the paragraphs headed "*Rights of set-off and other rights of Borrowers*", *"Risk of Losses Associated with Borrowers"* below and the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

Issuer's ability to meet its obligations under the Notes

The Notes constitute direct, secured limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Arrangers, the Representative of the Noteholders, the Quotaholder, the Cash Manager, the Calculation Agent, the Paying Agent, the Luxembourg Listing Agent, the Account Bank, the Collection Account Bank, the Subordinated Loan Provider, the Back-Up Servicer Facilitator, the Back-Up Servicer, the Swap Counterparty, the Swap Guarantor, the EMIR Reporting Agent, the Corporate Services Provider, the Servicers, the Master Servicer or BPVi and BN (in any capacity under the Transaction Documents). None of the aforementioned parties, other than the Issuer, accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer does not, as of the Issue Date, have any significant assets other than the Portfolios and the other Issuer's Rights. In addition, pursuant to Condition 3 (*Covenants*), for so long as any amounts remain outstanding in respect of the Notes, the Issuer has undertaken not to carry out further securitisation transactions. The assets relating to each further securitisation transaction carried out by the Issuer in accordance with Condition 3 (*Covenants*) will, by operation of law and of the Transaction Documents, be segregated for all purposes from the Portfolios and the Issuer's rights under the Transaction Documents (see also the risk factor entitled "*Further Securitisations*" above).

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

If there are not sufficient funds available to the Issuer to pay in full all principal and interest and any other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. After the Notes have become due and payable following the delivery of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's rights under the Transaction Documents. In this respect, the net proceeds of the realisation of the Security Documents may be insufficient to pay all amounts due to the Noteholders after making payments to other creditors of the Issuer ranking prior thereto. In the event of a shortfall in such proceeds, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, such shortfall, all claims in respect of which shall be extinguished.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent upon the Issuer's receipt of collections made on its behalf by the Servicers with respect to the Portfolios, any

payments made by the Swap Counterparty under the Swap Agreement and any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

In this regard it shall be considered that each of the Noteholders, the Representative of the Noteholders and the Other Issuer Creditors under the Intercreditor Agreement undertake not to (directly or by means of any other person acting on behalf of them) institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes or the other documents relating to the issue of the Notes for two years and one day after the latest date on which the Notes are due to mature.

Liquidity and credit risk

The Issuer is subject to the risk of delay arising between the scheduled payment dates and the date of receipt of payments due from the Borrowers. The Issuer is also subject to the risk of, among other things, default in payments by the Borrowers and the failure by the Servicers to collect and recover sufficient funds in respect of the Portfolios in order to enable the Issuer to discharge all amounts payable under the Notes. With respect to the Rated Notes, these risks are mitigated by the liquidity and credit support provided by the establishment of the Cash Reserve, the excess spread and the credit support provided through the subordination of the Junior Notes.

Nonetheless, the Issuer will not be entitled to make any further drawings under the Subordinated Loan to replenish, *inter alia*, the Issuer Disbursement Amount and the Cash Reserve Amount or otherwise to make payments in respect of principal or interest on the Notes. The amounts standing to the credit of the Cash Reserve Account after replenishment in accordance with the Pre-Enforcement Priority of Payments may not be sufficient to make up any shortfalls in the amounts required to pay interest and, to a certain extent, principal on the Notes in accordance with the relevant Order of Priority.

However in each case, there can be no assurance that the levels of collections and the recoveries received with respect to the Portfolios, together with the credit support and the liquidity support provided by respectively the subordination of the Junior Notes and the Cash Reserve (in the case of the Rated Notes) will be adequate to ensure punctual and full receipt of amounts due under the Notes.

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by BPVi, BN and the other parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are a party. In particular, among other things, the timely payment of amounts due on the Notes will depend upon the Servicers' and the Master Servicer's ability to service the Portfolios and to recover the amounts due in respect of the defaulted claims, as well as the continued availability of hedging under the Swap Agreement. It is not certain that the Servicers and the Master Servicer will duly perform at all times their obligations under the Servicing Agreement and that a suitable alternative Servicer and Master Servicer could be available to service the Portfolios if BPVi and/or BN become insolvent or their appointment under the Servicing Agreement is otherwise terminated. In order to mitigate the servicing risk in respect of the Portfolios, the Issuer has appointed a Back-Up Servicer. In addition, the Issuer is subject to the risk that, in the event of insolvency of the Master Servicer and/or the Servicers, the collections then held by the Master Servicer and/or such Servicer are lost or temporarily unavailable to the Issuer. However, such risk has been mitigated by the recent amendments made to the Securitisation Law in respect to the segregation of the accounts opened in the context of securitisation transactions (please see paragraph "*Claims of unsecured creditors of the Issuer*" below).

In order to reduce such risk, under the Servicing Agreement each Servicer has undertaken to transfer to the relevant Collection Account the Collections related to the Claims comprised in the relevant Portfolio on a daily basis in accordance with the Servicing Agreement. Prospective Noteholders should further note that, following the insolvency of the Master Servicer and/or the Servicers, 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. The Issuer is subject to the risk that monies paid by the

Borrowers to the insolvent Servicer prior to the new instructions being issued are lost or temporarily unavailable to the Issuer. In order to reduce such risk, the Issuer has appointed the Back-Up Servicer (so that the risk of delay in the replacement of the initial Servicer should be minimised). It should be noted however that such risk has been mitigated by the recent amendments made to the Securitisation Law in respect to the segregation of the accounts opened in the context of securitisation transactions (please see paragraph "*Claims of unsecured creditors of the Issuer*" below).

In addition, the Issuer's ability to make payments in respect of the Notes may depend to an extent upon the Originators' performance of their obligations under the Warranty and Indemnity Agreements. In particular, in the event that any of the Originators becomes subject to insolvency or similar proceedings, it would no longer be in a position to meet its indemnification obligations to the Issuer under the relevant Warranty and Indemnity Agreement. In addition, in such case, any payments made by such Originator as indemnity under the relevant Warranty and Indemnity Agreement, or as indemnity for renegotiation of the Claims under the Servicing Agreement or as repurchase price of the Claims under the relevant Transfer Agreement, may be subject to ordinary claw back regime under Italian Law (other than the shorter claw back period that applies to the transfer of the Claims to the Issuer - See "*Selected Aspects of Italian Law*").

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

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

Counterparty risk

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Originators, the Servicers, the other parties to the Transaction Documents and the Insurance Companies of their respective obligations under the Transaction Documents to which they are parties or the Insurance Policies. Whereas all of the above-mentioned counterparties may be affected by the general economic conditions which, in turn, will affect their ability to provide the services, the timely payment of amounts due on the Notes will depend, in particular, on the ability of the Servicers to service the Portfolios and to recover the amounts relating to Defaulted Receivables (if any). The performance of such parties and the Insurance Companies of their respective obligations respectively under the relevant Transaction Documents or the Insurance Policies is dependent on the solvency of each relevant party.

The Issuer's ability to make payments in respect of the Notes may depend to an extent upon the Originators' performance under the Transaction Documents. In particular, in the event that any of the Originators becomes subject to insolvency or similar proceedings, it would no longer be in a position to meet its obligations under the Transaction Documents including *inter alia* the relevant obligations (i) as Servicers, (ii) as Collection Account Bank (with reference to BPVi), (iii) to indemnify the Issuer under the relevant Warranty and Indemnity Agreement and the Subscription Agreements and (iv) the relevant obligations to make the payments due to the Issuer in order to adjust the Claims purchase price (i.e. to take into account the additional payment or the reimbursement to be made for any such Claim) in the event that, following the entering into of the Transfer Agreements, it appears that one or more Claims listed under the schedule D thereto do not meet the Criteria as at the Valuation Date (or the specific date referred to in the relevant criterion) and therefore do not fall within the scope of the assignment under the Transfer Agreements. In addition, any payment made by such Originator as an indemnity under the relevant Warranty and Indemnity Agreement and the Subscription Agreements, or as an indemnity for the renegotiation of the Claims under the Servicing Agreement or as repurchase

price of the Claims, may be subject to the ordinary claw back regime under Italian law (other than the shorter claw back period that applies to the transfer of the Claims to the Issuer).

In addition to the above, it is not certain that, if BPVi or BN become insolvent or the appointment of either of them as Servicer under the Servicing Agreement is otherwise terminated, a suitable alternative servicer could be found to service the relevant Portfolio. If such an alternative servicer were to be found it is not certain whether it would service the relevant Portfolio on the same terms as those provided for in the Servicing Agreement.

On or about the Issue Date, the Issuer, BPVi and the Back-up Servicer entered into the Back-up Servicing Agreement pursuant to which the Back-up Servicer has agreed, upon termination of the appointment of BPVi as Master Servicer and Servicer, to replace that Master Servicer and Servicer under the Servicing Agreement. In addition, under the Servicing Agreement BPVi has agreed, upon termination of the appointment of BN as Servicer, to replace that Servicer under the Servicing Agreement.

In addition, given the recent conversion of Decree 145 into law and in the absence of official interpretations and/or implementing rules, it is not possible to assess precisely whether the Issuer would be exempted from any risk that, in the event of insolvency of any Servicer, any Collection held by such Servicer is lost or frozen (see the risk factor entitled "*Commingling Risk*"). In order to mitigate any possible risk of commingling, under the Servicing Agreement the Servicer has undertaken to transfer, on the same Local Business Day of receipt the Collections from the relevant Collection Account into the Transaction Account. Furthermore, in case of termination of its appointment pursuant to the Servicing Agreement, the relevant Servicer has undertaken to notify the Borrowers to pay any amount due in respect of the Claims directly into a new Euro denominated account opened in the name of the Issuer with an Eligible Institution. However, there is no assurance that the Servicer will timely issue the new payment instructions and the Collections paid by the Borrowers may be lost or temporarily unavailable to the Issuer. (For other risks relating to the Originators, please see the paragraphs entitled "*Claw back of the sale of the Portfolios*", "*Commingling Risk*" and "*Bank Recovery and Resolution Directive*" and section entitled "*The Originators and the Servicers"*).

However it is to be noted that according to the relevant Transfer Agreement, each Originator has provided the Issuer in respect of the relevant Portfolio with a (i) a solvency certificate in the form attached to the relevant Receivables Purchase Agreement and (ii) a certificate of the competent companies' register, stating that no insolvency proceeding is pending against such Originator.

Furthermore, in some circumstances (including following the delivery of a Trigger Notice), the Issuer could attempt to sell the Portfolios to third parties (for further details, see the section entitled "*Description of the Transaction Documents - Intercreditor Agreement*"). However, there is no assurance that a purchaser could be found nor that the net proceeds of the sale of the Portfolios would be sufficient to pay in full all amounts due to the Noteholders.

More generally, the inability of any of the above-mentioned third parties to provide their services to the Issuer may ultimately affect the Issuer's ability to make payments on the Notes.

Eligible Investments

Funds on deposit in the Accounts may be invested in Eligible Investments at the discretion of the Cash Manager through the Investment Accounts. The investments must have appropriate ratings depending on the term of the investment and the term of the investment instrument, as provided by the Eligible Investment definition. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due to the insolvency of the debtor under the investment.

None of the Servicer, the Arrangers and/or any other party will be responsible for any loss or shortfall deriving therefrom.

However such risk is mitigated by the provisions that in case of downgrade of an Eligible Institution below the rating allowed with respect to Moody's or Fitch, as the case may be, the Issuer shall (i) in case of Eligible Investments being securities, sell the securities, if it could be achieved without a loss, otherwise the relevant security shall be allowed to mature, and (ii) in case of Eligible Investments being deposits, transfer within 30 days the deposits to another account opened with an Eligible Institution in England or Wales or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with any other Eligible Institution.

Servicing of the Portfolios

Pursuant to the Servicing Agreement, the BPVi Portfolio and BN Portfolio are serviced, respectively, by BPVi and BN. Each Servicer will carry out the administration, collection and enforcement of its Portfolio in accordance with the Servicing Agreement and the respective Credit and Collection Policy. Such Credit and Collection Policies may change over time and no assurance can be given that such changes will not have an adverse effect on the Issuer's ability to make payments on the Notes. In any case, it shall be considered that, under the Servicing Agreement, any material change to the Credit and Collection Policies proposed by the relevant Servicer is subject to the prior consent of the Issuer and the prior notice to the Representative of the Noteholders and the Rating Agencies.

The net cash flows from the Portfolios may be affected by decisions made and actions taken and the collection procedures adopted by the Servicers pursuant to the Servicing Agreement (or any permitted successors or assignees appointed under the Servicing Agreement). In addition, no assurance can be given that the Servicers will promptly forward all amounts collected from Borrowers in respect of the Claims to the Issuer in respect of a particular Collection Period in accordance with the Servicing Agreement (however, it should be noted that the Issuer may in such case terminate the Servicer's appointment – see for further details "*Description of the Transaction Documents - The Servicing Agreement*").

The Master Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Back-Up Servicer, the Calculation Agent, the Swap Counterparty, the Representative of the Noteholders, the Arrangers and the Rating Agencies on each Quarterly Report Date the Servicer Report in the form set forth in the Servicing Agreement. Such reports shall provide, *inter alia*, the Cumulative Default Ratio, the Net Cumulative Default Ratio, the Portfolio Arrears Ratio, the Class B Notes Interest Subordination Event and the Class C Notes Interest Subordination Event as of the last day of the immediately preceding Collection Period together with information relating to the arrears and the amortisation of the Portfolios as well as the Servicers' activity during the preceding Collection Period.

The Servicer Reports will be published on BPVi's web site and/or in such other manner as the Master Servicer and the Issuer may deem appropriate.

In addition, under the Servicing Agreement, the Servicers have the power to renegotiate the Mortgage Loans at certain terms and conditions. See for further details "*Description of the Transaction Documents - The Servicing Agreement*".

Replacement of the Servicer

Following the occurrence of a termination event of BN as Servicer under the Servicing Agreement, the performance of the BN's obligations under the Servicing Agreement will be undertaken by BPVi. Following the occurrence of a termination event of BPVi as Master Servicer and Servicer under the Servicing Agreement, the performance of the BPVi's obligations under the Servicing Agreement will be undertaken by the Back-Up Servicer in accordance with the terms of the Back-Up Servicing Agreement and the replacement servicing agreement attached thereto. There can be no assurance that the Back-Up Servicer will be able to provide the servicing of the Portfolios at the same level as the relevant Servicer.

The failure to appoint a replacement servicer in the event that the Master Servicer or the Servicer can no longer perform its agreed function may result in a shortfall in funds available to make payments on the Notes. In addition, the substitute servicer may be entitled to receipt a servicing fee greater than

that charged by the Master Servicer or the Servicer.

The Back-Up Servicer

If the appointment of the Back-Up Servicer under the Back-Up Servicing Agreement is terminated, there can be no assurance that a replacement Back-Up Servicer would be found who would be willing and able to service the Claims. The ability of any entity acting as replacement Back-Up Servicer to fully perform the required services would depend, among other things, on the information, software and records available to them at the time of the appointment. Any delay or inability to appoint a replacement Back-Up Servicer may affect payments being made on the Notes.

The failure of the Back-Up Servicer to assume performance of the Services following the termination of the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Back-Up Servicing Agreement could result in the failure of or delay in the processing of payments on the Claims and ultimately could adversely affect payments of interest and principal on the Notes.

In order to mitigate such risk, the Issuer has appointed the Back-Up Servicer Facilitator in order to facilitate the appointment of a substitute back-up servicer upon occurrence of certain events affecting the Back-Up Servicer.

Claims of unsecured creditors of the Issuer

By operation of Securitisation Law and of the Transaction Documents, the right, title and interest of the Issuer in and to the Portfolios and the other Issuer's Rights will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, from assets relating to other securitisations carried out by the Issuer pursuant to the Securitisation Law) and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will be available on a winding up of the Issuer (whether in the context of an insolvency proceeding or otherwise) only to satisfy the Issuer's obligations to the Noteholders, to make payments to the Swap Counterparty under the Swap Agreement and to pay other costs of the Securitisation. Amounts deriving from the Portfolios and the other Issuer's Rights (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will not be available to any other creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

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

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

It should be noted that the recent amendements made to the Securitisation Law, provide, among others, that the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to Article 3 of the Securitisation Law 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, may be utilized only to fulfill 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 insolvency or administrative proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of

the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

In addition, in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors 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 apply to the relevant servicer or sub-servicer, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

Prospective Noteholders should be aware that, as at the date of this Prospectus, these new provisions of the Securitisation Law have not been tested in any case law nor specified in any further regulation.

In addition, no guarantee can be given on the fact that the parties to the Transaction will comply with the law and contractual provisions which have been inserted in the relevant Transaction Documents in order to ensure the segregation of assets. Furthermore, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

In any case, the corporate purpose of the Issuer as contained in its by-laws is limited and the Issuer has also agreed to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Issuer and has furthermore covenanted not to enter into any transaction that is not contemplated in the Transaction Documents. To the extent that the Issuer has creditors not being party to the Transaction Documents, the Issuer has established the Expenses Account and the funds therein may be used for the purposes of paying the ongoing fees, costs, expenses and taxes of the Issuer to third parties, excluding the Other Issuer Creditors, in respect of the Securitisation, to the extent that payment of such fees, costs, expenses and taxes is not deferrable to the immediately succeeding Payment Date.

Sharing with other creditors

The proceeds of enforcement and collection of the security created by the Issuer under the Security Documents in favour of the Representative of the Noteholders (acting as security trustee) (for its own account and as a trustee for the Other Issuer Creditors) will be used in accordance with the Post-Enforcement Order of Priority to satisfy claims of all the Noteholders and the Other Issuer Creditors thereunder.

Pursuant to the Post-Enforcement Order of Priority the claims of certain Other Issuer Creditors will rank senior to the claims of the Noteholders. To this extent, payments by the Issuer of amounts due to the Noteholders under the Transaction Documents will be paid in accordance with such Post-Enforcement Order of Priority.

Further securitisations

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

The implementation by the Issuer of any such further securitisation is subject to the conditions specified under Condition 3.11 (*Covenants - Further Securitisations*). According to such condition, it is a condition precedent, *inter alia*, to any such securitisation that (i) the Rating Agencies have been

notified in writing of the Issuer's intention to carry out a Further Securitisation and (ii) the Representative of the Noteholders and the Issuer (having notified the Rating Agencies) have grounds to believe such Further Securitisation would not adversely affect the then current rating of any of the Rated Notes. See Condition 3 (*Covenants*).

CONSIDERATIONS RELATING TO THE NOTES

Subordination

The rights of the Noteholders to receive payments of interest and repayment of principal are subordinated to the payment of certain costs, expenses, fees, taxes and other amounts and to the rights of the Representative of the Noteholders and other parties to receive certain amounts due under the Transaction Documents.

In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)): **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full, but will be paid in priority to the payment of interest on the Class C Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class B Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or Class B Notes Interest Subordination Event, payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class B Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes and the Class B Notes are redeemed in full; and **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes and the repayment of principal on the Class C Notes.

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)), **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes and the the payment of interest on the Class C Notes *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full and *further provided that* upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the

Class A Notes are redeemed in full; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes and the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes and the repayment of principal on the Class A Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or a Class B Notes Interest Subordination Event, principal on the Class B Notes will be paid in priority to the payment of interest on the Class C Notes, on the immediately following Payment Date and on any Payment Date thereafter; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class B Notes; **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes and the payment of interest on the Class J Notes.

In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)), **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class B Notes, the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest and repayment of principal on the Class B Notes; **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest and repayment of principal on the Class C Notes;

In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)), **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest on the Class B Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest on the Class C Notes; **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes, the payment of interest and repayment of principal on the Class C Notes and the payment of interest on the Class J Notes.

As long as the Rated Notes are outstanding, unless notice has been given to the Issuer declaring the Rated Notes immediately due and payable, the Junior Notes shall not be declared immediately due and payable and the holders of the Rated Notes shall be entitled to determine the remedies to be exercised in accordance with the Rules of the Organisation of the Noteholders. Remedies pursued by the holders of the Rated Notes could be adverse to the interests of the Junior Noteholders.

The "anti-deprivation" principle

The validity of contractual priorities of payments (such as the Order of Priorities contemplated in this Prospectus) was challenged in the English and U.S. courts. The hearings arose due to the insolvency of a secured creditor (in that case a hedging counterparty) and considered whether such priorities of payments breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprive its creditors of an asset upon its insolvency. It was argued that, where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Court of Appeal in *Perpetual Trustee Co Ltd v BNY Corporate Trustee Services Ltd 2009 EWCA Civ 1160* dismissed this argument and upheld the validity of similar priorities of payments, stating that the anti-deprivation principle was not breached by such provisions. In *Belmont Park Investments PTY Limited v BNY Corporate Trustee Services Ltd and Lehman Brothers Special Financing Inc (2011) UKSC 38*, the Supreme Court of the United Kingdom unanimously upheld the decision of the Court of Appeal in *Perpetual* and stated that, provided that such priority provisions were part of a complex commercial transaction entered into in good faith without any intention to evade insolvency law in which the changing priority of payments by the parties thereto was an essential part of the transaction understood by the parties, these provisions did not contravene the anti-deprivation principle.

In parallel proceedings, the U.S. Bankruptcy Court for the Southern District of New York has granted Lehman Brothers Special Financing Inc ("**LBSF**")'s motion for summary judgement to the effect that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. The Court acknowledged that this has resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". BNY Mellon Corporate Trustee Services Ltd was granted leave to appeal but the case subsequently settled out of court. The decision of the U.S. Bankruptcy Court remains inconsistent with the decision reached by the Supreme Court of the United Kingdom in the *Belmont* case as referred to above and there is uncertainty as to how a conflict of the type referred to above would be resolved by the courts. In February 2012, Belmont Park Investments PTY Limited and others commenced proceedings in the U.S. Bankruptcy Court in relation to LBSF seeking an order recognising and enforcing the English judgment on noteholder priority and seeking the withdrawal of the reference from the U.S. Bankruptcy Court, requesting that the complaint be heard instead by the U.S. District Court. However, bankruptcy proceedings in relation to LBSF were closed by the U.S. Bankruptcy Court in June 2013 and there has been no further action in relation to the district court proceedings. Given the current state of U.S. and English law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

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

Limited Recourse nature of the Notes

The Notes will be limited recourse obligations solely of the Issuer. The Noteholders will receive payment in respect of principal and interest on the Notes only if and to the extent that the Issuer has sufficient Issuer Available Funds to make such payments in accordance with the applicable Order of Priority. If, upon the delivery of a Trigger Notice or, if no Trigger Notice has been delivered, on the

Final Maturity Date, the Issuer Available Funds are not sufficient to pay such obligations in full, the relevant Class of Noteholders shall be entitled to receive payments in respect of such obligations to the extent of the available funds (if any) and any shortfall (including, without limitation, in such case, any shortfall in respect of interest or principal on the Rated Notes) will not be due and payable, will be deemed to be released by the relevant Noteholders and will be cancelled.

Yield and payment considerations

The yield to maturity, the amortisation plan and the weighted average life of the Notes will depend upon, *inter alia*, the amount and timing of repayment of principal (including prepayments) on the Mortgage Loans and on the actual date of exercise (if any) of the optional redemption rights of the Issuer pursuant to Condition 6.3 (*Optional Redemption*) or Condition 6.4 (*Redemption for taxation*). Such yield, amortisation plan and weighted average life of the Notes may be adversely affected by a number of factors including, without limitation, a higher or lower rate of prepayment, delinquency and default on the Mortgage Loans, the exercise by the Originators of their faculty to partially repurchase the Claims and/or by the Servicers to renegotiate the terms and conditions of the Mortgage Loan Agreements and/or to grant the suspension of payments of the relevant instalments in accordance with the provisions of the Servicing Agreement. See further section headed "*Description of the Transaction Documents – The Transfer Agreements - The Servicing Agreement*".

The level of prepayment, delinquency and default on payment of the relevant instalments or request for suspension or renegotiation under the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, market industry, social and other factors, including prevailing mortgage market interest rates and margin offered by the banking system, the availability of alternative financing, local and regional economic conditions as well as special legislation that may affect refinancing terms. Prepayments may also arise in connection with refinancing, repurchases, sales of properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage Loans, as well as the receipt of proceeds from the insurance policies assisting the Claims.

The impact of the above on the yield at maturity and weighted average life of the Notes cannot be predicted. Based, inter alia, on assumed rates of prepayment, the approximate average lives of the Rated Notes are set out in the section entitled "*Estimated Weighted Average Life of the Rated Notes and certain assumptions*". However, the actual characteristics and performance of the Mortgage Loans will differ from such assumptions and any difference will affect the percentages of the initial amount outstanding of the Notes which are outstanding over time and the weighted average lives of the Notes.

Limited secondary market and liquidity risk

There is not at present an active and liquid secondary market for the Rated Notes. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Although an application has been made to the Luxembourg Stock Exchange for the Rated Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, there can be no assurance that a secondary market for the Rated Notes will develop or, if a secondary market does develop in respect of any of the Rated Notes, that it will provide the holders of such Rated Notes with the liquidity of investments or that it will continue until the final redemption or cancellation of such Rated Notes. Consequently, any purchaser of any of the Rated Notes must be prepared to hold such Senior Notes and Mezzanine Notes to maturity.

In addition, illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes

readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

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

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity 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 Notes will recover at the same time or to the same degree as such other recovering global credit market sectors. In particular, the secondary market for residential mortgage-backed securities is continuing to experience disruptions resulting from, among other factors, reduced investors demand for such securities. This has had a materially adverse impact on the market value of residential mortgage-backed securities and resulted in the secondary market for residential mortgage-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities have been experiencing funding difficulties and have been forced to sell residential mortgage-backed securities into the secondary market. The price of credit protection on residential mortgage-backed securities through credit derivatives has risen materially. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of residential mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Noteholders.

There exists a significant additional risk 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 Notes as there is not at present an active and liquid secondary market for asset-backed securities. These additional risks may affect the returns on the Notes to investors.

Certain material interests

Certain parties to the transaction, such as the Originators, may perform multiple roles. BN is, in addition to being an Originator, also a Servicer and an initial subscriber of the Notes and BPVi is, in addition to being an Originator, also the Master Servicer, a Servicer, the Administrative Services Provider, the Subordinated Loan Provider, the Collection Account Bank, an Arranger, the initial subscriber of the Notes. J.P. Morgan Securities plc will act as Arranger, Swap Counterparty and EMIR Reporting Agent. These parties will have only those duties and responsibilities expressly agreed to by them in the relevant agreement and will not, by virtue of their or any of their affiliates acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each agreement to which they are a party.

Accordingly, conflicts of interest may exist or may arise as a result of parties to this transaction: (a) having previously engaged or in the future engaging in transactions with other parties to the transaction; (b) having multiple roles in this transaction; and/or (c) carrying out other transactions for third parties.

Each Originator in particular may hold and/or service claims against the Borrowers other than the Claims. The interests or obligations of the aforementioned parties, in their respective capacities with

respect to such other roles may in certain aspects conflict with the interests of the Noteholders. The aforementioned parties may engage in commercial relationships, in particular, be lender, and provide general banking, investment and other financial services to the Borrowers and other parties. In such relationships the aforementioned parties are not obliged to take into account the interests of the Noteholders. In addition, BPVi and BN in their capacity as, present or future, holders of any Notes, may exercise its voting rights in respect of the Notes held by it also in a manner that may be prejudicial to other Noteholders. Prospective investors should note that, for the purposes of the right to vote at any Meeting of Noteholders convened to transact certain Business in relation to which may exist a conflict of interest between, in particular, the holders of the Rated Notes (in such capacity) and the Originators in any other role under the Securitisation, those Rated Notes which are for the time being held by the Originators shall (unless and until ceasing to be so held) be deemed not to remain "outstanding", subject to and in accordance with the rules and the procedures set out for the Meeting of each Class of Notes under the "Rules of the Organisation of the Noteholders" attached to the Conditions. It remains, furthermore, understood that the above restriction on voting rights does not apply in case the then outstanding Senior Notes and Mezzanine Notes are entirely held by the Originators and to the Originators as holders of the Junior Notes. For further details, see section entitled "Rules of the Organisation of the Noteholders" (in particular, see Article 2 – "Relevant Fraction" and Article 4 – "General")).

No independent investigation in relation to the Portfolios

None of the Issuer, the Arrangers or any other party to the Transaction Documents (other than the Originators) has undertaken or will undertake any investigation, search or other action to verify the details of the Portfolios (including the Mortgage Loan Agreements, the Mortgages and the origination procedures of the Claims) sold by the Originators to the Issuer or to establish the creditworthiness of any Borrower.

None of the Issuer, the Arrangers or any other party to the Transaction Documents (other than the Originators) has carried out any due diligence in respect of the Mortgage Loan Agreements in order to, without limitation, ascertain whether or not the Mortgage Loan Agreements contain provisions limiting the transferability of the Claims.

The Issuer will rely instead on the representations and warranties given by the Originators in the Warranty and Indemnity Agreements and in the Transfer Agreements. Each Originator has, pursuant to the relevant Warranty and Indemnity Agreement, made certain representations and warranties, and undertaken related indemnification obligations, in respect, *inter alia*, of: (i) the validity and existence of the Claims; (ii) the validity, effectiveness and proper execution of the Mortgage Loan Agreements; (iii) the perfection of the Mortgages; and (iv) the validity of the assignment to the Issuer by the Originators of their rights under the insurance policies entered into in connection with the Mortgage Loan Agreements. Please see the section headed "*Description of the Transaction Documents*".

The indemnification obligations undertaken by each Originator under the relevant Warranty and Indemnity Agreements are unsecured claims of the Issuer and no assurance can be given that BPVi or BN can or will pay the relevant amounts if and when due.

Interest rate risk

The Claims have or may have interest payments calculated on a fixed rate basis or a floating rate basis (which may be different from the EURIBOR applicable under the Rated Notes, have a different fixing mechanism than the EURIBOR applicable under the Rated Notes and may be capped at a certain maximum level), whilst the Rated Notes will bear interest at a rate based on Three Month EURIBOR determined on each Interest Determination Date, subject to and in accordance with the Conditions. As a result, there could be a rate mismatch between interest accruing on the Rated Notes and on the Portfolios.

As a result of such mismatch, an increase in the level of Three Month EURIBOR could adversely impact the ability of the Issuer to make payments on the Rated Notes. To minimise the effect of such interest rate mismatch, the Issuer has entered into four Swap Transactions pursuant to the Swap Agreement, namely a fixed-floating interest rate swap transaction, a basis swap transaction and two

capped basis swap transactions.

The notional amount with respect to each Swap Transaction will be calculated by reference to the Principal Instalments of the relevant Claims (other than the amount of any Principal Instalments due but unpaid, or that have been prepaid or repurchased, at the relevant Collection Date and any Principal Instalments relating to Defaulted Claims) as of the Collection Date immediately preceding the beginning of each Calculation Period (as such term is defined in the Swap Agreement). For each Calculation Period, the notional amount in respect of each Swap Transaction will be the lower of the amount of such Principal Instalments and the Scheduled Maximum Notional Amount set forth in that Swap Transaction (or, in case no Servicer Report is delivered with respect to a Calculation Period, the lower of the scheduled maximum notional amount and the notional amount for the immediately preceding Calculation Period). In addition, under each of the Swap Transactions on each Payment Date, the Swap Fixed Amounts will be due by the Issuer to the Swap Counterparty. Netting will apply to all payments under the Swap Transactions, including the Swap Fixed Amounts.

The notional amount with respect to the fixed-floating interest rate Swap Transaction will be calculated by reference to the Principal Instalments of the Claims accruing interest at a fixed rate. The notional amount with respect to the basis Swap Transaction will be calculated with reference to the Principal Instalments of the Claims accruing interest at a floating rate linked to three-month Euribor. The notional amount with respect to the capped basis Swap Transactions will be calculated with reference to the Principal Instalments of the Claims accruing interest at, respectively, (i) a floating rate linked to three-month Euribor with a cap; and (ii) an optional rate.

The notional amount of the Swap Transaction under which the Claims accruing interest at a fixed rate are hedged shall not take into account any Claims for which the applicable interest rate has been renegotiated from a fixed rate to a floating rate by the Originators (in their capacity as Servicers) in accordance with the Servicing Agreement. Such renegotiated Claims shall be included in the notional amount of the basis Swap Transaction. Similarly the notional amount of the Swap Transactions under which the Claims accruing interest at a floating rate are hedged shall not take into account any Claims where the interest rate has been renegotiated from a floating to a fixed rate. Such renegotiated Claims shall instead be included in the notional amount of the fixed-floating interest rate Swap Transaction. A similar principle applies for the two capped basis Swap Transactions. Accordingly, the notional amount of each Swap Transaction will be adjusted to include and exclude (as applicable) any renegotiated Claims but subject always to the Scheduled Maximum Notional Amount applicable such Swap Transaction.

Under the Servicing Agreement, the Servicers, among other things:

(i) have the ability to renegotiate the interest rate on the Claims:

(a) from fixed rate, or optional interest rate, or variable interest rate with cap, to a variable interest rate; or

(b) from variable interest rate, or optional interest rate, or variable interest rate with cap, to a fixed interest rate;

but do not have the ability to renegotiate the interest rate applicable to the Claims to an optional interest rate or to a floating rate with cap.

(ii) may enter into renegotiations providing the reduction of the interest rate or the spread applicable to the relevant Mortgage Loans Agreement (in case no variation of the nature of the interest rate applicable to the relevant Mortgage Loan Agreement has been carried out);

(iii) may enter into renegotiations providing for any modification of the amortisation plan of the Mortgage Loan Agreements permitted by the Servicing Agreement, provided that such modification shall not result in a switch to an amortisation plan different from the so called "French amortisation plan".

In addition clause 10.1 (d) of the Servicing Agreement sets out certain limits for the power of renegotiations of the Servicers and in particular such clause provides that, in case each of the Servicer

intends to enter into the abovementioned renegotiations each Servicer shall verify that, for each Collection Period, the sum of the principal amount outstanding of the Mortgage Loan Agreements subject of such renegotiation does not exceed, in relation to the Swap Transaction pursuant to which the relevant Mortgage Loan Agreement will be hedged after such renegotiation, an amount equal to the difference between:

1. the Scheduled Maximum Notional Amount in such Swap Transaction as applicable to the following Interest Period; and
2. the Swap Outstanding Principal Amount in such Swap Transaction as calculated at the beginning of the Collection Period in which such renegotiation is made.

The Swap Agreement does not completely eliminate the interest rate risk related to the Rated Notes as, *inter alia*, Claims may become unhedged following a variation of the relevant interest rate or renegotiation of any of the terms of the Mortgage Loans.

See for further details "*Description of the Transaction Documents*" - *The Swap Agreement - The Intercreditor Agreement*.

Termination of the Swap Agreement

The benefits of the Swap Agreement may not be achieved in the event of the early termination of one or more of the Swap Transactions pursuant to the terms of the Swap Agreement, including termination upon the failure of the Swap Counterparty to perform its obligations thereunder.

The Swap Agreement contains certain limited termination events and events of default which will entitle either party to terminate the Swap Transactions (see for further details "*Description of the Transaction Documents*"). In case of an early termination of the Swap Agreement, unless one or more comparable interest rate swaps are entered into, the Issuer may have insufficient funds to make payment under the Notes and/or this may result in a downgrading of the rating of the Rated Notes.

Any collateral transferred to the Issuer by the Swap Counterparty pursuant to the Swap Agreement and any Replacement Swap Premium received by the Issuer from a replacement swap counterparty will not generally be available to the Issuer to make payments to the Noteholders and the Other Issuer Creditors and shall only be paid or transferred (as applicable) in accordance with the Collateral Account Priority of Payments.

In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general and unsecured creditor of the Swap Counterparty in respect of any claim it has for a termination amount due from the Swap Counterparty under the Swap Agreement. Consequently, the Issuer will be subject to the credit risk of the Swap Counterparty in addition to the risk of the debtors of the Claims.

An early termination of the Swap Agreement could result in the Issuer being obliged to make a termination payment to the Swap Counterparty. Except where the Swap Counterparty has caused the Swap Agreement to terminate by its own default, any termination payment due to the Swap Counterparty will rank ahead of payments of interest and/or principal on the Notes and may substantially reduce the funds available for payments to the Noteholders. Where the Swap Counterparty has caused the Swap Agreement to terminate by its own default, any termination payment due to the Swap Counterparty will rank junior to payments of interest and/or principal on the Notes to the extent the amount of such termination payment exceeds the Swap Fixed Termination Amounts.

The Swap Counterparty or its guarantor or credit support provider (including the Swap Guarantor) are required to have certain ratings. Although contractual remedies are provided in the event of a downgrading of the Swap Counterparty, any replacement arrangement with a third party may not be as favourable as the current Swap Agreement and the Noteholders may be adversely affected.

See for further details "*Description of the Transaction Documents - The Swap Agreement*".

Limited Enforcement Rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the

Notes is one of the duties of the Representative of the Noteholders.

The Conditions and the Rules of the Organisation of the Noteholders (attached as Exhibit 1 to the Conditions) limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of Noteholders the power to resolve on the ability of any Noteholder to commence any such individual action. 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 has approved such action in accordance with the provisions of the Rules of the Organisation of the Noteholders.

The Representative of the Noteholders and conflicts of interests between holders of different Classes of Notes

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders, with respect to all of its powers, authority, duties and discretion, to regard the interests of the Noteholders of each Class of Notes as if they formed a single Class (except where expressly provided otherwise) but the Conditions also require the Representative of the Noteholders (A) as long as any Senior Notes are outstanding and in case of a conflict among the interests of the Senior Noteholders and the interests of the Other Issuer Creditors, the Mezzanine Noteholders and the Junior Noteholders, to regard the interests of the Senior Noteholders; (B) upon the redemption in full of the Senior Notes and in case of conflict between the interests of the Mezzanine Noteholders and the interests of the Other Issuer Creditors and the Junior Noteholders, to regard the interests of the Mezzanine Noteholders; and (C) upon the redemption in full of the Rated Notes and in case of conflict between the interests of any of the Other Issuer Creditors or between any of the Other Issuer Creditors and the Junior Noteholders, to regard the interests of such party ranking highest under the applicable Order of Priority. Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interests of the Mezzanine Noteholders or the Junior Noteholders or Other Issuer Creditors, as the case may be.

Noteholders' directions and resolutions following delivery of a Trigger Notice

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders shall be entitled, pursuant to the Intercreditor Agreement and the Rules of the Organisation of the Noteholders, to direct the sale of the Portfolios (in whole or in part), provided however that a sufficient amount shall be realised to allow discharge in full of all amounts owing to the holders of the Most Senior Class of Notes and amounts ranking in priority thereto or *pari passu* therewith. Accordingly, the proceeds from the disposal of the Portfolios in such circumstances may not be sufficient to redeem (whether in whole or in part) the Classes of Notes other than the Most Senior Class of Notes.

In addition, the Representative of the Noteholders may and shall, if so requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, following the delivery of a Trigger Notice take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon to the interests of the Mezzanine Noteholders and the Junior Noteholders.

Resolutions of Noteholders

Resolutions properly adopted in accordance with the Rules of Organisation of the Noteholders are binding on all Noteholders, therefore certain rights of each Noteholder against the Issuer under the Conditions may be amended or reduced or even cancelled pursuant to any such Resolution.

Prospective investors should note that, for the purposes of the right to vote at any Meeting of Noteholders convened to transact certain Business in relation to which may exist a conflict of interest between, in particular, the holders of the Rated Notes (in such capacity) and the Originators in any other role under the Securitisation, those Rated Notes which are for the time being held by the Originators shall (unless and until ceasing to be so held) be deemed not to remain "outstanding", subject to and in accordance with the rules and the procedures set out for the Meeting of each Class of Notes under the "Rules of the Organisation of the Noteholders" attached to the Conditions. It remains, furthermore, understood that the above restriction on voting rights does not apply in case the then

outstanding Senior Notes and Mezzanine Notes are entirely held by the Originators and to the Originators as holders of the Junior Notes. For further details, see section entitled "Rules of the Organisation of the Noteholders" (in particular, see Article 2 – "*Relevant Fraction*" and Article 4 – "*General*")).

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 likelihood of (i) payment of interest in a timely manner (pursuant to the Transaction Documents) with respect to the Senior Notes, (ii) ultimate payment of interest on or before the Final Maturity Date with respect to the Mezzanine Notes and the ultimate repayment of principal on or before the Final Maturity Date with respect to the Rated Notes, not that such repayment of principal will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolios, the reliability of the payments on the Portfolios and the availability of credit enhancement.

The ratings do not address the following:

(a) the likelihood that the principal will be redeemed on the Rated Notes, as expected, on the scheduled redemption dates;

(b) possibility of the imposition of Italian or European withholding taxes;

(c) the marketability of the Rated Notes, or any market price for the Rated Notes; or

(d) whether an investment in the Rated Notes is a suitable investment for a Noteholder.

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

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies. However, credit rating 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.

In addition, EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted from using a rating issued by a credit rating agency established in the European Union for regulatory purposes unless such credit rating agency is registered, or endorsed by a rating agency, under the CRA Regulation. As of the date of this Prospectus, both the Rating Agencies are incorporated in the European Union and have been registered in compliance with the requirements of Regulation (EC) No 1060/2009 of the CRA Regulation.

The CRA Regulation was amended by Regulation (EU) 462/2013 of 21 May 2013 ("**CRA III**") which entered into force on 20 June 2013. Its provisions increase the regulation and supervision of credit rating agencies by ESMA and impose new obligations on (among others) issuers of securities established in the EU. Under Article 8(b) of the CRA Regulation, the issuer, originator and sponsor of structured finance instruments ("**SFI**") established in the European Union (which includes the Issuer and the Originators) must jointly publish certain information about those SFI on a specified website set up by ESMA. This includes information on, *inter alia*, (i) the credit quality and performance of the underlying assets of the SFI; (ii) the structure of the securitisation transaction; (iii) the cash flows and

any collateral supporting a securitisation exposure; and (iv) any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. On 6 January 2015, Commission Delegated Regulation 2015/3 (the "**Regulation 2015/3**") on disclosure requirements for SFI was published in the Official Journal of the EU. The Regulation 2015/3 contains regulatory technical standards specifying:

- the information that the issuers, originators and sponsors must publish to comply with Article 8b of the CRA Regulation;
- the frequency with which this information should be updated;
- a standardised disclosure template for the disclosure of this information.

The Regulation 2015/3 will apply from 1 January 2017, with the exception of Article 6(2) of the CRA Regulation, which applies from 26 January 2015 and obliges ESMA to publish on its website at the latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017. However, as at the date of this Prospectus, such technical instructions have not been published yet.

On 27 April 2016, ESMA published a statement clarifying its position with respect to the application of the securitisation disclosure obligations provided for under article 8(b) of CRA Regulation and its related expectations with respect to compliance. This statement confirmed that: (i) ESMA is unable to establish the new website required under article 8b of CRA Regulation for disclosures (and does not expect to publish corresponding technical specifications for the website); (ii) ESMA does not expect to be in a position to receive the information related to structured finance instruments from reporting entities from the initial application date of 1 January 2017; and (iii) ESMA expects that new securitisation legislation under the Capital Markets Union (CMU) action plan, which is currently in the legislative process, will provide clarity on future obligation regarding reporting on structured finance instruments. Please note that this statement does not formally repeal article 8(b) of CRA Regulation, but it does provide comfort that ESMA does not expect compliance action to be taken under article 8(b) of CRA Regulation from the application date, thus effectively postponing the application of article 8(b) of CRA Regulation pending the securitisation-related legislative process under the CMU action plan.

It should be noted, however, that pursuant to the Corporate Services Agreement, the Corporate Services Provider has undertaken to cooperate with the Issuer in order to individuate and appoint an entity who will undertake to act as reporting entity in respect of the Notes issued by the Issuer for the purposes of Article 8b of the CRA Regulation and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation 2015/3).

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 such 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 economical risk of an investment in the Notes; and
4. recognise that it may not be possible to dispose of the Notes for a substantial period of time, if

at all.

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originators, the Arrangers or any other party to the Transaction Documents 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 Servicers, the Originators, the Arrangers, any other party to the Transaction Documents 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.

CONSIDERATIONS RELATING TO THE PORTFOLIOS

Mutui Fondiari

The Portfolios comprise certain Mortgage Loans that are *mutui fondiari*, in relation to which special enforcement and foreclosure provisions apply. Pursuant to Article 40, paragraph 2 of the Consolidated Banking Act, a mortgage lender is entitled to terminate a loan agreement and accelerate the mortgage loan (*diritto di risoluzione contrattuale*) if the debtor 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. See the section headed "*Selected Aspects of Italian Law*".

Mortgage Loans' Performance

Each Portfolio is comprised of performing residential mortgage loans governed by Italian law. The Portfolios have, as at the date of the approval of the Prospectus, characteristics that show the capacity to produce funds to service payments due on the Notes. However, there can be no guarantee that the Borrowers will not default under the Mortgage Loans and that they will continue to perform their relevant payment obligations. Borrowers may default on their obligations due under the Mortgage Loans for a variety of reasons. Various factors influence delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Certain factors (including general economic conditions and other similar factors) may lead to an increase in default by and bankruptcies of the Borrowers, and could ultimately have an adverse impact on their ability to repay the Mortgage Loans. Overall economic recession and a further decline in the national and international economic outlook, or a general deterioration of economic conditions in any industry in which the Borrowers operate may negatively impact the solvency of the borrowers and therefore the recovery of mortgage loans.

The recovery of amounts due in relation to non performing loans will be subject to effectiveness of enforcement proceedings in respect of the Portfolios which, in the Republic of Italy, can take a considerable time depending on the type of action required and where such action is taken and upon several other factors.

These factors which can have a significant effect on the length of the proceedings include, *inter alia*, the following: (i) certain courts may take longer than the national average to enforce the Mortgage Loans and the Mortgages; (ii) obtaining title deeds from land registries which are in the process of digitising their records can take up to 2 (two) or 3 (three) years; and (iii) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the Borrower raises a defence or

counterclaim to the proceedings. In the Republic of Italy it takes an average of 6 (six) to 8 (eight) years from the time lawyers commence enforcement proceedings to the time an auction date is set for the forced sale of any Real Estate Asset. In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 ("*Norme in tema di espropriazione forzata e di atti affidabili ai notai*") (the "**Law No. 302**") has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 ("*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell'ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*") extends such activity to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years, although at the date of this Prospectus, the impact which the mentioned laws will have on the Mortgage Loans comprised in the Portfolios cannot be fully assessed. See the sections headed "*Selected Aspects of Italian Law*" and "*The Portfolios*".

Risk of Losses associated with declining property values

The security for the Notes consists of, *inter alia*, the Issuer's interest in the Mortgage Loans and the relevant Collateral Guarantees. The value of this security may be affected by, among other things, a decline in property values. Property values may in turn be affected by changes in general and regional economic conditions as well as the strength (or weakness) of the Italian national economy, relevant local economy and the real estate market. No assurance can be given that the values of the Real Estate Assets have remained or will remain at the level at which they were on the origination dates of the related Mortgage Loans. Therefore, no assurances can be given that the values of the Real Estate Assets will not decrease at a rate higher than anticipated on the origination (or acquisition by the Issuer) of the Claims. Should this happen, it could have an adverse effect on the level of recoveries and ultimately, may result in losses to the Noteholders if the security is required to be enforced.

Risk of losses associated with Borrowers

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

In the event of insolvency of a Borrower (to the extent the same is subject to the Bankruptcy Law), the relevant payments or prepayments under a Mortgage Loan Agreement may be declared ineffective pursuant to Articles 65 or 67 of the Bankruptcy Law.

In this respect, it should be noted that the Securitisation Law, as recently amended, 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) prepayments made by Borrowers under securitised Claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law. For further details, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

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

According to the provision of law No. 3 of 27 January 2012 (the "**Law 3/2012**"), a debtor in a state of over indebtedness ("*stato di sovraindebitamento*") is entitled to submit to his creditors, with the assistance of a competent body ("*Occ-Organismi per la Composizione della Crisi*"), a debt restructuring arrangement (the "**Restructuring Agreement**") which shall in any case ensure the full payment of the creditors whose claims towards the relevant debtor are not subject to be attached ("*pignorati*") in accordance with Article 545 of the Italian code of civil procedure.

The Law 3/2012, as amended, applies, *inter alios*, to (i) debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law; or (ii) to debtors which have not benefited of any procedure set

out by Law 3/2012 in the past five years. In any case the debtors must comply with Article 7 of Law 3/2012 in order to benefit from the procedure provided by Law 3/2012.

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

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

Under the approved Restructuring Agreement, which shall be binding for all of the creditors of the relevant debtor, the latter may obtain: (a) up to a one-year period moratorium for secured creditors ("*creditori privilegiati*"); (b) the suspension of all foreclosure procedures and seizures ("*sequestri conservativi*") against it; (c) that creditors will be prevented from creating pre-emption rights ("*diritti di prelazione*") on the debtor's assets; and (d) that legal interests will stop to accrue.

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

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

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

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

Should any Borrower enter into a proceeding set out by Law 3/2012, the Issuer could be subject to the risk of having the payments due by the relevant Borrower suspended for up to one year (in case of the entering into of Restructuring Agreement) or part of its debts released.

However, given the novelty of this new legislation, the impact thereof on the cashflows deriving from the Portfolios and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

Italian Usury Law

Italian Law no. 108 of 7 March 1996, amended and supplemented from time to time (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every 3 months on the basis of a decree issued by the Italian Treasury (the last such decree having been issued on 22 December 2016). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and

(ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. Any provision in loan agreements imposing interest exceeding the Usury Rates is null and void and no interest will be due in respect of the loan pursuant to Article 1815(2) of the Italian Civil Code.

In some judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the Italian Supreme Court (*Corte di Cassazione*)), if at any point in time the rate of interest payable on a loan (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan became null and void in its entirety.

The Italian Government has intervened in this situation with Law Decree no. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law no. 24 by the Italian Parliament on 28 February 2001, which provides, *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 has also provided 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 fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court (*Corte Costituzionale*) by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By Decision no. 29 of 14 February 2002, the Italian Constitutional Court (*Corte Costituzionale*) has stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for such provisions of the Usury Law Decree providing that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court (*Corte Costituzionale*) has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001. Furthermore, by Decision no. 12028 of 19 February 2010, Decision no. 28793 of 14 May 2010 and Decision no. 46669 of 23 November 2011, the Italian Supreme Court (*Corte di Cassazione*) has, *inter alia*, affirmed the overall prevalence of the Usury Law Decree by stating that credit institutions governed by Italian law are to be bound by the Usury Law Decree even in the face of diverging regulations issued by the Bank of Italy on the matter.

Pursuant to the each Warranty and Indemnity Agreement the relevant Originator has represented and warranted that the interest rates applicable to the Mortgage Loans as at the date of execution of the relevant Mortgage Loan Agreements are in compliance with the then applicable Usury Rate.

Prospective Noteholders should note that, whilst each Originator has undertaken in the relevant Warranty and Indemnity Agreement to indemnify the Issuer in respect of any loss, damage and reasonable cost, charge and/or expense that may be incurred by the Issuer in connection with any loss or reduction in any interest accrued on the Mortgage Loans as a result of the application of the Usury Law or of the Usury Law Decree, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected as a result of a Mortgage Loan being found to be in contravention with the Usury Law, thus allowing the relevant borrower to claim relief on any interest previously paid and obliging the Issuer in the future to accept a reduced rate of interest, or potentially no interest, payable on such Mortgage Loan.

Perfection of the sale of the Portfolios

The sale of the Portfolios by the Originators to the Issuer has been made in accordance with the Securitisation Law. Pursuant to Article 4 of the Securitisation Law, the publication in the Official Gazette of a notice of the sale of each Portfolio by the Originators to the Issuer (each notice was published on the Official Gazette No. 21, Part II, on 18 February 2017) and the registration of such sales with the competent Register of Enterprises of Milan (such registration was made on 20 February 2017) has rendered the assignment of the Portfolios and the proceeds deriving therefrom immune from any attachment or other action under Italian law (other than a claw-back action: see "*Claw-Back of the Sale of the Portfolios*" below), except to the extent that any such attachment or action is intended to protect the rights of the Noteholders and the Other Issuer Creditors. In addition, the publication of such notice means that the sale of the Portfolios cannot be challenged or disregarded by: (i) any third party to whom the Originators may previously have assigned the Portfolios or any part thereof but who has not perfected the assignment prior to the date of publication; (ii) a creditor of the Originators who has a right to enforce its claim on the relevant Originator's assets; or (iii) a receiver or administrative receiver or a liquidator of any assigned Borrower in the case of the Borrower's bankruptcy.

Claw-back of the sale of the Portfolios

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

Accordingly, if any of the Originators was insolvent at the date of the execution of the relevant Transfer Agreement, and the Issuer was, or ought to have been, aware of such insolvency, the relevant transfer may, in certain circumstances, be subject to claw-back by a liquidator of the Originators. Under the Warranty and Indemnity Agreements, each Originator has represented that it was solvent as of the date of the transfer, and that such representations shall deemed to be repeated as of the Issue Date by the relevant Originator, and that all appropriate solvency certificates have been obtained as of the date of the transfer of the Portfolios (for other risks relating to the Originators, please see the paragraphs entitled "*Counterparty risk*", "*Commingling Risk*" and "*Bank Recovery and Resolution Directive*" and section entitled "*The Originators and the Servicers"*).

Commingling Risk

Traditionally, the special purpose vehicles incorporated under the Securitisation Law are subject to the risk that, in case of insolvency of the servicers, the collections held by the servicers are lost or frozen. Such risk is usually mitigated through the transfer of the collections held by the servicers, within a very limited period of time, into bank accounts opened in the name of the issuers with Eligible Institutions. Furthermore, in case of insolvency of the servicers, the debtors are usually instructed to pay any amount due in respect to the receivables directly into bank accounts opened in the name of the issuers with Eligible Institutions.

On 24 December 2013, Italian Law Decree 145 came into force introducing certain amendments to the Securitisation Law. In particular, Decree 145 has provided, *inter alia*, that the special purpose vehicles incorporated under the Securitisation Law may open segregated accounts with the servicers for the deposit of the collections received from the debtors and the other amounts paid to the special purpose vehicles under the securitisation transactions; the sums deposited into such accounts will be segregated from the assets of the servicers with which the accounts are held, as well as from those of any other person holding deposits with the servicers, and will be available only to satisfy the obligations of the special purpose vehicles *vis-à-vis* the noteholders and the other creditors in relation to the securitisation transactions. In the event that the servicers become subject to any insolvency

proceeding or restructuring agreement, the sums deposited into such accounts will remain outside the servicers' estate and will not be subject to suspension of payments.

Rights of set-off and other rights of Borrowers

Under general principles of Italian law, a borrowers of a mortgage loan is entitled to exercise rights of set-off in respect of amounts due under such mortgage loan against any amounts payable by the relevant originator to such borrower if and to the extent that such counterclaims have arisen before the publication of the notice of the assignment of the Claims in the Official Gazette pursuant to Article 58, second paragraph, of the Consolidated Banking Act and the registration of such sale with the companies' register where the Issuer is enrolled have been made. Consequently, after (i) publication in the Official Gazette of the notice of transfer of the Portfolios to the Issuer pursuant to the Transfer Agreements and (ii) registration of the assignment in the register of companies where the Issuer is enrolled, the Borrowers shall not be entitled to exercise any set-off right against their claims against each of the Originators which arises after the date of such publication and registration.

In addition, the Italian consumer legislation set forth in the Consolidated Banking Act (i) provides for a more borrower friendly set-off ruling and (ii) attributes to the borrower the right to terminate the loan and receive back any amount paid to the lender (and to any assignee) in case of breach by the supplier of the goods purchased by the borrower out of the loan. In this respect, it should be noted that the Securitisation Law, as recently amended, expressly provides that assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law (*data certa*) on which the relevant purchase price (even partial) has been paid. In any case, the Originators have represented under the Warranty and Indemnity Agreements there are no Mortgage Loans subject to the Italian consumer legislation and agreed to indemnify the Issuer should the Issuer experience any reduction in amounts collected or recovered in respect of the Claims comprised in each relevant Portfolio as a result of the legitimate exercise by any Borrower of its right of set-off. There can be no assurance that the Originators will have the financial resources to meet their respective obligations to indemnify the Issuer in the event that any such reduction arises. For further details, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

Article 120-*ter* of the Consolidated Banking Act

Article 120-*ter* of the Consolidated Banking Act provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or restructuring real estate properties destined to residential purposes or to carry out the borrower's own professional and business 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.**Article 120-*quater* of the Consolidated Banking Act**

Article 120-*quater* of the Consolidated Banking Act provides that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the right of prepayment of the loan and/or subrogation of a new bank into the rights of their creditors in accordance with Article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the "**Subrogation**"), even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

Furthermore, paragraph 7 of Article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 (thirty) business days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1 per cent of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

As a result of the Subrogation, the rate of prepayment of the Mortgage Loans might materially increase; such event might have an impact on the yield to maturity of the Notes.

Compounding of interest

According to Article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest can be capitalised after a period of not less than 6 (six) months provided that the capitalisation has been agreed after the date on which it has become due and payable or from the date when the relevant legal proceedings are commenced in respect of that monetary claim or receivable. According to Article 1283 of the Italian civil code, such provision may be derogated from only in the event that there are recognised customary practices (*usi*) to the contrary. Traditionally, capitalisation of interest (including the capitalisation of interest on bonds and other debt instruments) in the Republic of Italy was a common market practice on the grounds that such practice could be characterised as a customary rule (*uso normativo*). However, according to certain judgements from Italian courts (including judgements no. 2374/99 and no. 2593/03 of the Italian Supreme Court (*Corte di Cassazione*)), such practice has been re-characterised as an agreed clause (*uso negoziale*) and, as such, has been deemed not to permit derogation from the aforementioned provisions of the Italian civil code.

In this respect, it should be noted that Article 25, paragraph 3, of Legislative Decree no. 342 of 4 August 1999 ("**Legislative Decree 342**") enacted by the Italian Government under a delegation granted pursuant to Law no. 142 of 19 February 1992 (the "**Law 142**") has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest will still be possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) issued on 22 February 2000. Legislative Decree 342 has been challenged, however, before the Italian Constitutional Court (*Corte Costituzionale*) on grounds it falls outside the scope of the legislative powers delegated under Law 142. On these grounds, by decision no. 425 dated 9 October 2000 issued by the Italian Constitutional Court (*Corte Costituzionale*), Article 25, paragraph 3, of Legislative Decree 342 has been declared as unconstitutional.

In the decision no. 21095/04, the *Sezioni Unite* of the Italian Supreme Court (*Corte di Cassazione*) have confirmed that the interpretation according to which the capitalisation of accrued interest on a quarterly basis is not to be considered as a customary rule (*uso normativo*) and have moreover expressly stated that such capitalisation is not valid even if made before the above described rulings of the Italian Supreme Court (*Corte di Cassazione*) which first stated the relevant principal in 1999. Consequently, if Debtors were to challenge this practice, it is possible that such interpretation of the Italian civil code would be upheld before other courts in the Republic of Italy and that the returns generated from the Mortgage Loan Agreements may be prejudiced.

With respect to this matter, a ruling dated 29 October 2008 by the Court of Bari 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.

It should be noted that paragraph 2 of Article 120 of the Consolidated Banking Act, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by Article 17-bis of Law Decree number 18 of 14 February 2016 (as converted into law by Law number 49 of 8 April 2016), providing that interests (other than defaulted interests) shall not accrue on capitalised interests. Paragraph 2 of Article 120 of the Consolidated Banking Act also delegated to the CICR to establish the methods and criteria for the compounding of interest. In this respect, the CICR, pursuant to a resolution dated 3 August 2016, (the "**2016 Resolution**") has provided, *inter alia*, that: (i) interest is to be accounted separately from principal; (ii) as already provided under new Article 120 of the Consolidated Banking Act, interest becomes due from the 1st of March after the year in which it accrued. Provided that, in any case, such interest becomes payable, after a 30-day period (which begins from the day on which the relevant Debtor becomes aware of the amount to be paid) during which the Debtor could pay such interest without being in default; and (iii) the Debtor and the bank can agree in advance - in order to avoid payment of the arrears or the beginning of legal proceedings – to charge the interest directly to the relevant Debtor's account using including via an overdraft facility (with the consequent accrual of interest on the amounts used to extinguish such debt). Intermediaries shall apply 2016 Resolution, at the latest, from 1st October 2016. However, due to the recent enactment, the impact of such implementation provisions may not be predicted as at the date hereof.

Prospective Noteholders should note that under the Warranty and Indemnity Agreements each Originator has represented that all the Mortgage Loan Agreements (i) have been executed and performed in compliance with the provisions of Article 1283 of the Italian civil code, and (ii) expressly mention the ISC (*indicatore sintetico di costo*) for the relevant Mortgage Loan.

Historical Information

The historical financial and other information set forth in the sections headed "*The Originators and the Servicers*", "*Credit and Collection Policies and Recovery Procedures*" and "*The Portfolios*", including recovery rates, represents the historical experience of the Originators. There can be no assurance that the Originators' future experience and performance as Servicer of the relevant Portfolio will remain constant.

Suspension of mortgage instalments

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

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

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

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

(i) termination of an employment contract of indeterminate duration;

(ii) termination of a fixed term employment contract;

(iii) termination of one of the employment relationships provided for by Article 409, No. 3) of the Italian civil procedure code; or

(iv) death or declaration of handicap or disability for at least 80%.

Decree 132 has been supplemented by the Decree 37, entered into force on 27 April 2013, which has been enacted for the purpose of making Decree 132 compliant with the new provisions of Law 92.

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

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

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

It should be noted that, according to the selection Criteria set out in the Transfer Agreements, the Portfolios do not comprise Mortgage Loan Agreements in respect of which, as at the Valuation Date, the relevant borrower has been granted with suspension of the payments of the mortgage loan instalments (for the principal or also for the interest component). In this respect, moreover, pursuant to the Servicing Agreement, each Originator, in each capacity as Servicer, has been empowered to grant to the Borrower the suspension of payments of the relevant instalments within the limits provided for under the same Servicing Agreement. See for further details "*Description of the Transaction Documents - The Servicing Agreement"*.

The Families Plan

On 1 April 2015, the Italian Banking Association ("**ABI**") and some consumers associations signed a convention (the "**ABI Convention**") concerning the temporary suspension of payments of the principal quota of instalments due by individuals to the banking system in order to help those families stricken by the financial crisis ("**Families Plan**").

The Families Plan is in addiction to the Fund ("*Fondo di solidarietà per i mutui per l'acquisto della prima casa*" – please see the section headed "*Consideration relating to the Portfolio*").

The Families Plan provides the possibility for individuals (upon certain conditions have been met) to request, within 31 December 2017, the suspension (only for one time and for a period not longer than 12 months) of the principal component of the instalments (the "**Suspension**").

The granting of the Suspension does not cause the application of any fees or default interest for the suspension period, except when the relevant borrower is in breach of its obligation to pay the interest component of the loan instalments at their original scheduled due dates.

As a consequence of the Suspension, the reimbursement plan will be extended for a period equal to the Suspension. The borrower shall, in any case, continue to pay, at their original scheduled due dates, the interest component of the loan instalments.

The Suspension applies to:

1) loans granted for the purchase of real estate property to be used as the borrower's main residence ("*abitazione principale*"), only upon the occurrence of the event listed in point 3 (c) of ABI Convention (e.g. suspension of the working relationship or reduction of the working time for a period of at least 30 days); and

2) consumer's loans granted to individuals in accordance with the provision of article 121 of the Consolidated Banking Act, having a duration higher than 24 months and a so-called "French" amortisation plan, regardless of the type of contractual interest rate.

In particular, it should be noted that, pursuant to the ABI Convention, also the loans which have been securitised in accordance with the provisions of the Securitisation Law may benefit of the Suspension.

In addition, the ABI Convention specifically set out the case in which the Suspension shall not be granted (e.g. loans having late instalments for more than 90 days or loans which have already benefited of other suspensions for a period of 12 months).

The Suspension can be granted upon the occurrence, in the 24 months preceding the request of such Suspension, of one of the following events:

a) closing down of a permanent employment relationship (*rapporto di lavoro subordinato*), other than in the event of consensual termination (*risoluzione consensuale*) of such employment relationship or in the events in which the termination is due to the bypass of the age limit, with the consequent right to benefit of an old-age pension (*pensione di anzianità*), or in the events of resignation not for *"giusta causa"* or in the events of termination of the employment relationship for "*giusta causa"* or "*giustificato motivo soggettivo"*;

b) closing down of the employment relationships under article 409, paragraph 3, of the Italian civil procedure code, other than the cases of consensual termination, withdrawal of the employer for "*giusta causa"* or withdrawal of the employee not for "*giusta causa"*;

c) suspension of the employment relationship or reduction of the working time for a period of at least 30 days, also before the issuing of the relevant measures authorizing an income support (*sostegno al reddito*);

d) death or cases of loss of self –sufficiency (*condizioni di non autosufficienza*).

In any case, it should be noted that banks and the financial intermediaries may, at their discretion, grant to their customers suspensions at more favorable conditions than the ones provided under the Families Plan.

Finally, banks and financial intermediaries shall bring into effect the ABI Convention within 60 days from its execution.

TAX CONSIDERATIONS

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 15 December 2015 (*Istruzioni per la redazione dei bilanci e dei rendiconti degli intermediari finanziari, degli istituti di pagamento, degli istituti di moneta elettronica, delle SGR e delle SIM*), as amended and supplemented, 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. In such a case, the transfer of the claims is subject to VAT at the zero percent. rate (VAT exempt transaction) provided that it could not be qualified as credit recovery (*attività di recupero crediti*) subject to VAT rate of 22 percent. 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 Originators transfer 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 Originators 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. In this respect, the transfer of claims in the context of a securitisation transaction should not be deemed as credit recovery (*attività di recupero crediti*) subject to a VAT rate of 22 per cent., based on the clarification given by the Italian Tax Authority in Resolution No. 32/E of 11 March 2011. 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* in cases dealing with the VAT analysis of the transfer of claims within the context of a factoring transaction and without specifically considering a securitisation transaction (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*). However it is also to be mentioned that since both factoring and securitisation transaction 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. According to the above mentioned 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 such a case, the transfer of the claims is subject to VAT at the zero per cent. rate (VAT exempt transaction). 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 effect a supply of services for consideration and does not carry out an economic activity falling within the scope of that directive when the difference between the face value of those debts and their purchase price reflects the actual economic value of the debts at the time of their assignment*". On the basis of a cross interpretation of principles embodied in Resolution No. 32/E of 2011 and EU Court of Justice C-93/10, it can be 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 by the relevant parties thereto on the nominal value of the transferred claims.

Pursuant to Legislative Decree No. 141/2010 which modified Article 3, paragraph 3, of Securitisation Law, the Issuer is not any longer required to be registered as financial intermediary under Article 106 of the Consolidated 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 30 September 2014. 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.

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 26 per cent., or such lower rate as may be applicable under the relevant double taxation treaty.

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

For further details see the section headed *"Taxation in the Republic of Italy"*.

OTHER CONSIDERATIONS

Euro System Eligibility

The Class A Notes are intended to be issued in a manner which will allow for participation in the Eurosystem liquidity scheme. However, there is no guarantee and neither the Issuer nor the Arrangers nor the Originators nor any other person takes responsibility for the Class A Notes being recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the Class A Notes satisfying the Eurosystem eligibility criteria (as amended from time to time).

In this respect, it should be noted that in accordance with their policies, neither the ECB nor the central banks of the Eurozone will confirm the eligibility of the Class A Notes for the above purpose prior to their issuance or to their rating and listing and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for Eurosystem monetary policy and intra-day credit operations rests with the relevant central bank.

None of the Issuer, the Originators, the Arrangers or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Class A Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

Change of Law

The structure of the Transaction and, *inter alia*, the issue of the Notes and rating assigned to the Rated Notes are based on Italian law (or English law, in the case of the Swap Agreement, the EMIR Reporting Agreement and the English Deed of Charge and New York law in the case of the Swap Guarantee and the Swap Guarantee Security Agreement), tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law (or English law or New York law, as applicable), tax or administrative practice will not change after the date of this Prospectus or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Projections, Forecasts and Estimates

Forward-looking statements, including estimates, any other projections, forecasts and estimates 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 should not rely 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.

None of the Issuer, the Originators, the Arrangers or any other party to the Transaction Documents has or will have any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus. The Originators, the Arrangers have not verified these statements nor are giving any representations on these statements.

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 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 (acting as security trustee) 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 (acting as security trustee) 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 (acting as security trustee) as floating charge holder.

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

If the Representative of the Noteholders (acting as security trustee) were 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 (acting as security trustee) 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 (acting as security trustee) 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.

European Market Infrastructure Regulation

Regulation (EU) no. 648/2012, known as the European Market Infrastructure Regulation ("**EMIR**") entered into force on 16 August 2012. EMIR provides for certain OTC derivative contracts to be submitted to central clearing and imposes, *inter alia*, margin posting and other risk mitigation techniques, reporting and record keeping requirements. EMIR is a Level-1 regulation and requires secondary rules for full implementation of all elements. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are now in effect.

Under EMIR, OTC derivatives contracts that are not cleared by a CCP may be subject to margining requirements, which are currently expected to be phased in from the first quarter of 2017. The regulatory technical standards relating to the collateralisation obligations in respect of OTC derivatives contracts which are not cleared (the **RTS)** were adopted by the European Commission on 4 October 2016 through the Commission Delegated Regulation 2016/2251 which, having received no objection from the European Parliament or Council, was published on the Official Journal on 15 December 2016 entering into force 20 days later. In any event, on the basis that the Issuer is an NFC-, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

Further, OTC derivatives contracts that are not cleared by a CCP are also subject to certain other risk mitigation techniques, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these risk-mitigation techniques, the Issuer includes appropriate provisions in the Swap Agreement. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Accordingly the Issuer has entered into the EMIR Reporting Agreement pursuant to which the EMIR Reporting Agent has agreed to carry out certain reporting obligations under EMIR on behalf of the Issuer.

Pursuant to the Intercreditor Agreement, the Issuer has appointed the Master Servicer as its agent in order to perform the reconciliation activity required to be performed by the Issuer under the Swap Agreement and the Master Servicer has agreed and acknowledged such appointment and has agreed to cooperate with the Issuer in any administrative activities which the latter is required to perform in order to be compliant with EMIR (without prejudice to the duties of the EMIR Reporting Agent pursuant to EMIR Reporting Agreement).

Aspects of EMIR and its application to securitisation vehicles remain unclear. If the Issuer is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes.

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. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "**Liquidity Coverage Ratio**" and the "**Net Stable Funding Ratio**"). Basel III set an implementation deadline on member countries to implement the new capital standards from January 2014, the new Liquidity Coverage

Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and, in particular, the European Commission has implemented the changes through the CRD IV (as defined below) and the CRR. The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

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. There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future changes to the Basel II Framework (including the Basel III changes described above). The Issuer is not responsible for informing Noteholders of the effects of the changes which will result for investors from revisions to the Basel II Framework. Significant uncertainty remains around the implementation of these initiatives. In general, prospective 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 an increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originators, the Arrangers or 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 proportional additional risk weight 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-cast, 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 and CRR 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-cast 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* have been replaced by regulatory technical standards ("**RTS**") and 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. In this respect, it has to be noted that (i) with respect to RTS, 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 has entered 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; and (ii) with respect to ITS, on 5 June 2014, it has been published in the Official Journal of the European Union, the Commission Delegated Regulation (EU) No. 602/2014 (which has entered into force the twentieth day following the date of such publication), laying down implementing technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weights according to the CRR. 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 (five) per cent. 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 1250%) which shall apply to the relevant securitisation positions in the manner specified in the CRR.

It should be noted that on 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by the Basel Committee (the "**CRR Amendment Regulation**") and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the "**STS Regulation**"). The STS Regulation also aims to create common foundation criteria for identifying "**STS securitisations**". There are material differences between the legislative proposals and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into, and of activities undertaken by a party (including an investor), prior to adoption is uncertain. No assurance can be given that the Securitisation will be designated as an "STS securitisation" under the STS Regulation at any point in the future.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters 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.

(b) *The AIFM*

On 22 July 2013, Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers ("**AIFM**") became effective. Article 17 of AIFM 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 securitisation transactions 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 "**AIFM Regulation**") included those level 2 measures. Although certain requirements in the AIFM Regulation are similar to those which apply under the CRR, they are not identical. In particular, the AIFM 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 AIFM Regulation apply to new securitisations issued on or after 1 January 2011.

Legislative Decree no. 44 of 4 March 2014 implementing AIFM Regulation has been published in the Official Gazette of the Republic of Italy on 25 March 2014.Two further regulations implementing AIFM Regulation in Italy have been published on 19 January 2015: (i) a first regulation issued by the Bank of Italy ("*Regolamento sulla gestione collettiva del risparmio*") and (ii) a second regulation issued by the Bank of Italy in conjunction with CONSOB amending the existing legislation with regard to investment intermediaries ("*Regolamento congiunto in materia di organizzazione e procedure degli intermediari del 29 ottobre 2007*") and as amended for time. These two regulations entered into force on 3 April 2015;

(c) *The Solvency II Directive*

Directive 2009/138/EU (the "**Solvency II Directive**") requires the adoption by the European Commission of implementing measures that complement the high level principles set out in the Solvency II Directive. On 10 October 2014, the European Commission adopted a Delegated Act (the "**Solvency II Regulation**") which lays down, among others, (i) under Artilce 254, 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 (including, *inter alios*, the requirement that the originator, the sponsor or the original lender retains a material net economic interest in the underlying assets of no less than 5 (five) per cent); and (ii) under Article 256, the qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities (including, *inter alios*, the requirement that insurance and reinsurance companies shall conduct adequate due diligence prior to make the investment, which shall include an assessment of the commitment of the originator, sponsor or original lender to maintain a material net economic interest securitisation of no less than 5% on an on-going basis).

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 each of the Originators to retain a material net economic interest in the securitisation in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation and with respect to the information made available to the Noteholders and prospective investors in accordance with Articles from 405 to 410 of the CRR, please refer to section headed "*Regulatory Capital Requirements*".

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 Originators, the Servicers, the Arrangers or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

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

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

Bank Recovery and Resolution Directive

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (collectively with secondary and implementing EU rules, and national implementing legislation, the "**Bank Recovery and Resolution Directive**" or "**BRRD**") established a framework for the recovery and resolution of credit institutions and investment firms. The aim of the BRRD is to provide national authorities in EU Member States (the "**Resolution Authorities**") with common tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The BRRD applies, *inter alia*, to credit institutions, investments firms and financial institutions that are established in the European Union (when the financial institution is a subsidiary of a credit institution or investment firm and is covered by the supervision of the parent undertaking on a consolidated basis) (collectively, the "**relevant institutions**"). The BRRD entered into force on 2 July 2014 and had to be transposed by the Member States of the European Union into national law by 31 December 2014. The Republic of Italy has implemented the BRRD by Legislative Decrees no. 180 and no. 181 of 16 November 2015. Recently Banca Marche S.p.A., Banca popolare dell'Etruria e del Lazio S.c., Cassa di Risparmio di Ferrara S.p.A. and Cassa di Risparmio di Chieti S.p.A. have been declared resolved (*in risoluzione*) in compliance with the Legislative Decree No. 180 and No. 181 of 16 November 2015; the impact of such recent events on the outstanding transactions conducted by such four banks is still under analysis and cannot be predicted as of the date of this Prospectus.

If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution's failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents to which such institutions are party not otherwise subject to an exception, could be subject to the exercise of "bail-in" powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to "bail-in" the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

In addition to the above, it should be noted that due to the fact that BPVi is a credit institution established in the European Union, it is subject to the BRRD. Therefore, in case of failure by BPVi to comply with the prudential requirements applicable to it, or upon occurrence of certain other circumstances set forth in the BRRD, it may be subject to the BRRD resolution procedure. In such circumstances, BPVi may not be in a position to meet its obligations under the Transaction Documents, including its obligations as Servicer and as indemnity provider under the Warranty and Indemnity Agreement. More in general, it has to be pointed out that the BPVi 2016 financial statements have not been approved and made publicly available yet and a worsening (if any) of the economical and/or financial situation of BPVi (either in terms of regulatory capital ratios, liquidity ratios, financial results) in respect of the situation as indicated in this Prospectus (please see the section entitled "*The Originators and the Servicers*"), may affect the ability of BPVi to fulfill its obligations under the Transaction Documents, may lead to the termination of the Master Servicer and Servicer under the Servicing Agreement (and consequent step-in of the Back-up Servicer - please see in such respect the paragraph entitled "*Servicing of the Portfolios*") and may in broader terms affect

the liquidity and the value of the Notes (please see the paragraphs entitled "*Counterparty risk*", "*Claw back of the sale of the Portfolios*" and "*Commingling Risk*").

Measures for the territory affected by the earthquakes of August and October 2016

On 24 August 2016 the central Italy area was affected by an earthquake, as a consequence of which certain areas in the central Italy (i.e., certain municipalities located in the regions of Abruzzo, Lazio, Marche and Umbria) were largely damaged.

With the view of providing urgent measures in favour of the areas by the earthquake, several measures have been adopted.

On 25 August 2016, the Italian Prime Minister Office - Department of Civil Protection adopted the order (*ordinanza*) No. 388 of 26 August 2016 headed "*Primi interventi urgenti di protezione civile conseguenti all'eccezionale evento sismico che ha colpito il territorio delle Regioni Lazio, Marche, Umbria e Abruzzo il 24 agosto 2016*" published in the Official Gazette No. 201 of 29 August 2016 (the "**Order No. 388**").

Order No. 388 provided that people and entities having their place of residence or their registered/operating office in the affected areas which are borrowers under loan agreements relating to real estate assets destroyed or unfit for use (*inagibili*), in whole or in part, by the earthquake and which are borrowers under loan agreements relating to the management of business activity carried out in such real estate assets have the right to ask to banks and financial intermediaries which are lenders under such loan agreements for the suspension (in whole or in part) of such loans.

Moreover, the Italian Government has also enacted Law Decree No. 189 of 17 October 2016 headed "*Interventi urgenti in favore delle popolazioni colpite dal sisma del 24 agosto 2016*", published in the Official Gazette No. 244 of 18 October 2016, as subsequently converted with modifications into Law No. 229 of 15 December 2016 (the "**Decree No. 189**"). Article 48, letter (g) of the Decree No. 189 has provided for the suspension, until 31 December 2016, of payment of instalments arising under loan agreements of whatever nature (not only residential mortgage agreement) granted in favour of (i) individuals having their place of residence and (ii) enterprises having their registered office or carrying out their activities in the areas affected by the earthquake, being those 62 municipalities listed in the schedule 1 attached to the Decree No. 189. Article 48, letter (g) of the Decree No. 189 has been amended by article 14, paragraph 6, of Law Decree No. 244 of 30 December 2016 (the "**Decree No. 244**"), which has extended the suspension originally provided under the Decree No. 189 (i.e., 31 December 2016) until 31 December 2017 only in respect of, *inter alia*, mortgage loans entered into for main residences (*abitazioni principali*) and business activities.

It is to be noted, however, that Decree No. 244, although effective since the date of its publication, will remain into force only for a period of 60 days at the expiration of which, unless converted into law, will expire retroactively as if it were never issued. There is no assurance that Decree No. 244 will be converted into law.

Following an other earthquake occurred on 30 October 2016 in the central Italy area, the Italian Government has enacted the Law Decree No. 205 of 11 November 2016 headed "*Nuovi interventi urgenti in favore delle popolazioni e dei territori interessati dagli eventi sismici del 2016*", published in the Official Gazette of 11 November 2016 (the "**Decree No. 205**"), providing the extension of the measures under the the Decree No. 189 to individuals having their place of residence and enterprises having their registered office or carrying out their activities in the area affected by such second earthquake. The Decree No. 205 has been repealed by Law No. 229 of 15 December 2016 but without prejudice for the effects and legal relationships deriving from the Decree No. 205.

On 18 January 2017, another earthquake occurred in the central Italy area and the Italian Council of Ministers, by means of resolution dated 20 January 2017 headed "*Estensione degli effetti della dichiarazione dello stato di emergenza adottato con la delibera del 25 agosto 2016 in conseguenza degli ulteriori eventi sismici che il giorno 18 gennaio 2017 hanno colpito nuovamente il territorio*

delle Regioni Abruzzo, Lazio, Marche e Umbria, nonché degli eccezionali fenomeni meteorologici che hanno interessato i territori delle medesime Regioni a partire dalla seconda decade dello stesso mese" published in the Official Gazette of 30 January 2017, has extended the provisions of Order No. 388 to people and entities affected by such third earthquake, which have their place of residence or their registered/operating office in the area hit by the earthquake.

As of the date of this Prospectus it can not be excluded that additional measures may be adopted by the Italian Government or any other competent authority in the future to provide support in respect of, and deal with, the earthquakes occurred in August and October 2016.

However, it should be noted that, pursuant to the Criteria set out in each Transfer Agreement, the relevant Portfolio does not comprise Claims in respect of which as at the Valuation Date there was in place a suspension of payment of the instalments (entirely or for the principal instalments only).

Mortgage Credit Directive

Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) No 1093/2010 (the "**Mortgage Credit Directive**") sets out a common framework for certain aspects of the laws, regulations and administrative provisions of the Member States concerning agreements covering credit for consumers secured by a mortgage or otherwise relating to residential immovable property. The Mortgage Credit Directive provides for, amongst other things:

(i) standard information in advertising, and standard pre-contractual information;

(ii) adequate explanations to the borrower on the proposed credit agreement and any ancillary service;

(iii) calculation of the annual percentage rate of charge in accordance with a prescribed formula;

(iv) assessment of creditworthiness of the borrower;

(v) a right of the borrower to make early repayment of the credit agreement; and

(vi) prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The Mortgage Credit Directive came into effect on 20 March 2014 and is required to be implemented in Member States by 21 March 2016.

On 1 June 2015, in accordance with Article 18, Article 20(1) and Article 28 of the Mortgage Credit Directive, the EBA published its final Guidelines on creditworthiness assessment, as well as its final Guidelines on arrears and foreclosure, that support the national implementation by Member States of the Mortgage Credit Directive.

In Italy the Government has approved the Legislative Decree No. 72 of 21 April 2016, implementing the Mortgage Credit Directive and published on the Official Gazette of the Republic of Italy on 20 May 2016 (the "**Mortgage Legislative Decree**"). The Mortgage Legislative Decree clarifies that the new legal framework shall apply, inter alia, to (i) residential mortgage loans and (ii) loans relating to the purchase or preservation of the property rights on a residential immovable. Moreover such decree sets forth certain rules of correctness, diligence and transparency and information undertakings applicable to the lenders and intermediaries which offer loans to the consumers and provides that the parties may agree under the loan agreements that in case of breach of the borrower's payment obligations under the agreement (i.e., non-payment of at least eighteen loan instalments due and payable by the debtor) the transfer or the sale of the mortgaged assets has as a consequence that the entire debt is settled even if the value of the assets or the proceeds deriving from the sale of the assets is lower than the remaining amount due by the debtor in relation to the loan. Otherwise if the

estimated value of the assets or the proceeds deriving from the sale of the assets is higher than the remaining amount due by the debtor, the excess amount shall be returned to the consumer. According to the Mortgage Legislative Decree, the Bank of Italy and the Ministry of Economy and Finance will enact implementing provisions of such decree.

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. No assurance can be given that the implementation of the Mortgage Legislative Decree will not adversely affect the ability of the Issuer to make payments under the Notes.

Risks arising from the sovereign debt crisis

The Issuer is affected by disruptions and volatility in the global financial markets. Since the beginning of May 2010, the sovereign debt-related difficulties in several Euro-zone countries have determined the decline of the credit quality of certain EU Member States, including Cyprus, Greece, Italy, Portugal and Spain, as also reflected by downgrades suffered by such Countries. The large sovereign debts and fiscal deficits in European countries and its impact on Euro-zone banks' funding have raised concerns regarding the stability and overall standing of the Euro-zone and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead the potential reintroduction of national currencies in one or more Euro-zone countries or, in particularly dire circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences for the Noteholders would be determined by laws in effect at such time. It should be noted that the risk that certain EU Member States could exit from European Union and consequently from the single currency has become more consistent at the beginning of 2015, in particular with reference to Greece.

The occurrence of such adverse scenario might result in higher levels of financial market volatility, lower interest rates, bond impairments, increased bond spreads and other difficult to predict spill-over effects.

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

"Brexit" risk

On 23 June 2016 the United Kingdom voted to leave the European Union in a referendum (the "**Brexit Vote**"). At this stage both the terms and the timing of the United Kingdom's exit from the European Union are unclear. Moreover, the nature of the relationship of the United Kingdom with the remaining EU member states has yet to be discussed and negotiations with the EU on the terms of the exit have yet to commence. The Issuer cannot predict what, if any, impact the UK's exit from the EU will have on the Transaction or the Issuer's ability to make payments on the Notes.

U.S. Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") generally impose a new reporting regime and potentially a 30.00 per cent U.S. 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 legislation implementing an intergovernmental agreement, if any, between the United States and the applicable residence jurisdiction (an "**IGA**"). The FATCA rules may also affect other non-U.S. entities that are not considered financial institutions for these purposes, but in this case different rules apply. The new withholding regime currently applies with respect to certain U.S. source payments, but FATCA withholding on debt obligations generating non-U.S. source interest (such as the Rated Notes) will not begin to apply until 2019. Furthermore, in accordance with

a grandfathering rule, even if the payments on the Rated Notes are otherwise potentially subject to FATCA withholding, the Rated 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 Rated 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 has entered into 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 certain direct and indirect holders of the Notes may be provided to the Italian tax authorities, which will 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 or withhold under FATCA from payments it makes on the Rated Notes if it complies with the terms of the Italian IGA. However if (i) the placement of the Rated Notes is not performed by a Reporting Italian Financial Institution ("**RIFI**"), or (ii) the Rated Notes are not sold by the Issuer to a RIFI, or (iii) the Rated Notes are not subscribed for by the Issuer and are held among its assets ("*mantenute nel proprio attivo dello stato patrimoniale*"), the Issuer may be required to register with the IRS and comply with legislation 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 Rated 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 Rated 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 Rated 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 Rated Notes or any other payments to be made by the parties to this Transaction.

Volcker Rule

Under the Subscription Agreements, the Issuer has represented that (i) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act, as a result of its reliance on the exemption from the definition of "investment company" set forth in Section 3(c)(7) of the Investment Company Act; and (ii) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be a "covered fund" within the meaning of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (such statutory provision together

with such implementing regulations, the "**Volcker Rule**") because the Issuer may rely on an exception from the "covered fund" definition provided for entities involved in the securitisation of loans. The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (or by 21 July 2016 in respects of investments in and relationships with covered funds that were in place prior to 31 December 2013, with the possibility of a further one-year extensions). Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Although prior to the deadlines for conformance, banking entities were or are required to make good-faith efforts to conform their activities and investments to the Volcker Rule, the general effects of the Volcker Rule remain uncertain. Any prospective investor, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Dodd Frank Act

Similar to EMIR in the EU, the United States adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which, among other things, provides for new regulation of the derivatives market and its participants subject to the Dodd-Frank Act's jurisdiction. Under Dodd-Frank Act, the Commodity Futures Trading Commission (the "**CFTC**") has primary regulatory authority over "swaps," which are defined to include interest rate swaps, floors and caps, foreign exchange swaps and forwards, commodity swaps, and other transactions. Limited categories of transactions, including physically-settling foreign exchange swaps and forwards, are exempt from the central clearing, exchange trading and margin requirements of the Dodd-Frank Act.

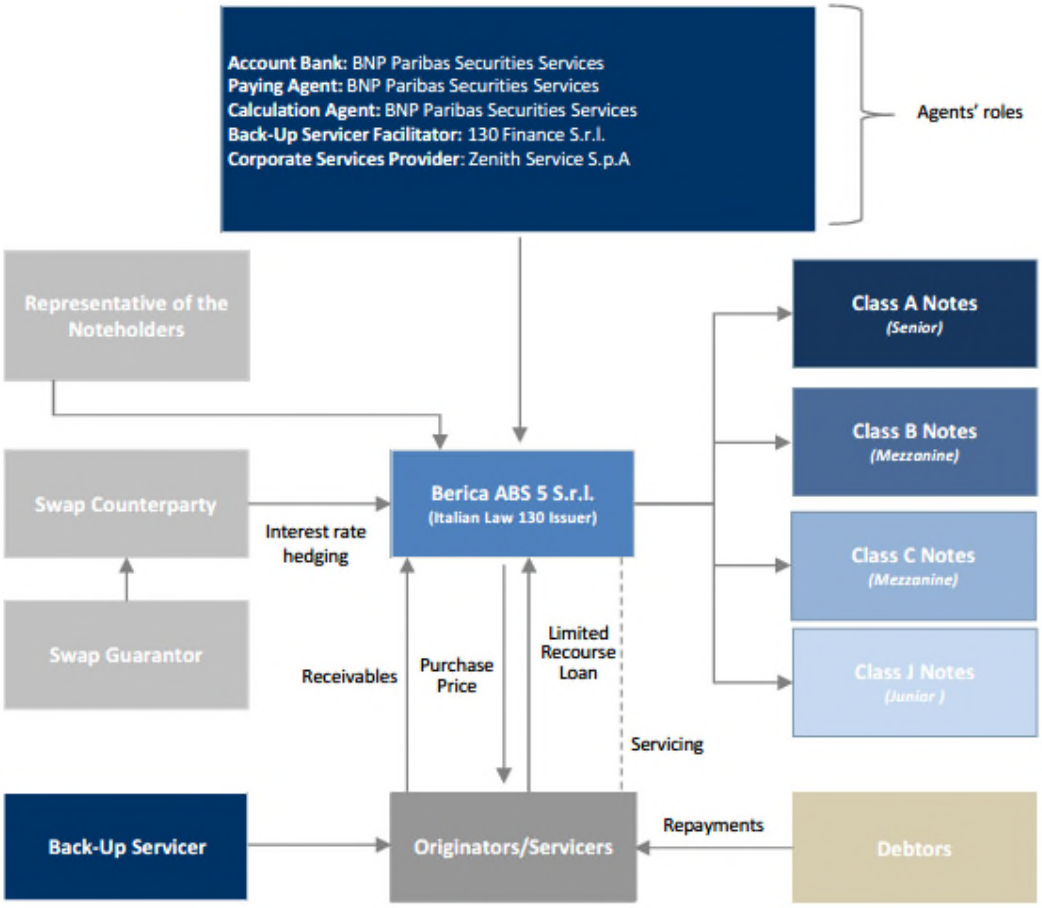
Although the CFTC has adopted final rules implementing a substantial portion of the Dodd-Frank Act's requirements with respect to swaps, CFTC regulation and its interpretation continues to evolve and uncertainties remain, including with respect to the extraterritorial application of CFTC regulations. Accordingly, it is uncertain how the further development of regulation of the derivatives market under the Dodd-Frank Act will affect derivative instruments such as the Swap Agreement.

Based on the cross-border rules and guidance that have been finalized by the CFTC and the prudential regulators with respect to "swaps", the Dodd-Frank Act requirements generally apply to transactions that are entered into by or with counterparties that are "U.S. persons" (as defined under the applicable cross-border rules or guidance). However, in certain circumstances, certain requirements may apply even when neither party is a U.S. person. In many instances, regulations under the Dodd-Frank Act, although intended to address similar underlying statutory goals, may impose requirements that are materially different from or even incompatible with those under EMIR. Thus, compliance with both regulatory schemes may not be possible or may create difficulty or challenges for counterparties that find themselves subject to both regulatory schemes. As a result, the Issuer may find it easier and more efficient, or in certain cases may be compelled, to enter into swaps only with parties subject to the same regulatory scheme. Accordingly, it may be more difficult, expensive or riskier (from a credit and/or diversification perspective) for the Issuer to replace, novate or amend the terms of the Swap Agreement in the event that this becomes necessary in the future. In addition, future regulatory actions could cause the Swap Agreement to become subject to clearing, margin or other regulatory requirements that were not applicable on the Issue Date.

The Issuer believes that the risks described above are the principal risks inherent in the Transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay

principal on the Rated 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 any Class of interest or principal on such Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

STRUCTURE DIAGRAM



TRANSACTION OVERVIEW

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

THE PRINCIPAL PARTIES

Issuer	**BERICA ABS 5 S.R.L.**, a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy under Article 3 of the Securitisation Law, with a paid-in share capital of Euro 10,000, whose registered office is located at Via Alessandro Pestalozza 12/14, 20131 Milan, Italy, tax code, VAT code and number of registration with the Register of Enterprises of Milan under No. 09621570960, REA MI-2102491 and registered with the register of the securitisation companies (*elenco società di cartolarizzazione*) held by the Bank of Italy pursuant regulation issued by the Bank of Italy on 1 October 2014 *(Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione)* under No. 35309.4, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law (the "**Issuer**").
Originators	**BANCA POPOLARE DI VICENZA S.P.A.**, a joint stock company (*società per azioni*) incorporated in the Republic of Italy, paid in share capital of Euro 377,204,358.75 as at 31 December 2015, whose registered office is located at Via Battaglione Framarin 18, 36100 Vicenza, Italy, enrolled in the Register of Enterprises of Vicenza under No. 00204010243, in the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act under No. 1515, parent company of the "*Banca Popolare di Vicenza*" banking group, adhering to the *Fondo Interbancario di Tutela dei Depositi* and the *Fondo Nazionale di Garanzia*, ABI code 5728.1 ("**BPVi**"), acting in its capacity as originator of the BPVi Portfolio (an "**Originator**"); and **BANCA NUOVA S.P.A.**, a joint stock company (*società per azioni*) with a sole shareholder incorporated in the Republic of Italy, paid in share capital of Euro 206,300,000, whose registered office is located at Via Giacomo Cusmano, 56, 90141 Palermo, Italy, enrolled in the Register of Enterprises of Palermo under No. 05940510828 and in the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act under No. 5731, subject to supervision and coordination (*direzione e coordinamento*) of Banca Popolare di Vicenza S.p.A. and belonging to the "*Banca Popolare di Vicenza*" banking group, adhering to the *Fondo Interbancario di Tutela dei Depositi* ("**BN**"), acting in its capacity as originator of the BN Portfolio (an "**Originator**"

	and, together with BPVi, the "**Originators**").
Servicers	**BPVi**, in respect of the BPVi Portfolio and **BN**, in respect of the BN Portfolio, or any other person from time to time acting as servicer of the relevant Portfolio (the "**Servicers**" and each of them a "**Servicer**").
Master Servicer	**BPVi**, or any other person from time to time acting as master servicer (the "**Master Servicer**").
Back-Up Servicer	**ZENITH SERVICE S.P.A.**, a company incorporated under the laws of Italy, with registered office in Rome and its administrative office in Via A. Pestalozza n. 12/14, Milan, Fiscal Code and VAT number 02200990980, registered in the Register of Enterprises of Rome under number 02200990980, with paid-in share capital of Euro 2,000,000 ("**Zenith**"), acting in its capacity as back-up servicer (in such capacity, the "**Back-Up Servicer**").
Administrative Services Provider	**BPVi**, or any other person from time to time acting as administrative services provider (in such capacity, the "**Administrative Services Provider**").
Corporate Services Provider	**ZENITH,** or any other person from time to time acting as corporate services provider (in such capacity, the "**Corporate Services Provider**").
Representative of the Noteholders and Back-up Servicer Facilitator	**130 FINANCE S.R.L.**, a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy, registered in the Register of Enterprises of Milan under number 12975990156, Fiscal Code and VAT number 12975990156, whose registered office is located at Via Dante, 4 – 20121 Milan, with paid-in share capital of Euro 65,000, or any other person from time to time acting in its capacity as representative of the Noteholders (the "**Representative of the Noteholders**"). 130 Finance S.r.l. will also act as back-up servicer facilitator (in such capacity, the "**Back-Up Servicer Facilitator**").
Cash Manager	**BPVi**, or any other person from time to time acting as cash manager (the "**Cash Manager**").
Collection Account Bank	**BPVi**, or any other person from time to time acting as collection account bank in respect of the Collection Accounts, the Expenses Account and the Quota Capital Account (the "**Collection Account Bank**").
Account Bank	**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, a bank incorporated under the laws of the Republic of France as a *société en commandite par actions*, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan branch with offices at Piazza Lina Bo Bardi, 3, 20124, Milan, Italy, fiscal code and enrolment with the companies' register of Milan number 13449250151, registered under number 5483 with the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act,

	or any other person from time to time acting as account bank and custodian as applicable, in respect of the Cash Investment Account, the Transaction Account, the Securities Investment Account, the Cash Reserve Account, the Swap Reserve Account and the Distribution Account (the "**Account Bank**").
Calculation Agent	**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, or any other person from time to time acting as calculation agent (the "**Calculation Agent**").
Paying Agent	**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, or any other person from time to time acting as principal paying agent and paying agent (the "**Paying Agent**").
Luxembourg Listing Agent	**BNP Paribas Securities Services**, acting through its Luxembourg branch, with offices at 60 avenue J.F. Kennedy L-2085 Luxembourg ("**BNP Paribas Securities Services, Luxembourg Branch**"), or any other person from time to time acting as Luxembourg listing agent (the "**Luxembourg Listing Agent**").
Subordinated Loan Provider	**BPVi**, or any other person from time to time acting as subordinated loan provider (the "**Subordinated Loan Provider**").
Swap Counterparty	**J.P. MORGAN SECURITIES PLC**, a company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registered in England & Wales under registration number 02711006, whose registered office is at 25 Bank Street, Canary Wharf, London E14 5JP ("**JP Morgan**"), or any other person from time to time acting as swap counterparty under the Swap Agreement (the "**Swap Counterparty**").
EMIR Reporting Agent	**J.P. MORGAN SECURITIES PLC** The EMIR Reporting Agent will act as such pursuant to the EMIR Reporting Agreement.
Swap Guarantor	**JPMORGAN CHASE BANK, N.A.,** with its registered office at 270 Park Avenue, New York, New York 10017-2070, United States of America, or any other person from time to time acting as guarantor of the obligations of J.P. Morgan Securities plc, as Swap Counterparty (the "**Swap Guarantor**").
Quotaholder	**SPECIAL PURPOSE ENTITY MANAGEMENT S.R.L.**, a limited liability company (*società a responsabilità limitata*) incorporated in the Republic of Italy whose registered office is at Via Alessandro Pestalozza, 12/14, 20131 Milan, Italy, with paid-in share capital of Euro 20,000, fiscal code, VAT number and registration with the Register of Enterprises of Milan under No. 09262340962, R.E.A. MI-2079321, which at the date of this Prospectus holds the totality of the Issuer's quota capital (the "**Quotaholder**").

Arrangers	**JP Morgan** and **BPVi** (together, the "**Arrangers**" and each of them an / the "**Arranger**").

PRINCIPAL FEATURES OF THE NOTES

The Notes

On the Issue Date, the Issuer will issue:

- Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class A Notes**" or the "**Senior Notes**");
- Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class B Notes**");
- Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class C Notes**" and, together with the Class B Notes, the "**Mezzanine Notes**" and, together with the Class A Notes, the "**Rated Notes**");
- Euro 51,519,000 Class J Residential Mortgage Backed Notes due November 2067 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**").

Issue Price

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

Class of Notes	**Issue Price**
Class A Notes:	100%
Class B Notes:	100%
Class C Notes:	100%
Class J Notes:	100%

Form and Denomination of the Notes

The authorised denomination of (i) each Class A Note, shall be Euro 100,000 and integral multiples of Euro 1,000 in excess thereof; (ii) each Class B Note, shall be Euro 100,000 and integral multiples of Euro 1,000 in excess thereof; (iii) each Class C Note, shall be Euro 100,000 and integral multiples of Euro 1,000 in excess thereof; and (iv) each Class J Note shall be Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. The Notes shall be held in a dematerialised form on behalf of the ultimate owners, from the Issue Date until redemption or cancellation thereof, by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli Account Holder. Monte Titoli's registered office and principal place of business is at Piazza degli Affari 6, 20123, Milan, Italy. Monte Titoli shall act as depository for Clearstream Banking S.A. ("**Clearstream**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"). Title to the Notes will be evidenced by book entries in accordance with the provisions of Article 83-*bis* of the Italian Legislative Decree No. 58 of 24 February 1998, as

subsequently amended and supplemented (the "**Consolidated Financial Act**") 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 will elect Luxembourg as its Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the "**Transparency Directive**").

Status and subordination

The Notes will constitute direct, secured and limited recourse obligations solely of the Issuer. Each Noteholder and each Other Issuer Creditor 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, the other Transaction Documents and the Conditions.

In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)),

(i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes;

(ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full, but will be paid in priority to the payment of interest on the Class C Notes;

(iii) the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class B Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or Class B Notes Interest Subordination Event, payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class B Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes and the Class B Notes are redeemed in full; and

(iv) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes and the repayment of principal on the Class C Notes.

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)),

(i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes and the the payment of interest on the Class C Notes *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full and *further provided that* upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full;

(ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes and the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes and the repayment of principal on the Class A Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or a Class B Notes Interest Subordination Event, principal on the Class B Notes will be paid in priority to the payment of interest on the Class C Notes, on the immediately following Payment Date and on any Payment Date thereafter;

(iii) the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class B Notes;

(iv) the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the

Class B Notes, the repayment of principal on the Class C Notes and the payment of interest on the Class J Notes.

In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)),

(i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class B Notes, the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes;

(ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes;

(iii) the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest and repayment of principal on the Class B Notes;

(iv) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest and repayment of principal on the Class C Notes;

In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)),

(i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes;

(ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest on the Class B Notes;

(iii) the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest

and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest on the Class C Notes;

(iv) the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes, the payment of interest and repayment of principal on the Class C Notes and the payment of interest on the Class J Notes.

"**Class B Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 16%, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class C Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 12%, *provided that* in any case starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) the Class C Notes Interest Subordination Event shall be deemed as not having occurred.

Interest

The Notes will bear interest on their respective Principal Amount Outstanding from and including the Issue Date at the higher of:

(1) the aggregate of:

(A) the rate per annum equal to the Euro-zone inter-bank offered rate ("**Euribor**") for three month deposits in Euro determined in accordance with Condition 5 (Interest) (the "**Three Month Euribor**") (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 2 months and 3 months deposits in Euro) plus

(B) the following relevant margins (each, a "**Relevant Margin**"):

(a) with regard to the Class A Notes: 0.40% per annum;

(b) with regard to the Class B Notes: 0.50% per annum;

(c) with regard to the Class C Notes: 0.60% per annum;

(d) with regard to the Class J Notes: 0.00% per annum,

provided that the rate of interest applicable on each of the Class B Notes and the Class C Notes shall not be higher than 4% per annum; and

(2) zero.

The Class J Notes bear, in addition to interest, Additional Return from (and including) the Issue Date.

Interest on the Notes will be payable quarterly in arrears on the last day of February, May, August and November in each year (*provided that*, if such day is not a Business Day, then interest on the Notes will

be payable on the immediately preceding Business Day) (each, a "**Payment Date**") as provided in the Conditions.

The first payment of interest in respect of the Notes will be 31 May 2017 (the "**First Payment Date**"). The period from (and including) the Issue Date to (but excluding) the First Payment Date (the "**Initial Interest Period**") and each successive period from (and including) a Payment Date to (but excluding) the next Payment Date is referred to as an "**Interest Period**".

Issuer Available Funds

On each Payment Date, the Issuer Available Funds shall comprise, without double-counting:

(a) all sums received by the Issuer from or in respect of the Claims during the Collection Period immediately preceding such Payment Date, including all amounts deriving from recoveries of any Defaulted Claims and any prepayment penalties received but excluding any amounts collected in connection with the Claims in respect of which the Originators have**:** (i) paid an advance indemnity pursuant to clause 3.5(c) of the Warranty and Indemnity Agreements (an "**Advance Indemnity**"), if and to the extent that such collections are in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity; or (ii) granted a limited recourse loan pursuant to clause 4 of the Warranty and Indemnity Agreements (a "**Limited Recourse Loan**") (provided that aforementioned amounts collected in connection with any such Claim are excluded from the Issuer Available Funds only up to an amount equivalent to the corresponding Advance Indemnity or, as the case may be, Limited Recourse Loan, plus interest thereon, such amounts are hereinafter referred to as the "**Excluded Collections**");

(b) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts, any termination payment required to be made under the Swap Agreement and any collateral payable or transferable (as the case may be) under the Credit Support Annex (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority);

(c) (i) all amounts received by the Issuer from the Originators pursuant to the Transfer Agreements and the Warranty and Indemnity Agreements during the Collection Period immediately preceding such Payment Date; plus (ii) all amounts received by the Issuer immediately before such Payment Date from the Originators pursuant to the Transfer Agreements in respect of the Erroneously Included Claims;

(d) (i) with reference to the First Payment Date only, the Cash Reserve Amount as at the Issue Date, and (ii) on each Payment Date falling thereafter, the amount standing to the credit of the

Cash Reserve Account on the immediately preceding Payment Date after application of the Pre-Enforcement Order of Priority on such Payment Date;

(e) interest paid on and credited to (i) the Cash Investment Account, the Cash Reserve Account and the Transaction Account on the last Business Day of the Collection Period immediately preceding such Payment Date, and (iii) the other Cash Accounts (other than the Collateral Account) in the Collection Period immediately preceding such Payment Date;

(f) any profit and interest generated by the Eligible Investments and credited to the Cash Investment Account until the fourth Business Day succeeding the Collection Date immediately preceding such Payment Date;

(g) any Swap Collateral Account Surplus paid into the Distribution Account in accordance with the Collateral Account Priority of Payments;

(h) any other amount, not included in the foregoing items of this definition received by the Issuer and deposited in (a) the Collection Accounts during the Collection Period immediately preceding such Payment Date and/or (b) in the Transaction Account until close of business of the fifth Business Day immediately succeeding the Collection Date immediately preceding such Payment Date (including, for the avoidance of doubt, amounts credited to the Transaction Account on the immediately preceding Payment Date);

(i) all amounts received during the Collection Period immediately preceding such Payment Date from the sale of all or part of the Portfolios, should such sale occur (provided that any amounts received from the sale of the Portfolios in case of Optional Redemption pursuant to Condition 6.3 (*Optional Redemption*) or Redemption for Taxation pursuant to Condition 6.4 (*Redemption for Taxation*) shall form part of the Issuer Available Funds on the Payment Date immediately following such sale), and of the proceeds (if any) from the enforcement of the other Issuer's Rights;

(j) on each Payment Date, an amount equal to the Swap Fixed Amounts due on such date under the Swap Agreement which will be transferred from the Swap Reserve Account to the Distribution Account;

(k) on the date on which the Swap Agreement terminates, the balance of the Swap Reserve Account will be transferred from the Swap Reserve Account to the Distribution Account,

less, with respect to the First Payment Date only, any sums utilised on or about the Issue Date, in accordance with the Transaction Documents, to pay the Purchase Price of the Claims (net of the component that is paid out of the proceeds of the subscription of the Notes in accordance with the Transaction Documents), the Interest on the Purchase Price of the Claims and the upfront costs and expenses of the Securitisation.

For a description of the Collateral Account Priority of Payments see "*Description of the Transaction Documents – The Intercreditor Agreement*" and "*Transaction Overview*".

Pre-Enforcement Order of Priority

Prior to the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to make or provide for the following payments, in the following order of priority (the "**Pre-Enforcement Order of Priority**") (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer, to the extent such taxes are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

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

(a) all costs, expenses and any other amounts due and payable by or on behalf of the Issuer in connection with the Transaction other than those payable to parties to the Intercreditor Agreement, to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(b) any other costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with applicable legislation, in each case to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(c) the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders and the Back-up Servicer Facilitator, provided that costs, expenses and any other amount (save for fees) to be paid under this item (ii)(c) on such Payment Date do not exceed Euro 40,000; and

(d) the Issuer Disbursement Amount;

(iii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the fees, costs and/or expenses of, and all other amounts due and payable to, each of the parties named below:

(a) the Paying Agent, the Account Bank and the Calculation Agent under the Cash Allocation, Management and Payments Agreement and EMIR Reporting Agent under the EMIR Reporting Agreement;

(b) the Cash Manager and the Collection Account Bank under the Cash Allocation, Management and Payments Agreement, provided that costs, expenses and any other amount (save for fees) to be paid to all the parties under this item (iii)(b) on such Payment Date do not exceed Euro 2,500;

(c) the Administrative Services Provider under the Administrative Services Agreement, provided that costs, expenses and any other amount (save for fees) will be paid under item (xi) below;

(d) the Corporate Services Provider under the Corporate Services Agreement, provided that costs, expenses and any other amount (save for the Annual Fees (as defined in the Corporate Services Agreement)) to be paid under this item (iii)(d) on such Payment Date do not exceed Euro 5,000; and

(e) (x) each of BN and BPVi as Servicer and BPVi as Master Servicer under the Servicing Agreement, provided that costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) on such Payment Date do not exceed Euro 20,000 and (y) any successor of the Servicers and the Master Servicer (other than BN and BPVi) under the Servicing Agreement, provided that - unless otherwise agreed or renegotiated by the Issuer and such successor in accordance with the Servicing Agreement and Back-Up Servicing Agreement – costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) on such Payment Date do not exceed Euro 20,000;

(f) the Back-Up Servicer under the Back-Up Servicing Agreement;

(iv) to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); (2) any amounts payable pursuant to the Collateral Account Priority of Payments, *provided that* only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to this item (iv); and (3) any Subordinated Swap Counterparty Termination Payment;

(v) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class A Notes;

(vi) prior to the occurrence of a Class B Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes, *provided that* in any case starting from the Payment

Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred;

(vii) prior to the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) both the Class B Notes Interest Subordination Event and the Class C Notes Interest Subordination Event shall be deemed as not having occurred;

(viii) to credit the Cash Reserve Account with such amount as is necessary to bring the aggregate balance of the Cash Reserve Account up to (but not in excess of) the Target Cash Reserve Amount;

(ix) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest Component of the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(x) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest on the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xi) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the costs and/or expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Cash Manager, the Collection Account Bank and the Back-up Servicer Facilitator under the Cash Allocation, Management and Payments Agreement, BPVi and BN as Servicers and BPVi as Master Servicer under the Servicing Agreement and any successor thereto (including the amounts due to the Servicers under clauses 6.7 and 14.5 of the Servicing Agreement which have not been offset by the relevant Servicer), the Administrative Services Provider under the Administrative Services Agreement and the Corporate Services Provider under the Corporate Services Agreement, in each case, to the extent not paid under items (ii)(c) and (iii)(b) to (e);

(xii) in or towards satisfaction of the Principal Amount Outstanding of the Class A Notes in full;

(xiii) following the occurrence of a Class B Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred;

(xiv) in or towards satisfaction of the Principal Amount Outstanding of the Class B Notes in full;

(xv) following the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes, *provided that* in any case (a) starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred and (b) starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) the Class C Notes Interest Subordination Event shall be deemed as not having occurred;

(xvi) in or towards satisfaction of the Principal Amount Outstanding of the Class C Notes in full;

(xvii) in or towards satisfaction of any amounts due and payable by the Issuer pursuant to the Subscription Agreements;

(xviii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any amounts (other than repayment of any Advance Indemnity and/or Limited Recourse Loan which will be repaid by the Issuer out of the Excluded Collections) due and payable by the Issuer:

(a) to each Originator pursuant to the Transfer Agreements, including consideration for any Erroneously Excluded Claims;

(b) to each Originator pursuant to the Warranty and Indemnity Agreements; and

(c) to each Originator pursuant to any other Transaction Document;

(xix) only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;

(xx) to pay interest due and payable on the Class J Notes;

(xxi) to pay interest under the Subordinated Loan;

(xxii) to repay principal under the Subordinated Loan;

(xxiii) in or towards satisfaction of the Principal Amount Outstanding of the Class J Notes in an amount not exceeding the Scheduled Class J Notes Repayment Amount;

(xxiv) to pay the Additional Return on the Class J Notes; and

(xxv) to pay any surplus to the Originators *pari passu* and *pro rata*,

provided, however, that should the Calculation Agent not receive the Servicer Report within the Quarterly Report Date, (A) it shall prepare the Payments Report by applying the Issuer Available Funds in an amount not higher than:

(a) the amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date (after application of the Pre-Enforcement Order of Priority on such Payment Date), *plus*

(b) the aggregate amount transferred from the Collection Accounts to the Transaction Account in the immediately preceding Collection Period (as promptly indicated by the Account Bank upon request of the Calculation Agent),

towards payment only of items from (i) to (viii), and (B) any amount that would otherwise have been payable under items from (ix) to (xxv) of the Pre-Enforcement Order of Priority, will not be included in the relevant Payments Report and shall not be payable on such Payment Date and shall be payable in accordance with the applicable Order of Priority (and to the extent of the Issuer Available Funds available) on each following Payment Date on which details for the relevant calculations will be timely provided to the Calculation Agent. It remains understood that, on the first Payment Date following receipt of the Servicing Report, the Calculation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Date.

Post-Enforcement Order of Priority

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to make or provide for the following payments, in the following order of priority (the "**Post-Enforcement Order of Priority**") (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) upon the occurrence of an Insolvency Event, in or towards satisfaction of any mandatory expenses relating to the insolvency proceedings in accordance with Italian insolvency law and thereafter, or upon the occurrence of any Trigger Event that is not an Insolvency Event, in or towards satisfaction of any and all taxes required to be paid by the Issuer, to the extent such mandatory expenses or taxes are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(ii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of: **(a)** all costs, expenses and any other amounts due and payable by or on behalf of the Issuer in connection with the Transaction other than those payable to parties to the Intercreditor Agreement, to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents; **(b)** any other costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with the applicable legislation, in each case to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents; **(c)** the fees, costs and expenses of, and all other amounts due and

payable to, the Representative of the Noteholders and the Back-up Servicer Facilitator; and **(d)** the Issuer Disbursement Amount;

(iii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the fees, costs and/or expenses of, and all other amounts due and payable to, each of the parties named below:

(a) the Cash Manager, the Paying Agent, the Account Bank, the Collection Account Bank and the Calculation Agent under the Cash Allocation, Management and Payments Agreement and the EMIR Reporting Agent under the EMIR Reporting Agreement;

(b) the Administrative Services Provider under the Administrative Services Agreement;

(c) the Corporate Services Provider under the Corporate Services Agreement;

(d) the Back-Up Servicer under the Back-Up Servicing Agreement, and

(e) (x) each of BN and BPVi as Servicer and BPVi as Master Servicer under the Servicing Agreement, provided that costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) do not exceed Euro 100,000 and (y) any successor of the Servicers and the Master Servicer (other than BN and BPVi) under the Servicing Agreement, provided that - unless otherwise agreed or renegotiated by the Issuer and such successor in accordance with the Servicing Agreement and the Back-Up Servicing Agreement – costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) do not exceed Euro 100,000;

(iv) to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payment or the Orders of Priority); (2) any amounts payable pursuant to the Collateral Account Priority of Payments, *provided that* only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to item (iv); and (3) any Subordinated Swap Counterparty Termination Payment;

(v) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class A Notes;

(vi) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes in full;

(vii) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes;

(viii) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes in full;

(ix) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes;

(x) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes in full;

(xi) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to BPVi and BN as Servicers and BPVi as Master Servicer under the Servicing Agreement and to any successor thereto, costs, expenses and amounts due and payable pursuant to the Servicing Agreement (including the amounts due to the Servicers under clause 14.5 of the Servicing Agreement which have not been offset by the relevant Servicer), to the extent not paid under item (iii)(e) above;

(xii) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest Component of the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xiii) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest on the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xiv) in or towards satisfaction of any amounts due and payable by the Issuer pursuant to the Subscription Agreements;

(xv) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any amounts (other than repayment of any Advance Indemnity and/or Limited Recourse Loan which will be repaid by the Issuer out of the Excluded Collections) due and payable by the Issuer:

(a) to each Originator pursuant to the Transfer Agreements, including consideration for any Erroneously Excluded Claims;

(b) to each Originator pursuant to the Warranty and Indemnity Agreements; and

(c) to each Originator pursuant to any other Transaction Document;

(xvi) only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;

(xvii) to pay interest due and payable on the Class J Notes;

(xviii) to pay interest and repay principal under the Subordinated Loan;

(xix) in and towards satisfaction of the Principal Amount Outstanding of the Class J Notes, in an amount not exceeding the Scheduled Class J Notes Repayment Amount;

(xx) to pay the Additional Return on the Class J Notes; and

(xxi) to pay any surplus to the Originators *pari passu* and *pro rata*.

Collateral Account Priority of Payments

Amounts standing to the credit of the Collateral Account will not be available for the Issuer to make payments to the Noteholders and the Other Issuer Creditors generally, but may be applied only in accordance with the following provisions (the "**Collateral Account Priority of Payments**"):

(i) prior to the designation of an Early Termination Date in respect of the Swap Agreement, solely in or towards payment or transfer of any Return Amounts, Interest Amounts and Distributions (each as defined in the Credit Support Annex), and any return of collateral to the Swap Counterparty upon a novation of the Swap Counterparty's obligations under the Swap Agreement to a replacement swap counterparty on any day (whether or not such day is a Payment Date), directly to the Swap Counterparty in accordance with the terms of the Credit Support Annex;

(ii) upon or immediately following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Counterparty and (B) the Issuer enters into a replacement swap agreement in respect of such Swap Agreement on or around the Early Termination Date of such Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on which such Replacement Swap Premium (if any) payable to the Issuer has been received (in each case, whether or not such day is a Payment Date), in the following order of priority:

(a) first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being novated or terminated;

(b) second, in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement; and

(c) third, the surplus (if any) (a "**Swap**

Collateral Account Surplus") on such day to be transferred to the Distribution Account and deemed to form Issuer Available Funds;

(iii) following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following a Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Counterparty and (B) the Issuer is unable to or elects not to enter into a replacement swap agreement on or around the Early Termination Date of such Swap Agreement, on any day (whether or not such day is a Payment Date) in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement;

(iv) following the designation of an Early Termination Date in respect of the Swap Agreement where such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (ii) and (iii) above, on any day (whether or not such day is a Payment Date) in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement; and

(v) following payment of any amounts due pursuant to (iii) and (iv) above, if amounts remain standing to the credit of the Collateral Account, such amounts may be applied on any day (whether or not such day is a Payment Date) only in accordance with the following provisions:

(a) *first*, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated; and

(b) *second*, the surplus (if any) (a "**Swap Collateral Account Surplus**") remaining after payment of such Replacement Swap Premium to be transferred to the Distribution Account and deemed to form Issuer Available Funds,

provided that if the Issuer has not entered into a replacement swap agreement with respect to the Swap Agreement on or prior to the earlier of:

(A) the day that is 10 (ten) Business Days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of a Trigger Event pursuant to Condition 10 (*Trigger*

Events)); or

(B) the day on which a Trigger Notice is given pursuant to Condition 10 (*Trigger Events*),

then the Collateral Amount on such day shall be transferred to the Distribution Account as soon as reasonably practicable thereafter and deemed to constitute a Swap Collateral Account Surplus and to form Issuer Available Funds.

Trigger Events

If any of the following events occur:

(a) Non-payment

(i) the Interest Payment Amount on the Class A Notes (and only after the repayment in full of the Rated Notes, on the Class J Notes) on a Payment Date is not paid in full on the due date or within a period of three Business Days; or

(ii) the Class A Notes or the Class B Notes or Class C Notes or the Junior Notes are not redeemed in full on the Final Maturity Date; or

(iii) the Interest Payment Amount (plus any Interest Payment Amount in respect of previous Interest Periods which has remained unpaid) on the Class B Notes or Class C Notes is not paid in full on the Final Maturity Date; or

(b) Breach of obligations

the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any payment obligation on the Notes under paragraph (a) (*Non-Payment*) above) or the Swap Guarantee Security Agreement and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no notice will be required)), such default continues and remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders; or

(c) Insolvency etc.

(i) an administrator, administrative receiver or liquidator of the Issuer is appointed over or in respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy, liquidation, administration, insolvency, composition, reorganisation (among which, without limitation, "*fallimento*" and "*concordato preventivo*" within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings (or application for the commencement of any such

proceeding) or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Issuer; or

(ii) proceedings are initiated against the Issuer under any applicable bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar laws and proceedings are not, in the sole opinion of the Representative of the Noteholders, being disputed in good faith; or

(iii) the Issuer takes any action for a readjustment 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 or is granted by a competent court a suspension in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for bankruptcy or suspension of payments; or

(d) Winding up etc.

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the Noteholders; or

(e) Unlawfulness

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

(each a "**Trigger Event**"):

(i) if (x) the Trigger Event is an Insolvency Event under paragraph (c) above or a non payment of principal or interest on the Notes under paragraph (a) above; or (y) regardless as to which of the Trigger Event is, if instructed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, the Representative of the Noteholders shall,

(ii) if the Trigger Event is other than an Insolvency Event under paragraph (c) above or other than a non payment of principal or interest on the Notes under paragraph (a) above, the Representative of the Noteholders may, at its sole discretion,

serve a notice (the "**Trigger Notice**") on the Issuer (with copy to each of the Other Issuer Creditors, the Rating Agencies and the Swap Counterparty); and shall be entitled (to the extent not prohibited by any applicable law) to direct the sale of the Portfolios (in whole or in part), provided, however, that a sufficient amount shall be realised to allow discharge in full of all amounts owing to the holders of the Most Senior Class of Notes and amounts ranking in priority thereto or *pari passu* therewith and provided further that the following

certificates are delivered by the purchaser: (a) a certificate issued by the competent Register of Enterprises stating that no insolvency proceedings are pending against the purchaser as of a date not earlier than 10 Business Days before the date of the purchase; (b) a solvency certificate signed by the legal representative or a director of the purchaser dated the date of the purchase; and, except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also (c) a solvency certificate issued by the bankruptcy court (*tribunale fallimentare*) stating that no insolvency proceedings are pending against the purchaser.

Upon the delivery by the Representative of the Noteholders of a Trigger Notice, the Notes shall forthwith become immediately due and repayable at their Principal Amount Outstanding together with interest accrued in accordance with the Post-Enforcement Order of Priority.

Cash Reserve

On the Issue Date, an amount of Euro 17,010,000 will be credited to the Cash Reserve Account, out of the proceeds of the Subordinated Loan, in order to bring the balance of such account to the Cash Reserve Amount.

On each Payment Date (on which the Pre-Enforcement Order of Priority applies), an amount will be credited to the Cash Reserve Account, out of the Issuer Available Funds in accordance with the Pre-Enforcement Order of Priority, in order to bring the balance of the Cash Reserve Account to the Target Cash Reserve Amount. All amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after application of the Pre-Enforcement Order of Priority on such Payment Date (or, with reference to the First Payment Date only, the Cash Reserve Amount as at the Issue Date) will form part of the Issuer Available Funds on the next succeeding Payment Date.

"**Cash Reserve Amount**" means Euro 17,010,000.

"**Target Cash Reserve Amount**" means:

(A) on each Payment Date (in which the Pre-Enforcement Order of Priority is applied) until (but excluding) the earlier of:

(I) the Payment Date falling in May 2020;

(II) the Payment Date on which the Principal Amount Outstanding of the Class A Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority; and

(III) the Payment Date falling immediately after the Final Redemption Date,

an amount equal to the Cash Reserve Amount;

(B) starting from (and including) the Payment Date falling in May 2020 and until (but excluding) the earlier of:

(I) the Payment Date on which the Principal Amount Outstanding of the Senior Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority;

(II) the Payment Date falling immediately after the Final Redemption Date; and

(III) the Final Maturity Date,

(such earlier date, the "**Cash Reserve Reference Payment Date**"),

an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date,

provided that, starting from the Payment Date immediately following the Collection Date (if any) in which the Cumulative Default Ratio is equal to or higher than 5% ("**Cash Reserve Reference Collection Date**"), the Target Cash Reserve Amount on such Payment Date and on any Payment Date thereafter until (but excluding) the earlier of (i) the Payment Date falling in August 2022 and (ii) the Cash Reserve Reference Payment Date (excluded), shall be equal to the Target Cash Reserve Amount applicable on the Payment Date immediately preceding the Cash Reserve Reference Collection Date (or, in case of the First Payment Date, to the Cash Reserve Amount);

(C) starting from (and including) the Payment Date falling in August 2022 and until (but excluding) the Cash Reserve Reference Payment Date, an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date, and

(D) on the Cash Reserve Reference Payment Date and on each Payment Date thereafter, zero.

Swap Reserve

On the Issue Date, the Swap Reserve Amount will be credited to the Swap Reserve Account, out of the proceeds of the Subordinated Loan.

On the second Business Day preceding each Payment Date, an amount equal to the Swap Fixed Amounts will be transferred from the Swap Reserve Account to the Distribution Account.

On the date on which the Swap Agreement terminates, the balance of the Swap Reserve Account will be transferred from the Swap Reserve Account to the Distribution Account. Thereafter the Issuer shall close the Swap Reserve Account and the Account Bank will be deemed released from its obligations in this respect.

As from the closure of the Swap Reserve Account, any reference to the Swap Reserve Account, the Swap Reserve Amount and the definitions connected thereto under the Prospectus and any Transaction Document shall be deemed not to be in effect anymore.

"**Swap Reserve Amount**" means Euro 8,345,000.

"**Swap Fixed Amount**" means, on a Calculation Date the aggregate amount due by the Issuer on the immediately following Payment Date (disregarding the netting mechanism under the Swap Agreement) as Fixed Amounts A, Fixed Amounts B and Party B Fixed Termination Amount (each such term as defined in the relevant Swap Agreement) under each of the Swap Transactions, as communicated to the Calculation Agent and the Issuer by the Swap Counterparty on or prior to such Calculation Date.

Scheduled Class J Notes Repayment Amount

means:

(A) on each Payment Date different from those described under letter (B) below, an amount (if any) equal to the lower between **(i)** (x) before the delivery of a Trigger Notice, the Issuer Available Funds remaining after payment of items (i) to (xxii) of the Pre-Enforcement Order of Priority; and (y) after the delivery of a Trigger Notice, the Issuer Available Funds remaining after payment of items (i) to (xviii) of the Post-Enforcement Order of Priority; and **(ii)** an amount which would ensure that the Principal Amount Outstanding of the Class J Notes after such Payment Date is equal to 10% of the Initial Principal Amount of the Class J Notes;

(B) on the earlier of (a) the Final Maturity Date and (b) the Payment Date following the Final Redemption Date (and any Payment Date thereafter), the then Principal Amount Outstanding of the Class J Notes.

"**Final Redemption Date**" means the earlier to occur between: (i) the date when any amount payable on the Claims will have been paid, and (ii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer.

Mandatory redemption of the Notes

Condition 6.2 (*Mandatory Pro Rata Redemption*) provides that on each Payment Date the Issuer shall apply the Available Funds for Amortisation (as defined below) of the Notes of each Class on such Payment Date in or towards satisfaction of the mandatory redemption of the Notes (in whole or in part) of such Class. The principal amount redeemable in respect of each Note ("**Principal Payment**") shall be a pro rata share of the aggregate amount determined in accordance with Condition 6.2 (*Mandatory Pro Rata Redemption*) to be available for redemption of the Notes of the same Class of such Note on such date, provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note and in respect of the Class J Notes, may not exceed the Scheduled Class J Notes Repayment Amount of the relevant Note.

Available Funds

for Amortisation

On each Payment Date, the available funds reserved for the amortisation of the Notes of each Class (the "**Available Funds for Amortisation**") to be applied towards redemption of the Notes in accordance with Condition 6.2 (*Mandatory Pro Rata Redemption*) shall equal:

(A) in respect of the Class A Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xi) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (v) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class A Notes;

(B) in respect of the Class B Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xiii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (vii) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class B Notes;

(C) in respect of the Class C Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xv) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (ix) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class C Notes;

(D) in respect of the Class J Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xxii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (xviii) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the Scheduled Class J Notes Repayment Amount.

Estimated Weighted Average Life of the Rated Notes

Calculations as to the estimated weighted average life of the Rated Notes is based on various assumptions, relating also to unforeseeable circumstances. See "*Estimated Weighted Average Life of the Rated Notes and Certain Assumptions*".

No assurance can be given that the assumptions and estimates will be accurate and, therefore, calculations as to the estimated weighted average life of the Rated Notes must be viewed with considerable caution.

Optional Redemption

The Issuer may at its option, on the Call Date or on any Payment Date thereafter (prior to the delivery of a Trigger Notice) (each an "**Optional Redemption Date**"), redeem:

(i) the Notes in whole (but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date; or

(ii) with the prior consent of the Junior Noteholders, the Rated Notes only (or the Rated Notes in whole and the Junior Notes in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Any such redemption (an "**Optional Redemption**") shall be effected by the Issuer on giving not more than 45 (forty-five) and not less than 15 (fifteen) days' prior written notice to the Representative of the Noteholders, to the relevant Noteholders in accordance with Condition 13 (*Notices*) and to the Swap Counterparty, provided that the Issuer, prior to giving such notice, shall confirm to the Representative of the Noteholders that it will have the necessary funds, not subject to the interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes to be redeemed and any amount ranking prior thereto or *pari passu* therewith pursuant to the Pre-Enforcement Order of Priority (and, in case of a redemption of the Rated Notes only, all amounts due under the Swap Agreement, including any termination payments due thereunder ranking below the Rated Notes).

The funds necessary for the Optional Redemption of the Notes may be obtained from the sale by the Issuer of all or part of the Portfolios to the Originators or third parties. In this respect, under the terms of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originators an option right to purchase, in the period starting from 45 (forty-five) days prior to each Optional Redemption Date and ending on the second Business Day before such Optional Redemption Date, the relevant Portfolio outstanding on the date indicated to such purpose by the Originators.

In any case, the effectiveness of the transfer of the Portfolios will be subject to the receipt by the Issuer of the relevant purchase price from the Originators (or any other purchaser) which will form part of the Issuer Available Funds on the relevant Payment Date.

The exercise of the Originators' option to purchase or, in case of other purchasers, the effectiveness of the relevant transfer, shall be conditional upon the delivery by the relevant Originator/other purchaser to the Issuer and to the Representative of the Noteholders of: (a) a certificate issued by the competent Register of Enterprises stating that no insolvency proceedings are pending against the relevant purchaser as of a date not earlier than 10 (ten) Business Days before the date of the purchase; (b) a solvency certificate signed by the legal representative or a director of the relevant purchaser dated the date of the purchase; and, except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also (c) a solvency certificate issued by the bankruptcy court (*tribunale fallimentare*) stating that no insolvency proceedings are pending against the relevant purchaser.

Redemption for Tax Reasons If, at any time prior to the delivery of a Trigger Notice, the Issuer **(A)** provides the Representative of the Noteholders, prior to the delivery of the notice referred to below, with a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from counsel in the Issuer's jurisdiction opining that on the next Payment Date: (a) as a result of legislative or regulatory changes or official

	interpretations thereof by competent authorities, the Issuer (also through the Issuer's Agent) would be required to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Notes of any Class any amount for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political subdivision thereof or any authority thereof or therein or by any applicable authority having jurisdiction, or (b) as a result of legislative or regulatory changes or official interpretations thereof by competent authorities, the Issuer (also through the Issuer's Agent) would incur increased costs or charges of a fiscal nature in respect of the Noteholders or the Issuer's assets in respect of the Securitisation which would materially affect any Class of Notes; and **(B)** certifies to the Representative of the Noteholders that the Issuer will have the necessary funds, not subject to the interest of any other Person, to discharge all of its outstanding liabilities in respect of the relevant Class of Notes and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with such Notes, plus all amounts due under the Swap Agreement (including any termination payments due thereunder), then the Issuer may redeem, on the next Payment Date, all (but not some only) of the Notes of such Class at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date, having given not more than 45 (forty-five) and not less than 15 (fifteen) days' prior written notice to the Representative of the Noteholders, to the Swap Counterparty and to the Noteholders in accordance with Condition 13 (*Notices*).
Withholding Tax	Payments under the Notes may, in certain circumstances referred to in the section headed "*Taxation in the Republic of Italy*" 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 payment amounts (if any) payable on the Notes of such Class, net of such withholding tax. Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other Person shall have any obligation to pay any additional amount(s) to any Noteholder of any Class.
Final Maturity Date	Unless previously redeemed in full or cancelled, the Notes are due to be repaid in full at their respective Principal Amount Outstanding on the Payment Date falling in November 2067 (the "**Final Maturity Date**"). The Notes, to the extent not redeemed in full by or on the Cancellation Date, shall be deemed released by the holders thereof and cancelled. "**Cancellation Date**" means the earlier date of (i) following the completion of any proceedings for the collection and/or recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolio, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Payment Date falling on the first anniversary of the Final

Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

Segregation of the Issuer's Rights

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

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

Pursuant to the terms of the Intercreditor Agreement, the Issuer has granted irrevocable instructions to the Representative of the Noteholders, upon the Notes becoming due and payable following the delivering of a Trigger Notice, to exercise, in the name and on behalf of the Issuer, all the rights of the Issuer under the Transaction Documents and generally to take such actions in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors. See "*Description of the Transaction Documents*".

"**Issuer's Rights**" means any monetary right arising out in favour of the Issuer against the Borrowers and any other monetary right arising out in favour of the Issuer in the context of the Transaction, including the Collections and the Eligible Investments acquired with the Collections.

Ratings

The Class A Notes are expected, on issue, to be rated:

Aa2(sf) by Moody's Investors Ltd; and

AA-sf by FITCH ITALIA – Società Italiana per Il Rating S.p.A.

The Class B Notes are expected, on issue, to be rated:

A1(sf) by Moody's Investors Ltd; and

Asf by FITCH ITALIA – Società Italiana per Il Rating S.p.A.

The Class C Notes are expected, on issue, to be rated:

A3(sf) by Moody's Investors Ltd; and

BBBsf by FITCH ITALIA – Società Italiana per Il Rating S.p.A.

	As of the date of this Prospectus, each of Moody's Investors Ltd and FITCH ITALIA – Società Italiana per Il Rating S.p.A. is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which each of Moody's and Fitch belong have a market share of, respectively, 31.29% and 16.56%. A credit rating has not been and will not be sought for the Class J Notes. ***A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation***. See also "*Risk Factors - Limited Nature of Credit Rating assigned to the Rated Notes*".
Listing and admission to trading	Application has been made to the Luxembourg Stock Exchange for the Rated Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, in accordance with Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004, of the Rated Notes. No application has been made to list the Junior Notes on any stock exchange. The Issuer will elect Luxembourg as its Home Member State for the purpose of the Transparency Directive.
Selling Restrictions	There are restrictions on the sale of the Notes and on the distribution of information relating thereto. The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See the section entitled "*Subscription and Sale*" below.
Purchase of the Notes	The Issuer may not purchase any Notes at any time.
Governing Law	The Notes will be governed by Italian law.
Risk Factors	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Rated Notes. In addition, there are certain factors which are material for the purpose of assessing the investment risks associated with the Rated Notes. These are set out under the section headed "*Risk Factors*" above and include various risks relating to the underlying Portfolios, the limited nature of the credit rating assigned to the Rated Notes and risks associated with the limited recourse nature of the Notes.

TRANSACTION DOCUMENTS

Transfer Agreements

Pursuant to two transfer agreements entered into on 30 November 2016, as subsequently amended, between each of BPVi and BN on the one hand, and the Issuer on the other hand the ("**BPVi Transfer Agreement**" and the "**BN Transfer Agreement**" and collectively, the "**Transfer Agreements**"), BPVi and BN have assigned and transferred without recourse (*pro soluto*), with legal effects *(efficacia giuridica)* on 00.01 (Milan time) of 16 February 2017 (the "**Legal Effective Date**"), to the Issuer, respectively, a portfolio of monetary claims and connected rights arising under residential mortgage loan agreements (the "**BPVi Claims**" and the "**BN Claims**", and collectively, the "**Claims**"), effective as of the Economic Effective Date, in accordance with the Securitisation Law. See "*Description of the Transaction Documents*" and "*The Portfolios*".

Warranty and Indemnity Agreements

Pursuant to two warranty and indemnity agreements entered into on 30 November 2016, as subsequently amended, between the Issuer on the one hand, and each of BPVi and BN on the other hand (the "**BPVi Warranty and Indemnity Agreement**" and the "**BN Warranty and Indemnity Agreement**" and collectively, the "**Warranty and Indemnity Agreements**"), each of BPVi and BN has given certain representations and warranties in favour of the Issuer in relation, respectively, to the BPVi Portfolio and the BN 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 relevant Portfolio assigned by each of them to the Issuer. See "*Description of the Transaction Documents*".

Servicing Agreement

Pursuant to the terms of a servicing agreement entered into on 30 November 2016, as subsequently amended, between the Issuer, BPVi and BN (the "**Servicing Agreement**"), each of BPVi and BN (each in its capacity as Servicer in respect of the relevant Portfolio assigned by it to the Issuer and BPVi also in its capacity as Master Servicer) has agreed to collect, administer and service the Claims arising from the relevant Portfolio, in accordance with the Credit and Collection Policies set forth in Exhibit A to the Servicing Agreement, and to carry out activities related to the management of the Mortgage Loans related to the relevant Portfolio, including commencing of enforcement and insolvency proceedings and negotiating and settling the recovery of the relevant Claims. In its capacity as Master Servicer, BPVi has undertaken to perform the tasks set forth in Article 2(6-*bis*) of the Securitisation Law and the applicable Bank of Italy's guidelines. In particular, BPVi shall ensure that the Securitisation complies with applicable law and with this Prospectus. See "*Description of the Transaction Documents*".

The Portfolios

As of 00.01 (Milan time) of 1 December 2016 (the "**Economic Effective Date**"), the total Outstanding Amount of the Portfolios was equal to Euro 618,517,631.38, arising from 5,305 Loans and, in particular:

(a) the BPVi Portfolio, comprising Claims with an aggregate Outstanding Amount of Euro 503,769,165.64, arising from 4,226 Loans;

(b) the BN Portfolio, comprising Claims with an aggregate Outstanding Amount of Euro 114,748,465.74, arising from 1,079 Loans.

See "*Description of the Transaction Documents*" and "*The Portfolios*".

Administrative Services Agreement

Pursuant to an administrative services agreement entered into on 30 November 2016, as subsequently amended, between the Issuer and the Administrative Services Provider (the "**Administrative Services Agreement**"), the Administrative Services Provider has agreed to provide the Issuer with a number of administrative services, including maintenance of the accounting and tax registers and compliance with reporting requirements relating to the Claims. See "*Description of the Transaction Documents*".

Corporate Services Agreement

Pursuant to a corporate services agreement entered into on the Signing Date between the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider has agreed to provide the Issuer with a number of corporate services, including maintenance of the corporate books and compliance with reporting and other registration requirements imposed by law. See "*Description of the Transaction Documents*".

Back-Up Servicing Agreement

Pursuant to the terms of a back-up servicing agreement (the "**Back-Up Servicing Agreement**") entered into on the Signing Date among the Issuer, the Representative of the Noteholders, BPVi and Zenith, Zenith has agreed to act as back-up servicer (the "**Back-Up Servicer**"). In particular, Zenith has agreed to act as master servicer of the Transaction and servicer of the relevant Portfolio on substantially the same terms set forth in the Servicing Agreement, should the appointment of BPVi, as servicer and master servicer, be terminated pursuant to the terms of the Servicing Agreement. See "*Description of the Transaction Documents*".

Subordinated Loan Agreement

Pursuant to a subordinated loan agreement entered into on the Signing Date among the Issuer, the Representative of the Noteholders and the Subordinated Loan Provider (the "**Subordinated Loan Agreement**"), the Subordinated Loan Provider has agreed to provide the Issuer, on the Issue Date, with an interest bearing subordinated loan in an amount of Euro 25,455,000 (the "**Subordinated Loan**") which will be applied on the Issue Date by the Issuer to fund the Issuer Disbursement Amount, the Cash Reserve Amount and the Swap Reserve Amount. See "*Description of the Transaction Documents*".

English Deed of Charge

Pursuant to a deed of charge governed by English law to be executed by the Issuer on the Signing Date (the "**English Deed of Charge**" and together with the Swap Guarantee Security Agreement, the "**Security Documents**"), the Issuer has assigned absolutely with full title guarantee to the Representative of the Noteholders (acting as security trustee) on behalf of the Noteholders and the Other Issuer Creditors,

all of its present and future rights, title, interest and benefit in, to and under the Swap Agreement (subject to the netting and set-off provisions thereof), the EMIR Reporting Agreement and all payments due to them thereunder (collectively, the "**English Law Documents**")..

Pursuant to the English Deed of Charge, upon execution of the English Law Documents the Issuer has undertaken to (i) deliver (or procure to be delivered) to the parties thereto a notice of assignment duly executed by, or on behalf of, the Issuer, indicating that the Issuer has assigned to the Representative of the Noteholders all of its right, title, benefit and interest in, to and under such agreements; and (ii) procure the acknowledgment of such notice by the recipient. See "*Description of the Transaction Documents*".

Intercreditor Agreement

Pursuant to an intercreditor agreement to be executed on the Signing Date (the "**Intercreditor Agreement**") among the Issuer, the Representative of the Noteholders for itself and on behalf of the Noteholders, the Administrative Services Provider, the Corporate Services Provider, the Servicers, the Master Servicer, the Back-Up Servicer, the Calculation Agent, the Account Bank, the Collection Account Bank, the Cash Manager, the Back-Up Servicer Facilitator, the Paying Agent, the EMIR Reporting Agent, the Originators, the Subordinated Loan Provider and the Swap Counterparty (such parties, other than the Issuer and the Noteholders, together with any other creditor of the Issuer in the context of the Securitisation following its accession to the Intercreditor Agreement the "**Other Issuer Creditors**"), the parties thereto have agreed, *inter alia*, to the order of priority for the application of the Issuer Available Funds and the subordination of their respective claims against the Issuer.

Furthermore, under the Intercreditor Agreement, the Representative of the Noteholders has been authorised to exercise, in the name and on behalf of the Issuer: (i) subject to a Trigger Notice being delivered to the Issuer following the occurrence of a Trigger Event, all and any of the Issuer's Rights (to the extent provided under the Transaction Documents and in any case other than the right to collect and receive Collections under the Servicing Agreement), including the right to sell (in whole or in part) the Portfolios; and (ii) upon any failure by the Issuer to exercise its rights under the Transaction Documents against any defaulting party to procure remedy of such default, all the Issuer's rights against the defaulting counterparty. See "*Description of the Transaction Documents*".

Cash Allocation, Management and Payments Agreement

Pursuant to a cash allocation, management and payments agreement entered into on the Signing Date among, *inter alia*; the Issuer, the Cash Manager, the Collection Account Bank, the Account Bank, the Paying Agent, the Back-up Servicer Facilitator, the Calculation Agent, the Servicers, the Master Servicer, the Representative of the Noteholders and the Swap Counterparty (the "**Cash Allocation, Management and Payments Agreement**"), each of the above Agents has agreed to provide the Issuer, each in their respective role, with certain calculation, notification and reporting services together with account handling and cash management services in relation to

monies and securities, as the case may be, from time to time standing to the credit of the Accounts and in respect of the making of eligible investments. Each of the Account Bank and the Paying Agent shall at all times be an Eligible Institution. See "*Description of the Transaction Documents*".

"**Eligible Institution**" means 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 debt obligations (or whose obligations under the Transaction Documents to which it is a party are guaranteed 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 unsecured and unsubordinated debt obligations) are rated at least as follows:

(a) at least "F1" by Fitch as a short-term rating and "A" by Fitch as a long term rating, and

(b) at least "Baa1" by Moody's as a long term rating,

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

Quotaholders Agreement

Pursuant to a quotaholders agreement entered into on the Signing Date between, *inter alia*, the Issuer and the Representative of the Noteholders, the Quotaholder has undertaken certain rules in relation to the corporate management of the Issuer (the "**Quotaholders Agreement**"). See "*Description of the Transaction Documents*".

Subscription Agreements

Pursuant to a subscription agreement for the Class A Notes and the Mezzanine Notes to be entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators, the Arrangers and the Representative of the Noteholders (the "**Class A and Mezzanine Notes Subscription Agreement**"), the Initial Noteholders have agreed to subscribe for the Senior Notes and the Mezzanine Notes and will pay to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Senior Noteholders and Mezzanine Noteholders, subject to the conditions set out therein.

Pursuant to a subscription agreement for the Class J Notes to be entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators and the Representative of the Noteholders (the "**Junior Notes Subscription Agreement**" and together with the Class A and Mezzanine Notes Subscription Agreement, the "**Subscription Agreements**"), the Initial Noteholders have agreed to subscribe for the Junior Notes and will pay to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Junior Noteholders, subject to the conditions set out therein.

In addition, under the Subscription Agreements, each of the Originators, as Initial Noteholders, have undertaken not to sell, transfer, reoffer or otherwise dispose of the Notes nor to use the Notes, in full or in part, as collateral in repurchase transactions and/or in

connection with liquidity and/or open market operations with the European Central Bank or other qualified investors, until the date on which the 2016 financial results, as approved by the Board of Directors of BPVi, are made publicly available.

Swap Agreement

On or about the Signing Date, the Issuer will enter into four swap transactions (each, a "**Swap Transaction**" and collectively, the "**Swap Transactions**"), with J.P. Morgan Securities plc (the "**Swap Counterparty**"). Such Swap Transactions shall be governed by the 1992 International Swaps and Derivatives Association, Inc. ("**ISDA**") Master Agreement (Multicurrency – Cross Border) (the "**Master Agreement**"), the Schedule thereto (the "**Schedule**") and the 1995 ISDA Credit Support Annex thereto (the "**Credit Support Annex**") and each Swap Transaction shall be evidenced by a swap confirmation (each, a "**Swap Confirmation**" and together with the Master Agreement, the Schedule and the Credit Support Annex, the "**Swap Agreement**"). The Issuer will enter into the Swap Transactions in order to hedge its floating interest rate exposure in relation to the Rated Notes.

For as long as it is required pursuant to the terms of the Swap Agreement, the obligations of J.P. Morgan Securities plc as Swap Counterparty under the Swap Agreement will be guaranteed by JPMorgan Chase Bank, N.A. (the "**Swap Guarantor**") pursuant to a New York law governed guarantee (the "**Swap Guarantee**"). The Issuer will create a first ranking security interest over its rights under the Swap Guarantee in favour of the Representative of the Noteholders as security agent pursuant to a New York law governed security document (the "**Swap Guarantee Security Agreement**"). See "*Description of the Transaction Documents*", "*The Swap Counterparty and the EMIR Reporting Agent*" and "*The Swap Guarantor*".

EMIR Reporting Agreement

On or about the Issue Date, the Issuer and J.P. Morgan Securities plc as EMIR Reporting Agent will enter into an agreement pursuant to which the EMIR Reporting Agent will agree to carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer (the "**EMIR Reporting Agreement**"). See "*Description of the Transaction Documents*" and "*The Swap Counterparty and the EMIR Reporting Agent*".

THE PORTFOLIOS

Each Portfolio comprises debt obligations arising from residential mortgage loans classified as performing by the relevant Originator and governed by Italian law (see also in this respect the section headed "*Risk Factors – Considerations relating to the Portfolios*"). As such, the residential mortgage loans have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. For the avoidance of doubt, the Portfolios do not consist, in whole or in part, actually or potentially, of (A) tranches of other asset-backed securities; or (B) credit-linked notes, swaps or other derivatives instruments, or synthetic securities or similar claims.

Each relevant Transfer Agreement does not contain any provision pursuant to which the Claims comprised in each Portfolio could be replaced or exchanged or the value of each Portfolio could be increased, except for increases of the Portfolios which may occur in respect of the Erroneously Excluded Claims which complied the relevant Criteria but were, by error, not included in the list of Claims set forth in the Exhibit D to each Transfer Agreement.

Each Portfolio has been selected on the basis of the relevant Criteria set out below.

BPVI PORTFOLIO

The BPVi Claims have been selected by BPVi on the basis of the joint application of the following criteria (the "**BPVi Criteria**") to the BPVi Loans, such criteria being satisfied as at 23:59 of 31 October 2016 (the "**Valuation Date**"), or such other date(s) as specified in the relevant BPVi Criteria:

(i) the BPVi Claims deriving from BPVi Mortgage Loan Agreements secured by a mortgage on real estate assets of residential use, whose borrowers are individuals resident in Italy, including individuals jointly and severally liable (*co-intestazione*);

(ii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements entered into by (a) BPVi; (b) Cassa di Risparmio di Prato S.p.A. and Banca Nuova S.p.A. (fiscal code No. 00058890815) before their merger for incorporation into BPVi; and (c) by one of the following banks, Banca Popolare di Treviso S.p.A., Banca Popolare di Trieste S.p.A. and Banca Popolare Udinese S.p.A. and then transferred to BPVi as a result of the contribution of a going concern pursuant to Article 58 of the Consolidated Banking Act;

(iii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements whose borrowers are classified by BPVi as *in bonis* (as such term is defined in the instruction contained into the circular letter No. 272 of the Bank of Italy of 30 July 2008 (*Matrice dei Conti*));

(iv) the BPVi Claims deriving from BPVi Mortgage Loan Agreements disbursed between 1 July 2000 (included) and the Valuation Date (included);

(v) the BPVi Claims deriving from BPVi Mortgage Loan Agreements that are denominated in Euro;

(vi) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in respect of which the loan amount has been fully disbursed and there is no obligation to advance or disburse any further amounts by BPVi;

(vii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in respect of which (i) no more than one instalment was due and payable but unpaid as at the Valuation Date, and (ii) no instalment was due and payable but unpaid as at the 22 November 2016;

(viii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in relation to which as at the Valuation Date at least one instalment has been paid, also in respect to the preamortisation period;

(ix) the BPVi Claims deriving from BPVi Mortgage Loan Agreements whose amortisation plan provides for the:

(a) so called "French amortisation plan"; or

(b) payment of fixed pre-determined instalments with floating duration (*rate di importo costante e durata variabile*);

(x) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in respect of which the principal amount outstanding was equal or higher than Euro 1,000.00 (one thousand/00) and equal or lower than 1,100,000.00 (one million one hundred thousand/00);

(xi) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in respect of which pursuant to relevant amortisation plan, the expiry date of the last instalment falls not before 30 June 2017;

(xii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements whose amortisation plans provides for monthly, quarterly or semi annually instalments;

(xiii) the BPVi Claims which are secured by a first economic priority mortgage meaning (i) a first legal priority mortgage; or (ii) a mortgage having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, have been fully satisfied (it remains understood, for the avoidance of any doubt, that this criterion is considered as fulfilled also if the relevant claim is guaranteed by additional guaranties in addition to the first economic priority mortgage);

(xiv) the BPVi Claims deriving from BPVi Mortgage Loan Agreements in respect of which the relevant borrowers belong to one of the following SAE categories (*Settore Attività Economica*), pursuant to the Bank of Italy's customers' classification as defined into the circular No. 140 of the 11 February 1991, as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*): 600 (*famiglie/famiglie consumatrici*) or 615 (*famiglie produttrici/altre famiglie produttrici*);

(xv) the BPVi Claims deriving from BPVi Mortgage Loan Agreements for which the ratio between the initial principal amount of the loan and the value of the mortgaged real estate property covered by a first economic priority mortgage securing such BPVi Mortgage Loan Agreement (as determined for the purpose of the granting of the loan) is not higher than 80% (included);

(xvi) the BPVi Claims deriving from BPVi Mortgage Loan Agreements whose borrowers are identified through the following codes: "PF" (*persone fisiche*) or "CO" (*regime di cointestazione tra persone fisiche*);

(xvii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements identified by BPVi with one of the following codes (*codice prodotto*): 111; 00C; 01C; 02D; 04C; 07C; 08C; 11C; 16C; 32C; 33C; 35C; 39C; 42C; 46C; 49C; 57C; A01; A02; A03; A05; A06; A08; A09; A12; A13; A20; A30; A35; A38; A39; A40; A41; A44; A52; A53; A56; A57; A58; A60; A61; A62; A64; B01; B02; B03; B05; B06; B07; B08; B09; B10; B11; B12; B13; B14; B15; B16; B17; B18; B20; B21; B22; B23; B24; B25; B28; B29; B35; CF1; CF2; K02; K04 ;

(xviii) the BPVi Claims deriving from BPVi Mortgage Loan Agreements that, as at the Valuation Date, had (a) in relation to mortgage loans with a floating interest rate or an optional interest rate (both in the floating interest rate option period and in the fixed interest rate option period), a spread not lower than 0.50% *per annum* and (b) in relation to mortgage loans with fixed interest rate, a minimum interest rate not lower than 1.50% *per annum*;

(xix) in relation to mortgage loans with a floating interest rate or with an optional interest rate (in the floating interest rate option period), the BPVi Claims deriving from BPVi Mortgage Loan Agreements which as at the Valuation Date were indexed to Euribor or to ECB rate.

Excluding the claims deriving from:

(a) loan agreements allowing contributions or in any way benefiting from public (regional and/or state) or European Union financial subsidies with respect to principal and/or interest or from

any other subsidy provided under any applicable regional, state and/or European Union law or regulation;

(b) loan agreements granted to (i) directors and/or employees of BPVi and/or directors and/or employees of companies belonging to the BPVi Group; (ii) public entities, foundations, registered associations; (iii) non-registered associations; (iv) ecclesiastical and religious institutions;

(c) loan agreements in relation to which, as at the Valuation Date, the relevant borrower benefits from a suspension of payment of the instalments (in full or only for the capital component);

(d) loan agreements entered into with borrowers who have other credit exposures against banks and/or financial intermediaries, not classified by such banks and/or financial intermediaries as "*in bonis*" (as such term is defined in the instruction contained into the circular letter No. 272 of the Bank of Italy of 30 July 2008 (*Matrice dei Conti*)), as reported into the "*Flusso Centrale Rischi*" updated at the Valuation Date;

(e) loan agreements entered into on the basis of the terms and conditions provided by the so-called "*convenzione soci*";

(f) loan agreements identified by the following codes, as reported in the relevant loan agreement: 33-11427; 33-12409; 33-20934; 33-23063; 33-24173; 33-24442; 33-300565; 33-300680; 33-300732; 33-300749; 33-300775; 33-300953; 33-4577985; 33-4594994; 33-4621660; 33-4622814; 33-4623862; 33-4638014; 33-4640807; 33-4647203; 33-4651465; 33-4652569; 33-4662987; 33-4688976; 33-4688985; 33-4689581; 33-4695363; 33-4698439; 33-4710461; 33-4716576; 33-4719875; 33-4723788; 33-4735474; 33-4745416; 33-4746019; 33-4746860; 33-4751220; 33-4755845; 33-4760464; 33-4766914; 33-4771115; 33-4772386; 33-4772856; 33-4774804; 33-4780922; 33-4784699; 33-4787495; 33-4794029; 33-4795370; 33-4798602; 33-4800703; 33-4808848; 33-4823136; 33-5001302; 33-5003334; 33-5003818; 33-5004434; 33-5005935; 33-5010289; 33-5012730; 33-5030067; 33-5043261; 33-5073181; 33-5092930; 33-5104571; 33-5107301; 33-5113935; 33-5114698; 33-5116820; 33-5116821; 33-5119866; 33-5120110; 33-5120540; 33-5120732; 33-5121077; 33-5121189; 33-5121273; 33-5121378; 33-5121427; 33-5122316; 33-5122571; 33-5122608; 33-5122634; 33-5122681; 33-5122771; 33-5122972; 33-5123104; 33-5123198; 33-5123338; 33-5123439; 33-5123566; 33-5123584; 33-5123594; 33-5123659; 33-5123865; 33-5123913; 33-5124178; 33-5125029; 33-5125282; 33-5125328; 33-5125334; 33-5125383; 33-5125403; 33-5125519; 33-5125651; 33-5125763; 33-5125913; 33-5125999; 33-5126090; 33-5126333; 33-5126451; 33-5126514; 33-5126559; 33-5126582; 33-5126940; 33-5127385; 33-5127672; 33-5127702; 33-5127874; 33-5128113; 33-5128174; 33-5128205; 33-5128216; 33-5128259; 33-5128641; 33-5128707; 33-5128754; 33-5128822; 33-5128940; 33-5128967; 33-5129028; 33-5129193; 33-5129281; 33-5129534; 33-5129670; 33-5129781; 33-5129834; 33-5130015; 33-5130028; 33-5130131; 33-5130169; 33-5130207; 33-5130214; 33-5130267; 33-5130350; 33-5130388; 33-5130436; 33-5130511; 33-5130707; 33-5130799; 33-5130802; 33-5130875; 33-5131122; 33-5131448; 33-5131576; 33-5131709; 33-5132029; 33-5132126; 33-5132474; 33-5132623; 33-5132906; 33-5133223; 33-5133455; 33-5134111; 33-5134143; 33-5134724; 33-5134765; 33-5135035; 33-5138843; 33-5140560; 33-69866; 33-72968; 33-76721; 33-79313; 33-90455; 33-91857; 33-91973.

BN PORTFOLIO

The BN Claims have been selected by BN on the basis of the joint application of the following criteria (the "**BN Criteria**") to the BN Loans, such criteria being satisfied as at 23:59 of 31 October 2016 (the "**Valuation Date**"), or such other date(s) as specified in the relevant BN Criteria:

(i) the BN Claims deriving from BN Mortgage Loan Agreements secured by a mortgage on real estate assets of residential use, whose borrowers are individuals resident in Italy, including individuals jointly and severally liable (*co-intestazione*);

(ii) the BN Claims deriving from BN Mortgage Loan Agreements entered into by (a) BN (fiscal code No. 05940510828); or (b) Banca Nuova S.p.A. (fiscal code No. 00058890815), formerly Banca del Popolo di Trapani S.p.A., subsequently merged with Banca Popolare di Vicenza S.p.A. (fiscal code No. 00204010243) ("**BPVi**") and then transferred to BN (fiscal code No. 05940510828) by BPVi as a result of the contribution of a going concern pursuant to Article 58 of the Consolidated Banking Act; or (c) Banca Nuova S.p.A. (fiscal code No. 00178460267) prior to its merge and incorporation in Banca del Popolo di Trapani S.p.A.;

(iii) the BN Claims deriving from BN Mortgage Loan Agreements whose borrowers are classified by BN as *in bonis* (as such term is defined in the instruction contained into the circular letter No. 272 of the Bank of Italy of 30 July 2008 (*Matrice dei Conti*));

(iv) the BN Claims deriving from BN Mortgage Loan Agreements disbursed between 1 July 2000 (included) and the Valuation Date (included);

(v) the BN Claims deriving from BN Mortgage Loan Agreements that are denominated in Euro;

(vi) the BN Claims deriving from BN Mortgage Loan Agreements in respect of which the loan amount has been fully disbursed and there is no obligation to advance or disburse any further amounts by BN;

(vii) the BN Claims deriving from BN Mortgage Loan Agreements in respect of which (i) no more than one instalment was due and payable but unpaid as at the Valuation Date, and (ii) no instalment was due and payable but unpaid as at the 22 November 2016;

(viii) the BN Claims deriving from BN Mortgage Loan Agreements in relation to which as at the Valuation Date at least one instalment has been paid, also in respect to the preamortisation period;

(ix) the BN Claims deriving from BN Mortgage Loan Agreements whose amortisation plan provides for the:

(a) so called "French amortisation plan"; or

(b) payment of fixed pre-determined instalments with floating duration (*rate di importo costante e durata variabile*);

(x) the BN Claims deriving from BN Mortgage Loan Agreements in respect of which the principal amount outstanding was equal or higher than Euro 1,000.00 (one thousand/00) and equal or lower than 1,100,000.00 (one million one hundred thousand/00);

(xi) the BN Claims deriving from BN Mortgage Loan Agreements in respect of which pursuant to relevant amortisation plan, the expiry date of the last instalment falls not before 30 June 2017;

(xii) the BN Claims deriving from BN Mortgage Loan Agreements whose amortisation plans provides for monthly, quarterly or semi annually instalments;

(xiii) the BN Claims which are secured by a first economic priority mortgage meaning (i) a first legal priority mortgage; or (ii) a mortgage having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, have been fully satisfied (it remains understood, for the avoidance of any doubt, that this criterion is considered as fulfilled also if the relevant claim is guaranteed by additional guaranties in addition to the first economic priority mortgage);

(xiv) the BN Claims deriving from BN Mortgage Loan Agreements in respect of which the relevant borrowers belong to one of the following SAE categories (*Settore Attività Economica*), pursuant to the Bank of Italy's customers' classification as defined into the circular No. 140 of the 11 February 1991, as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*): 600 (*famiglie/famiglie consumatrici*) or 615 (*famiglie produttrici/altre famiglie produttrici*);

(xv) the BN Claims deriving from BPVi Mortgage Loan Agreements for which the ratio between the initial principal amount of the loan and the value of the mortgaged real estate property

covered by a first economic priority mortgage securing such BN Mortgage Loan Agreement (as determined for the purpose of the granting of the loan) is not higher than 80% (included);

(xvi) the BN Claims deriving from BN Mortgage Loan Agreements whose borrowers are identified through the following codes: "PF" (*persone fisiche*) or "CO" (*regime di cointestazione tra persone fisiche*);

(xvii) the BN Claims deriving from BN Mortgage Loan Agreements identified by BN with one of the following "codes" (*codice prodotto*): A02; A06; A08; A09; A12; A13; A30; A31; A38; A57; B01; B02; B03; B05; B06; B08; B09; B18; B20; B21; B22; B23; B24; B25; B28; B29; B52; B53;

(xviii) the BN Claims deriving from BN Mortgage Loan Agreements that, as at the Valuation Date, had (a) in relation to mortgage loans with a floating interest rate or an optional interest rate (both in the floating interest rate option period and in the fixed interest rate option period), a spread not lower than 0.50% *per annum* and (b) in relation to mortgage loans with fixed interest rate, a minimum interest rate not lower than 1.50% *per annum*;

(xix) in relation to mortgage loans with a floating interest rate or with an optional interest rate (in the floating interest rate option period), the BN Claims deriving from BN Mortgage Loan Agreements which as at the Valuation Date were indexed to Euribor or to ECB rate.

Excluding the claims deriving from:

(a) loan agreements allowing contributions or in any way benefiting from public (regional and/or state) or European Union financial subsidies with respect to principal and/or interest or from any other subsidy provided under any applicable regional, state and/or European Union law or regulation;

(b) loan agreements granted to (i) directors and/or employees of BN and/or directors and/or employees of companies belonging to the BPVi Group; (ii) public entities, foundations, registered associations; (iii) non-registered associations; (iv) ecclesiastical and religious institutions;

(c) loan agreements in relation to which, as at the Valuation Date, the relevant borrower benefits from a suspension of payment of the instalments (in full or only for the capital component);

(d) loan agreements entered into with borrowers who have other credit exposures against banks and/or financial intermediaries, not classified by such banks and/or financial intermediaries as "*in bonis*" (as such term is defined in the instruction contained into the circular letter No. 272 of the Bank of Italy of 30 July 2008 (*Matrice dei Conti*)), as reported into the "*Flusso Centrale Rischi*" updated at of the 31 January 2015;

(e) loan agreements entered into on the basis of the terms and conditions provided by the so-called "*convenzione soci*";

(f) loan agreements identified by the following codes, as reported in the relevant loan agreement: 61-6081929; 61-6085957; 61-6032581; 61-6035269; 61-6043793; 61-7003862; 61-7007525; 61-6066373; 61-6068328; 61-7022903; 61-6073040; 61-6059079; 61-6077425; 61-6062805; 61-6057491; 61-6052683; 61-6051720; 61-6048302; 61-6049130; 61-7012209; 61-7014604; 61-7022697; 61-7022759; 61-7022378; 61-7021967; 61-7022049; 61-7021706; 61-7021263; 61-7020627; 61-7020827; 61-7021098; 61-7021149; 61-7020540; 61-7020550; 61-7020553; 61-7019647; 61-7019017; 61-7024825; 61-7024725; 61-7024353; 61-7023642; 61-7023926; 61-7023933; 61-7023576; 61-7023586; 61-7023458; 61-7023307; 61-7023316; 61-7023374; 61-7023166; 61-7023210; 61-7023247; 61-7025426; 61-7025041.

Reporting duties in respect of the Portfolios

Pursuant to the Servicing Agreement, the Master Servicer has undertaken to prepare and submit to the Issuer, the Calculation Agent, the Swap Counterparty, the Back-Up Servicer, the Luxembourg Listing Agent, the Arrangers, the Representative of the Noteholders and the Rating Agencies, with copy to the Servicers, on each Quarterly Report Date, the Servicer Report. The Servicer Report should detail,

inter alia, the Cumulative Default Ratio, the Net Cumulative Default Ratio, the Portfolio Arrears Ratio, the Class B Notes Interest Subordination Event and the Class C Notes Interest Subordination Event as of the last day of the immediately preceding Collection Period.

The information contained in the Servicer Report delivered on each Quarterly Report Date immediately preceding a Payment Date shall be used by the Calculation Agent to prepare the Payment Report, containing details of payments to be made on such immediately succeeding Payment Date.

The Servicer Reports will be published on the BPVi's web site and/or in such other manner as the Master Servicer and the Issuer may deem appropriate.

Description of the Portfolios

As of the Economic Effective Date, the total Outstanding Amount of the Portfolios was equal to Euro 618,517,631.38. The Collections collected by the Servicers from the Economic Effective Date to the first Business Day preceding the Issue Date have been transferred to the Transaction Account on or prior to the Issue Date.

The information in the following tables, provided by the Originators, reflects the position of the Outstanding Amount of the Portfolios as of the Economic Effective Date, unless otherwise specified. The characteristics of the Portfolios, as of the Issue Date, may vary from those set forth in the tables as a result, *inter alia*, of prepayments (if any) or repayments on the Mortgage Loans prior to the Issue Date. The original loan-to-value and current loan-to-value of the Portfolios set forth in the tables below have been calculated on the basis of the value of the mortgaged real estate assets as at the date of the original initial mortgage loan origination without any revaluation of the properties for the purpose of the Securitisation.

Unless stated otherwise, in the following range breakdown tables the lower boundary is intended included, the upper boundary is intended excluded. In the following range breakdown tables, numbers might not add up to total shown due to rounding.

Summary of the Portfolio

Securitised Pool as of 30 November 2016

	Overall portfolio
Current Principal Balance (Euro)	618,517,631.38
Number of Loans	5,305
Number of Borrowers	5,288
Avg. Current Principal Balance (Euro)	116,591.45
Max Current Principal Balance (Euro)	1,092,841.87
Min Current Principal Balance (Euro)	1,202.46
Original Principal Balance (Euro)	645,677,286.80
Avg. Original Principal Balance (Euro)	121,711.08
Max Original Principal Balance (Euro)	1,270,000.00
Min Original Principal Balance (Euro)	1,489.00
WA Seasoning (years)	0.93
WA Remaining Term (years)	22.16
WA Maturity (years)	23.09
WA Coupon Only for Currently Fixed Rate Loans (%)	2.62%
WA Spread Only for Currently Floating Rate Loans (%)	1.90%
WA OLTV (%)	62.39%
WA CLTV (%)	60.40%
Top 1 Borrower (%)	0.18%
Top 10 Borrower (%)	1.27%
Top 20 Borrower (%)	2.21%

Breakdown

By Originator	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
BPVi	503,769,165.64	81.45%	4,226	79.66%
BN	114,748,465.74	18.55%	1,079	20.34%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Current Principal Balance (€)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0-100,000	175,339,267.66	28.35%	2,515	47.41%
100,000-200,000	330,214,569.69	53.39%	2,397	45.18%
200,000-300,000	68,363,880.57	11.05%	289	5.45%
300,000-400,000	23,768,188.34	3.84%	68	1.28%
400,000-500,000	7,162,662.18	1.16%	16	0.30%
500,000-600,000	4,540,963.48	0.73%	8	0.15%
600,000-700,000	3,849,119.91	0.62%	6	0.11%
700,000-800,000	2,358,024.09	0.38%	3	0.06%
800,000-900,000	850,413.32	0.14%	1	0.02%
900,000-1,000,000	977,700.27	0.16%	1	0.02%
1,000,000-1,100,000	1,092,841.87	0.18%	1	0.02%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Original Principal Balance (€)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0-100,000	166,036,445.72	26.84%	2,402	45.28%
100,000-200,000	332,820,044.63	53.81%	2,466	46.48%
200,000-300,000	72,359,431.39	11.70%	321	6.05%
300,000-400,000	24,755,324.28	4.00%	75	1.41%
400,000-500,000	8,501,555.96	1.37%	20	0.38%
500,000-600,000	3,402,239.99	0.55%	6	0.11%
600,000-700,000	5,363,609.86	0.87%	9	0.17%
700,000-800,000	1,569,449.04	0.25%	2	0.04%
800,000-900,000	850,413.32	0.14%	1	0.02%
900,000-1,000,000	0.00	0.00%	0	0.00%
1,000,000-1,100,000	1,092,841.87	0.18%	1	0.02%
1,100,000-1,200,000	788,575.05	0.13%	1	0.02%
1,200,000-1,300,000	977,700.27	0.16%	1	0.02%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Origination Year	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
2000	71,660.53	0.01%	3	0.06%
2001	71,038.53	0.01%	2	0.04%
2002	240,258.92	0.04%	3	0.06%
2003	170,660.23	0.03%	2	0.04%
2004	1,234,399.36	0.20%	14	0.26%
2005	2,935,832.48	0.47%	40	0.75%
2006	3,462,719.91	0.56%	39	0.74%
2007	3,290,017.91	0.53%	38	0.72%
2008	2,602,533.93	0.42%	30	0.57%
2009	3,981,853.83	0.64%	39	0.74%
2010	8,542,999.91	1.38%	71	1.34%
2011	5,512,419.02	0.89%	42	0.79%
2012	1,364,318.51	0.22%	15	0.28%
2013	1,084,316.55	0.18%	8	0.15%
2014	613,815.77	0.10%	5	0.09%
2015	71,446,603.07	11.55%	615	11.59%
2016	511,892,182.92	82.76%	4,339	81.79%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Seasoning (in months)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
1 - 12	577,173,360.58	93.32%	4,908	92.52%
12 - 24	6,165,425.41	1.00%	46	0.87%
24 - 36	613,815.77	0.10%	5	0.09%
36 - 48	1,084,316.55	0.18%	8	0.15%
48 - 60	1,907,456.78	0.31%	16	0.30%
60 - 72	5,551,210.63	0.90%	47	0.89%
72 - 84	8,327,777.06	1.35%	69	1.30%
84 - 96	4,115,052.78	0.67%	42	0.79%
96 - 108	2,444,422.97	0.40%	25	0.47%
108 - 120	3,220,504.00	0.52%	39	0.74%
120 - 132	3,990,335.28	0.65%	45	0.85%
132 - 144	2,511,702.46	0.41%	32	0.60%
144 - 156	858,632.90	0.14%	13	0.25%
156 - 168	170,660.23	0.03%	2	0.04%
168 - 180	240,258.92	0.04%	3	0.06%
180+	142,699.06	0.02%	5	0.09%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**
Weight. Av. Seasoning (in years)	0.93			

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Remaining terms (in months)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
1 - 60	1,951,146.78	0.32%	45	0.85%
60 - 120	38,912,554.74	6.29%	552	10.41%
120 - 180	90,245,437.60	14.59%	940	17.72%
180 - 240	125,703,976.88	20.32%	1,120	21.11%
240 - 300	123,426,307.91	19.96%	992	18.70%
300 - 360	219,403,601.09	35.47%	1,529	28.82%
360 - 420	18,874,606.38	3.05%	127	2.39%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**
Weight. Av. Remaining Terms (in years)	22.16			

By Maturity Year	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
2016 - 2019	179,274.71	0.03%	10	0.19%
2020 - 2023	7,622,205.37	1.23%	137	2.58%
2024 - 2027	40,820,078.43	6.60%	554	10.44%
2028 - 2031	89,256,300.36	14.43%	901	16.98%
2032 - 2035	48,827,650.23	7.89%	422	7.95%
2036 - 2039	113,137,462.77	18.29%	997	18.79%
2040 - 2043	113,515,504.58	18.35%	853	16.08%
2044 - 2046	205,159,154.93	33.17%	1,431	26.97%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

Interest rate type	Current Interest Rate Type	Reference rate	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Fixed rate	Fixed	Fixed rate - not applicable	238,579,348.01	38.57%	2,242	42.26%
Floating rate	Floating	Euribor 3m	257,899,802.26	41.70%	2,043	38.51%
		ECB Rate	327,300.17	0.05%	3	0.06%
		Other	605,133.30	0.10%	5	0.09%
Floating rate with cap	Floating	Euribor 3m	99,156,308.10	16.03%	826	15.57%
		Euribor 6m	111,372.23	0.02%	1	0.02%
Optional rate loan	Floating	Euribor 3m	19,501,263.16	3.15%	164	3.09%
		Euribor 6m	45,299.70	0.01%	1	0.02%
	Fixed		2,291,804.45	0.37%	20	0.38%
Grand Total:			**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Current Interest Rate Type	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Floating rate	377,646,478.92	61.06%	3,043	57.36%
Fixed rate	240,871,152.46	38.94%	2,262	42.64%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Margin (% only for currently floating loans)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0.5 - 1.00	14,636,142.12	3.88%	143	4.70%
1.00 - 1.50	83,759,066.06	22.18%	628	20.64%
1.50 - 2.00	156,500,128.39	41.44%	1,252	41.14%
2.00 - 2.50	86,143,495.42	22.81%	707	23.23%
2.50 - 3.00	31,167,000.40	8.25%	263	8.64%
3.00 - 3.50	1,770,722.28	0.47%	18	0.59%
3.50 - 4.00	1,868,952.16	0.49%	20	0.66%
4.00 - 4.50	934,158.67	0.25%	6	0.20%
4.50 - 5.00	866,813.42	0.23%	6	0.20%
Total:	**377,646,478.92**	**100.00%**	**3,043**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Interest Rate Coupon (% only for currently fixed rate loans)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0.00 - 1.00	123,906.52	0.05%	1	0.04%
1.00 - 2.00	36,960,258.41	15.34%	319	14.10%
2.00 - 3.00	150,992,529.65	62.69%	1,414	62.51%
3.00 - 4.00	48,421,233.17	20.10%	471	20.82%
4.00 - 5.00	2,234,162.67	0.93%	26	1.15%
5.00 - 6.00	1,986,919.08	0.82%	28	1.24%
6.00 - 7.00	152,142.96	0.06%	3	0.13%
Total:	**240,871,152.46**	**100.00%**	**2,262**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Cap (% only for currently capped rate loans)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
3.50 - 4.00	70,771,316.52	71.29%	585	70.74%
4.00 - 4.50	9,941,509.94	10.01%	86	10.40%
4.50 - 5.00	16,748,051.20	16.87%	139	16.81%
5.00 - 5.50	121,614.33	0.12%	1	0.12%
5.50 - 6.00	649,790.94	0.65%	4	0.48%
6.00 - 6.50	252,944.30	0.25%	3	0.36%
6.50 - 7.00	214,170.38	0.22%	2	0.24%
7.00 - 7.50	430,549.66	0.43%	4	0.48%
7.50 - 8.00	0.00	0.00%	0	0.00%
8.00 - 8.50	111,372.23	0.11%	1	0.12%
25	26,360.83	0.03%	2	0.24%
Total:	**99,267,680.33**	**100.00%**	**827**	**100.00%**

** Upper boundary of each bucket is intended as excluded, lower boundary of each bucket is intended as included*

By unpaid installments (as of 22-Nov-16)	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0	618,517,631.38	100.00%	5,305	100.00%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By SAE	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
600	604,193,555.33	97.68%	5,214	98.28%
615	14,324,076.05	2.32%	91	1.72%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By RAE	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0	604,193,555.33	97.68%	5,214	98.28%
660	1,039,452.56	0.17%	4	0.08%
830	10,153,313.06	1.64%	68	1.28%
930	355,219.27	0.06%	2	0.04%
950	2,776,091.16	0.45%	17	0.32%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Payment Frequency	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Month	615,074,437.03	99.44%	5,279	99.51%
Quarter	2,102,104.16	0.34%	13	0.25%
Semester	1,341,090.19	0.22%	13	0.25%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Amortisation Type	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
French	612,550,910.54	99.04%	5,250	98.96%
Constant instalment floating maturity	5,966,720.84	0.96%	55	1.04%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Borrower Region	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Veneto	155,521,038.54	25.14%	1,357	25.58%
Toscana	103,169,066.73	16.68%	842	15.87%
Lombardia	82,785,765.87	13.38%	637	12.01%
Sicilia	89,572,415.73	14.48%	861	16.23%
Friuli Venezia Giulia	42,999,089.75	6.95%	430	8.11%
Lazio	35,584,762.98	5.75%	230	4.34%
Emilia Romagna	40,493,148.63	6.55%	339	6.39%
Calabria	18,531,989.47	3.00%	185	3.49%
Piemonte	12,950,330.49	2.09%	113	2.13%
Liguria	13,107,245.48	2.12%	110	2.07%
Puglia	6,804,331.03	1.10%	60	1.13%
Campania	4,647,508.99	0.75%	40	0.75%
Marche	1,062,556.98	0.17%	10	0.19%
Trentino Alto Adige	1,508,193.27	0.24%	10	0.19%
Abruzzo	5,445,633.27	0.88%	46	0.87%
Umbria	2,650,565.89	0.43%	22	0.41%
Basilicata	271,102.97	0.04%	2	0.04%
Sardegna	429,394.43	0.07%	3	0.06%
Valle d'Aosta	202,025.54	0.03%	1	0.02%
Molise	781,465.34	0.13%	7	0.13%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Borrower Area	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Northern Italy	349,566,837.57	56.52%	2,997	56.49%
Central Italy	142,466,952.58	23.03%	1,104	20.81%
South and Islands	126,483,841.23	20.45%	1,204	22.70%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Property Region	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Veneto	157,978,641.61	25.54%	1,376	25.94%
Toscana	104,203,892.36	16.85%	849	16.00%
Lombardia	81,245,759.41	13.14%	634	11.95%
Sicilia	87,799,771.75	14.20%	847	15.97%
Friuli Venezia Giulia	43,141,225.34	6.97%	426	8.03%
Lazio	36,061,473.87	5.83%	232	4.37%
Emilia Romagna	42,125,852.54	6.81%	351	6.62%
Calabria	17,081,714.41	2.76%	176	3.32%
Piemonte	12,645,696.13	2.04%	109	2.05%
Liguria	13,627,817.66	2.20%	113	2.13%
Puglia	6,281,962.13	1.02%	59	1.11%
Campania	4,221,092.59	0.68%	34	0.64%
Marche	1,187,390.23	0.19%	10	0.19%
Trentino Alto Adige	1,853,456.25	0.30%	11	0.21%
Abruzzo	5,401,813.92	0.87%	47	0.89%
Umbria	2,845,577.06	0.46%	23	0.43%
Basilicata	0.00	0.00%	0	0.00%
Sardegna	233,028.78	0.04%	2	0.04%
Valle d'Aosta	0.00	0.00%	0	0.00%
Molise	581,465.34	0.09%	6	0.11%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Property Area	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Northern Italy	352,618,448.94	57.01%	3,020	56.93%
Central Italy	144,298,333.52	23.33%	1,114	21.00%
South and Islands	121,600,848.92	19.66%	1,171	22.07%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

By Original Loan to Value	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0.00% - 10.00%	548,218.07	0.09%	10	0.19%
10.00% - 20.00%	7,586,255.36	1.23%	134	2.53%
20.00% - 30.00%	23,495,808.09	3.80%	296	5.58%
30.00% - 40.00%	43,703,759.72	7.07%	489	9.22%
40.00% - 50.00%	73,833,447.95	11.94%	680	12.82%
50.00% - 60.00%	90,065,822.95	14.56%	780	14.70%
60.00% - 70.00%	111,100,334.47	17.96%	888	16.74%
70.00% - 80.00%	268,183,984.77	43.36%	2,028	38.23%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Current Loan to Value	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
0.00% - 10.00%	829,063.55	0.13%	20	0.38%
10.00% - 20.00%	9,414,710.85	1.52%	174	3.28%
20.00% - 30.00%	28,499,091.34	4.61%	353	6.65%
30.00% - 40.00%	46,533,214.24	7.52%	504	9.50%
40.00% - 50.00%	80,942,967.63	13.09%	753	14.19%
50.00% - 60.00%	97,639,353.10	15.79%	830	15.65%
60.00% - 70.00%	118,942,853.22	19.23%	939	17.70%
70.00% - 80.00%	235,716,377.45	38.11%	1,732	32.65%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded*

By Borrower's Nationality	Current Principal Balance (€)	% of Current Principal Balance	Number of Loans	% of Loans
Italian	605,811,254.03	97.95%	5,167	97.40%
Not Italian	12,706,377.35	2.05%	138	2.60%
Total:	**618,517,631.38**	**100.00%**	**5,305**	**100.00%**

CREDIT AND COLLECTION POLICIES AND RECOVERY PROCEDURES

Originators' Underwriting Policies

Mortgage loans are entered into by each of the Originators in the form of either *mutui fondiari* or *mutui ipotecari*.

Although each of the Originators has its own Credit Office (Direzione/Divisione Crediti), the origination procedures are homogeneous.

The origination procedure for mortgage loans begins at branch level, where the employees of the relevant Originator verify whether applicants meet the requirements set out in the mortgage loan credit policy.

After the mortgage loan application form has been processed, each Originator begins specific procedures (*istruttorie*) primarily to ascertain the value of the property securing the loan (*istruttoria tecnica*), the legal characteristics of the mortgage (*istruttoria legale*) and the borrower's income and credit history (*istruttoria di rischio*).

The minimum required documents (typically collected at branch level) include the following:

(a) Technical procedure (*istruttoria tecnica*):

- (i) copy of the last deed of conveyance of the property offered as security;
- (ii) copy of the plans of the property offered as security;
- (iii) copy of the preliminary deed of purchase and sale of the property; and
- (iv) property appraisal (*perizia di stima*). The value given is the estimated price of resale of the property. The property appraisal is required for each individual mortgage loan application, regardless of the original balance. The appraisal is performed by a real estate surveying company (Praxi, REAG, Eagle & Wise) or by a surveyor from a selected panel chosen by the relevant Originator (each Originator performs an assessment on the surveyors before admitting them to the panel).

(b) Legal procedure (*istruttoria legale*):

- (i) legal due diligence by a notary public (*relazione notarile preliminare*) to ensure that the seller and the loan applicant can grant the mortgage (*ipoteca*) over the property and that are were no other charges over the same property;
- (ii) execution in public form by a notary public of the deed of mortgage;
- (iii) registration by a notary public of the mortgage in the local land registry; and
- (iv) verification by the notary public of the expiry of the 10-day hardening period for the mortgages qualifying as *mutui fondiari*.

(c) Risk-assessment procedure (*istruttoria di rischio*):

- (i) personal identification documents in respect of borrowers and guarantors;

(ii) last two pay slips of the applicant;

(iii) copy of the Italian standard income tax returns relating to the previous year. Each Originator ascertains whether the client has the means for repaying the loan he/she is seeking to raise. This is verified through the analysis of the borrower's salary (for employees) and/or tax forms (for self-employed clients). The amount of the monthly instalments to be paid does not normally exceed 35% of the client's total net monthly income;

(iv) information to assess whether the prospective borrower or guarantor has ever issued bad cheques or cheques which have been protested (*bollettino protesti* produced by the competent chamber of commerce);

(v) information about the current and past performance of the prospective borrower and guarantor in relation to amounts borrowed from any part of the Italian banking system (*centrale rischi* managed by Bank of Italy);

(vi) family budget; and

(vii) information on existing relationships between the prospective borrower or guarantor and the branch of the relevant Originator (deposit account, insurance, or any other financial service offered by the Group).

In the case of residential mortgages, the applicant's ability to pay is assessed on the basis of documents provided by the borrower to substantiate their income, earnings and any relevant monetary outflow.

The debt to income ratio ("**DTI**") may not exceed generally 35% and the maximum permitted LTV is usually 80%. Although some products allow for LTV of 100%, no such loans have been included in the Portfolios. The mortgage is registered for an amount equal to, usually, 200% of the original principal amount of the loan.

Once the property appraisal has been completed, the branch writes a formal proposal (based on the outcome of the internal rating system as explained below) and transfers all data and documents to the appropriate body within each Originator for determination and approval.

From April 2008, BPVi introduced an internal rating system, which leads to a synthetic indicator to assess the counterparty (client) risk.

Depending on the final risk profile, the application can be classified as green, yellow or red ("Traffic light system"). The loan amount that can be approved is dependent on this classification:

Green: the internal rating is positive;

Yellow Medium Risk: the internal rating has classified the borrower at a medium risk level;

Yellow High Risk: the internal rating has classified the borrower at a high risk level;

Red: the application can only be considered at Credit Office level.

According to the amount of the mortgage loan or the risk level valuation (which takes into account the rating scores assigned to the borrower), the following hierarchy of approval authority is currently in place. Any amounts in excess of those set forth below shall be approved by other competent organs

(such as Credit Office or Board of Directors) as established pursuant to the internal credit management regulations of the BPVi Group.

BPVi

	Final evaluation		
	Green	**YellowMR**	**YellowHR**
Authorising Party	**(€ - Maximum Approval Power)**		
Small Size Branches	350,000	114,750	50,500
Medium Size Branches	520,000	175,000	80,000
Large Size Branches	800,000	265,000	120,000

BN

	Final evaluation		
	Green	**YellowMR**	**YellowHR**
Authorising Party	**(€ - Maximum Approval Power)**		
Small Size Branches	115,000	8,125	3,750
Medium Size Branches	180,000	13,000	6,000
Large Size Branches	300,000	22,100	10,200
Retail Market Head	750,000	227,500	105,000
Territorial Areas (*Aree Territoriali*)	2,300,000	1,080,000	495,000

Turnaround time from origination to the granting of a loan is around 120 days. No incentive bonuses are offered to underwriting staff for the volume of mortgages approved.

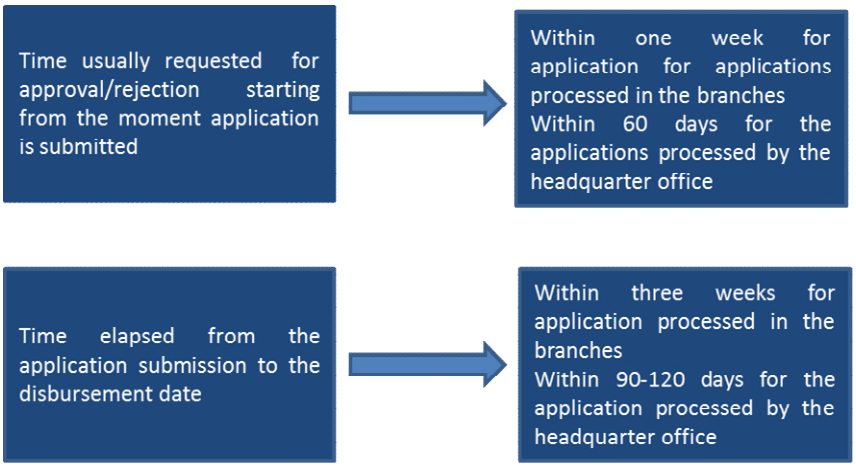
Further information regarding certain mortgage loans

Optional Loans

At the time of signing, the client decides which type of rate (fixed or variable) to apply for the first 3 years of the loan, and the same happens at every reference date (Year 4 – 7 – 10 – 15 – 20 and, eventually, 25); if the client doesn't communicate a decision for the next period, the loan automatically switches to variable rate; the interest rate is referenced to the 3 or 5 year IRS *plus* a spread for the fixed period and to the Euribor 3m *plus* a spread for the variable period.

Interest Rate Fixing for Variable Loans, Variable with cap Loans and Optional Loans

The interest rate for the variable loans, variable with cap loans and optional loans (only for the variable period) fixes as follows: loans pay the interest rate in arrears on the last day of each reference period (being monthly, quarterly, semi-annual) as of the Euribor 3m fixing on the fixing date (being the 15 December, 15 March, 15 June, 15 September) immediately preceding the reference period.



- *Unless an exception in terms of Original LTV limit is made. In that case, the decision process is centralized*

BPVi Credit and Collection Policy

General

BPVi has an automatic debit procedure, Fi.C.S./Elise (*Finanziamenti Crediti Speciali*) which manages the payment of interest and repayment of principal under the mortgage loans. Under this system, payments due under the mortgage loans are automatically withdrawn from the borrower's account with BPVi. Each branch responsible for the mortgage loan and BPVi's relationship with the borrower receives from Fi.C.S. periodic reports (daily, every ten days and monthly) indicating all instalments due and payable during the relevant period and any accrued but unpaid instalments. A copy of such reports is also sent to the Credit Monitoring Office (*Ufficio Crediti Anomali*). As a result, any unpaid instalments are promptly detected by the branches which subsequently take the necessary action for their recovery.

In the event that the borrower's account is closed prior to the full repayment of the mortgage loan, the borrower will receive a notice stating that an instalment is due and that it can be paid by cheque or cash at any branch of BPVi. If the amount standing to the credit of the borrower's account from which payments in respect of the mortgage loan are to be debited is insufficient to satisfy in full such payment obligations, the instalment that is due and payable will not be debited to the account, unless the branch has satisfactory evidence that the borrower's account will be credited within a few days with the funds necessary to meet his payment obligations.

If instalments due and payable are not paid within 15 days, the Fi.C.S. procedure will send an overdue payment letter directly to the borrower. Starting from such date, the borrower's position will be monitored in detail by BPVi. Moreover, the BPVi Group recently introduced a new "phone collection" procedure (which has been outsourced to an external company) aimed at reducing the timeframe for the collection of overdue instalments. The phone collection procedure can be commenced after the instalments have been in arrear for at least 20 days.

Mortgage Loans under observation *(Posizioni Sorvegliate)*

Borrowers of mortgage loans that show anomalies with respect to other positions of BPVi Group (e.g. overdrafts and defaults) and/or with respect to the banking system (e.g. reduction of credits, debt

consolidation, deterioration of financial ratios), that are such as to warrant strict supervision and monitoring, will be placed on this list.

In general, the classification of mortgage loans under these lists is not necessarily connected to a borrower's failure to pay instalments but to an increase in BPVi's risk exposure towards the borrower. mortgage loans placed on this list will be subject to monitoring by the branch (since it has better knowledge of the borrower) and by the Area Management (*Distretto Tewrritoriale / Centro Affari*) which supervises the branch, based on data generated by *Centrale dei Rischi* of the Bank of Italy and the automated procedures GDC (*Gestione del Credito*) and aims to prevent the position from deteriorating.

Generally, a mortgage loan will be placed "under observation" for a maximum period of 18-24 months, during which time BPVi begins discussion with the borrower in order to set up an ad hoc repayment plan, to be agreed in writing between the branch and the borrower.

Watch-list Loans *(Posizioni Past Due e Posizioni Unlikely to Pay)*

Mortgage loans classified as "watch-list" loans are generally those which show anomalies of a "structural" nature (i.e. the borrowers' creditworthiness falls as a result of, for example, lack of profitability) as a result of temporary circumstances which are, however, expected to improve shortly. In the event that there are signs of a real risk of the borrower's bankruptcy in the immediate or near future that might suggest that a precautionary write-off of the claim is necessary, a repayment plan will be agreed.

Mortgage Loans will be classified (i) under Past Due list when instalments are overdue for more than three months; (ii) under *Unlikely to Pay* list when instalments are overdue for more than four months. Positions are managed by the relevant branch and by the Area Management (*Direzione di Area*), with the support of *Nucleo Decentrato UtoP*. In the case of positions in excess of Euro 250,000, there will be added support from and involvement of the *Ufficio UtoP* of the head office.

The approach by these operating units is "amicable" and consists primarily of negotiation of the terms and conditions of the repayment plan, with the aim to reach a faster collection and recovery of the debt. If such "negotiation" is not possible or if it is not respected, the borrower will be declared in default and will be notified of this in writing. If, after a period of approximately fifteen/thirty days from such default notice, no other circumstance has emerged to permit a more positive evaluation of the credit, the file will be transferred to the Litigation Department (*Ufficio Sofferenze*), which will determine whether to manage internally or outsource the collection and recovery.

Cancellation of the debt

In general, any cancellation of the debt will be allowed only to the extent of the amount of the default interest (*interessi di mora*) although on a case by case basis, BPVi will evaluate, as part of an overall out-of-court settlement, cancellation of also (in whole or in part) interest accrued but unpaid on the mortgage loan that is not default interest if it believes that an out-of-court settlement would be more efficient than a forced recovery in the particular circumstances. Cancellation of debt in respect of the principal amount of the mortgage loan is not allowed.

Non-Performing Loans *(Posizioni in Sofferenza)*

The file is sent to the Litigation Department of BPVi after the formal notice of overdue payment is sent and after termination of the loan by the Credit Monitoring Department.

If the notice of overdue payment sent to the client does not result in any progress which could lead to an amicable resolution within 15/30 days, legal proceedings would normally be started immediately

and the Litigation Department may appoint an external counsel to commence and handle the relative judicial proceedings.

In the case of loans secured by "voluntary" mortgages, foreclosure proceedings may be commenced by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the borrower.

If the mortgage loan was executed in the form of a public deed, BPVi can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the borrower without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the mortgage loan agreement, as the case may be.

Within ten days of filing, but not later than ninety days from the date on which notice of the *atto di precetto* is served, BPVi may request the attachment of the mortgaged property. The property will be attached by a court order, which must then be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari - Ufficio Territoriale dell'Agenzia delle Entrate*).

BPVi is required to search the land registry to ascertain the identity of the current owner of the property and must then serve a notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the creditor. Not earlier than ten days and not later than ninety days after serving the attachment order, BPVi may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the borrower to the attachment.

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange new auctions to be held with a progressively lower minimum bid price until the mortgaged property is sold (the permitted reduction applying to each subsequent auction being one fourth of the bid price of the previous auction, or the other amount set forth by the applicable law from time to time). Italian Law No. 302 of 3 August 1998 allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and is expected to reduce the length of foreclosure proceedings.

BPVi normally obtains security with registration of a first ranking mortgage (or substantially similar) on assets assessed well beyond the amount of the mortgage loan granted, and therefore the average judicial or out-of-court recoveries by BPVi, based on the available historical data, amount in most cases to close to 100% of the defaulted amount. The amount to be recovered is generally within the limits of the amount of the mortgage, which is usually two times the original principal of the loan.

In certain cases, mortgage loans are settled through gradual repayment plans, and often a settlement agreement is reached, even where legal proceedings have been commenced, in proximity to the auction.

Once a position is transferred to the Litigation Department, it will be classified as non-performing (*sofferenza*) if it is clear and manifest that the primary debtor (excluding the guarantor) is insolvent and that the insolvency is continuing.

Any settlement or waiver will be aimed at maximising the recovery amounts and shortening the recovery time, than in the case of a forced recovery.

BN Credit and Collection Policy

General

BN has an automatic debit procedure, Fi.C.S./Elise (*Finanziamenti Crediti Speciali*) which manages the payment of interest and repayment of principal under the mortgage loans. Under this system, payments due under the mortgage loans are automatically withdrawn from the borrower's account with BN. Each branch responsible for the mortgage Loan and BN's relationship with the borrower receives from Fi.C.S. periodic reports (daily, every ten days and monthly) indicating all instalments due and payable during the relevant period and any accrued but unpaid instalments. A copy of such reports is also sent to the Credit Monitoring Office (*Ufficio Crediti Anomali*). As a result, any unpaid instalments are promptly detected by the branches which subsequently take the necessary action for their recovery.

The BPVi Audit Department is also responsible for performing periodical controls on BPVi and BN's loan servicing and collection procedures.

In the event that the borrower's account is closed prior to the full repayment of the mortgage loan, the borrower will receive a notice stating that an instalment is due and that it can be paid by cheque or cash at any branch of BN. If the amount standing to the credit of the borrower's account from which payments in respect of the mortgage loan are to be debited is insufficient to satisfy in full such payment obligations, the instalment that is due and payable will not be debited to the account, unless the branch has satisfactory evidence that the borrower's account will be credited within a few days with the funds necessary to meet his payment obligations.

If instalments due and payable are not paid within 15 days, the Fi.C.S. procedure will send an overdue payment letter directly to the borrower. Starting from such date, the borrower's position will be monitored in detail by BN. Moreover, the BPVi Group recently introduced a new “phone collection” procedure (which has been outsourced to an external company) aimed at reducing the timeframe for the collection of overdue instalments. The phone collection procedure can be commenced after the instalments have been in arrear for at least 20 days.

Mortgage Loans under observation (*Posizioni Sorvegliate*)

Borrowers of mortgage loans that show anomalies with respect to other positions of BPVi Group (e.g. overdrafts and defaults) and/or with respect to the banking system (e.g. reduction of credits, debt consolidation, deterioration of financial ratios), that are such as to warrant strict supervision and monitoring, will be placed on this list.

In general, the classification of mortgage loans under this list is not necessarily connected to a borrower's failure to pay instalments but to an increase in BN's risk exposure towards the borrower. mortgage loans placed on this list will be subject to monitoring by the branch (since it has better knowledge of the borrower) and by the Area Management (*Direzione di Area*) which supervises the branch, based on data generated by *Centrale dei Rischi* of the Bank of Italy and the automated procedure GDC (*Gestione del Credito*) and aims to prevent the position from deteriorating.

Generally, a mortgage loan will be placed “under observation” for a maximum period of 18-24 months, during which time BN begins discussion with the borrower in order to set up an ad hoc repayment plan, to be agreed in writing between the branch and the borrower.

Watch-list Loans *(Posizioni Unlikely to Pay)*

Mortgage loans classified as “watch-list” loans are generally those which show anomalies of a “structural” nature (i.e. the borrowers' creditworthiness falls as a result of, for example, lack of

profitability) as a result of temporary circumstances which are, however, expected to improve shortly. In the event that there are signs of a real risk of the borrower's bankruptcy in the immediate or near future that might suggest that a precautionary write-off of the claim is necessary, a repayment plan will be agreed.

Any securitised mortgage loan will be classified under this list when instalments are overdue for more than four months. Positions are managed by the relevant branch and by the *Direzione di Area*, with the support of the Credit Monitoring Office (*Ufficio Crediti Anomali*). In the case of positions in excess of Euro 250,000, there will be added support from and involvement of the Operating Unit (*Unità Operativa*) of the Watch List Credits and Credit Monitoring Office (*Ufficio Crediti Anomali*) of the head office.

The approach by these operating units is "amicable" and consists primarily of negotiation of the terms and conditions of the repayment plan, with the aim to reach a faster collection and recovery of the debt. If such "negotiation" is not possible or if it is not respected, the borrower will be declared in default and will be notified of this in writing. If, after a period of approximately fifteen/thirty days from such default notice, no other circumstance has emerged to permit a more positive evaluation of the credit, the file will be transferred to the Litigation Department (*Ufficio Sofferenze, Recupero e Contenzioso*), which will determine whether to manage internally or outsource the collection and recovery.

Cancellation of the debt

In general, any cancellation of the debt will be allowed only to the extent of the amount of the default interest (*interessi di mora*) although on a case by case basis, BN will evaluate, as part of an overall out-of-court settlement, cancellation of also (in whole or in part) interest accrued but unpaid on the mortgage loan that is not default interest if it believes that an out-of-court settlement would be more efficient than a forced recovery in the particular circumstances. Cancellation of debt in respect of the principal amount of the mortgage loan is not allowed.

Non-Performing Loans *(Posizioni in Sofferenza)*

The file is sent to the Litigation Department of BN after the formal notice of overdue payment is sent and after termination of the loan by the Credit Monitoring Department.

If the notice of overdue payment sent to the client does not result in any progress which could lead to an amicable resolution within 15/30 days, legal proceedings would normally be started immediately and the Litigation Department may appoint an external counsel to commence and handle the relative judicial proceedings.

In the case of loans secured by "voluntary" mortgages, foreclosure proceedings may be commenced by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the borrower.

If the mortgage loan was executed in the form of a public deed, BN can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the borrower without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the mortgage loan agreement, as the case may be.

Within ten days of filing, but not later than ninety days from the date on which notice of the *atto di precetto* is served, BN may request the attachment of the mortgaged property. The property will be

attached by a court order, which must then be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari - Ufficio Territoriale dell'Agenzia delle Entrate*).

BN is required to search the land registry to ascertain the identity of the current owner of the property and must then serve a notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the creditor. Not earlier than ten days and not later than ninety days after serving the attachment order, BN may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the borrower to the attachment.

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange new auctions to be held with a progressively lower minimum bid price until the mortgaged property is sold (the permitted reduction applying to each subsequent auction being one fourth of the bid price of the previous auction, or the other amount set forth by the applicable law from time to time). Italian Law No. 302 of 3 August 1998 allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and is expected to reduce the length of foreclosure proceedings.

BN normally obtains security with registration of a first ranking mortgage (or substantially similar) on assets assessed well beyond the amount of the mortgage loan granted, and therefore the average judicial or out-of-court recoveries by BN, based on the available historical data, amount in most cases to close to 100% of the defaulted amount. The amount to be recovered is generally within the limits of the amount of the mortgage, which is usually two times the original principal of the loan.

In certain cases, mortgage loans are settled through gradual repayment plans, and often a settlement agreement is reached, even where legal proceedings have been commenced, in proximity to the auction.

Once a position is transferred to the Litigation Department, it will be classified as non-performing (*sofferenza*) if it is clear and manifest that the primary debtor (excluding the guarantor) is insolvent and that the insolvency is continuing.

Any settlement or waiver will be aimed at maximising the recovery amounts and shortening the recovery time, than in the case of a forced recovery.

Credit risk - Management and control

General aspects

Credit Risk is the risk of losses due to non-performance by the counterparty (specifically the obligation to repay loans) or, more broadly, the failure of customers or their guarantors to meet their obligations.

Credit risk also usually includes "Country Risk", being the risk that public and private borrowers in a country might be affected by the political, economic and financial situation there. In such cases, the failure to meet their obligations may depend on external factors beyond their control (political and economic risks, currency controls etc.) that relate to the country in which they are resident.

Lending by the BPVi Group has always aimed to support both the borrowing needs of households and the development and consolidation of businesses, especially small and medium-sized firms, which typify the local economies where the Group's banks operate. In keeping with prior years, the lending

policy adopted by the Group's different businesses seeks to respond to the needs of individuals and firms, while paying particular attention to the difficult economic situation, credit risk and an adequate level of guarantees.

With reference to "individual" customers, the development of activities has focused on the longer-term segment with the granting and/or renegotiation of home mortgages and personal loans either directly via the Group's banks or via other companies. As regards the economic situation with the goal of providing support to struggling households, the banks within the BPVi Group have adopted the "Household Plan", that is to say the agreement between the Italian Banking Association and the Consumers' Associations signed on 18 December 2009, which calls for the suspension of instalment payments on mortgage loans for 12/18 months. This agreement was renewed several times in subsequent years, until the definitive deadline of 31 March 2013. After this date, it was replaced by the Ministry of Finance's Solidarity Fund, initially funded with euro 20 million, and again in September of last year with an additional 40 million (of which 20 for 2014 and the same amount for 2015).

Development activities in relation to "small businesses" have mainly focused on short-term lending, where the risk is spread widely, using technical forms that are supported by underwriting syndicates wherever possible. Medium-term lending has been expanded to medium and large businesses, with a special focus on those with secured guarantees. In all cases, special care has been taken in the selection of economic sectors from which borrowers come, in order to give preference to lower risk activities. Sector analysis has become increasingly important in the credit management process and involves the examination of internal data and external data provided by specialist Italian companies, in order to maximise their significance in view of the characteristics of the different banks and areas in which they operate. The BPVi Group's banks have complied with the "Common Agreement" issued on 3 August 2009 by the Ministry of the Economy and Finance, the Italian Banking Association and business associations, aimed at giving struggling companies some financial respite, and renewed several times in subsequent years.

The Group is not active in the field of credit derivatives.

BPVi Group has internal policies, practice and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies, practice and procedures of BPVi Group in this regard broadly include the following (as to which see the information set out in this section headed "*Credit and Collection Policies*" and, with reference to the Portfolios, see also section headed "*The Portfolios*");

(a) criteria for the granting of credit and the process for approving, amending, renewing and refinancing loans;

(b) systems in place to manage the ongoing administration and monitoring of the credit-risk bearing portfolios and exposures (as to which the Portfolios will be serviced in line with the usual servicing procedures of the BPVi Group);

(c) adequate diversification of credit portfolios based on the target market and overall credit strategy; and

(d) policies and procedures in relation to risk mitigation techniques.

Organisation aspects

The Group's regulations for the Management of Credit, contained in its Credit Manual, establish a prudent approach to risk assessment. At the preliminary stage, borrowers are required to provide all the documentation needed for an adequate assessment of their credit rating. Such documentation must

allow assessment of whether the amount requested, the technical form of the loan and the project to be financed are all consistent; it must also allow the characteristics and qualities of borrowers to be identified, having regard for all forms of relationship with them.

The risks associated with individual customers from the same group must be considered separately. If there are legal or economic relations between individual customers, these parties form a unit in risk terms and represent a group (economic group or risk group).

When granting and/or renewing lines of credit, it is necessary to verify the exposure by the entire BPVi Group to borrowers and that to any group to which they belong. Pricing and/or income from the relationship cannot be a factor when evaluating credit rating and agreeing a loan.

The preliminary process depends on the type of customer concerned. For "individual" customers and small businesses, the granting or otherwise of credit for relatively small amounts is dealt with at branch or Area level. This follows a simplified process using internal rating models, an IT tool that checks credit rating at the time new lines of credit are granted, using both internal and external sources of information. For better control over the process of granting credit to "individual" customers and small businesses, stricter limits have been introduced on decision-making powers, identified on the basis of the risk profile attributed to the counterparty by the internal scoring system.

The granting of credit to companies/entities follows a more complex process: proposed lending to such customers must be supported by a technical opinion from Area or Head Office credit analysts depending on the amount of credit requested.

Account managers monitor and administer loans day by day and are responsible for their granting. If customer risk increases, the operating objective is to contain the bank's risk by promptly adopting all the necessary measures.

In accordace with the supervisory regulations, the Group has adopted a process which, as far as property securing loans is concerned, constantly checks and updates its estimated value, also by using statistical methods based on georeferenced systems.

Management, measurement and monitoring systems

The credit process is organised as follows:

- Granting of credit, which involves: investigation, assessment, decision, formalisation of the credit and any guarantees;
- Management of credit, which involves: uses, monitoring, facility revision, management of anomalies;
- Management of non-performing loans and recovery of loans.

Since 2008, the BPVi Group has implemented an internal rating system, which is used for assessing customer ratings and for granting and monitoring credit.

The rating models were then developed primarily with reference to the types of counterparties with whom the Group structurally operates, namely:

- Individuals and Small Businesses;
- Small Corporate (with between Euro 517 thousand and Euro 2.5 million in turnover);
- Mid Corporate (with between Euro 2.5 and Euro 50 million in turnover);

- Corporate (with more than Euro 50 million in turnover).

In January 2013, the Board of Directors of BPVi decided to launch the initiative to adopt advanced credit risk measurement methods ("*Advanced Internal Ratings Based*" system - AIRB). The rating models were revised as part of this initiative. In particular, they cover the following counterparty-types:

- Individuals
- Small Business segments (sole proprietorships, non-commercial partnerships, partnerships with turnover less than 700,000 euro and exposure less than 1 million euro)
- SME Retail (Joint-stock companies with less than euro 2.5 million of turnover and exposure less than euro 1 million, Partnerships with turnover between euro 700,000 and euro 2.5 million and exposure less than Euro 1 million);
- SME Corporate (corporations and partnerships with turnover less than 2.5 million euro and exposure above 1 million euro, partnerships and corporations with turnover between 2.5 and 150 million euro);
- Large Corporate (Companies with more than euro 150 million in turnover).

After introducing such internal ratings into the credit management process, a series of "Credit Policies" were defined and approval limits were revised according to the level of counterparty risk.

The "Credit Policies" govern the way in which the Group means to assume credit risk with customers, by fostering balanced growth in loans to counterparties with higher "credit ratings" and regulating/limiting the grant of credit to riskier customers. This also includes the regulations for "critical sectors", i.e. the sectors that, based on assessments made on data outside and inside the Group, exhibit such systemic risk elements that companies in the sectors should be more carefully scrutinised when granting credit and managing. Credit to companies in these sectors is regulated by more stringent limits than ordinary ones. The definition of the scope of critical sectors is revised annually.

The Credit Management application (GdC = Gestione del Credito) plays an important role in the monitoring and management of borrowers, allowing account managers to check on changes in the credit status of customers and quickly identify any deterioration in the standing of borrowers. This instrument was developed with the objective of implementing an advanced credit portfolio management model based on predefined strategies (objectives, actions and timelines) that are consistent with the customer's risk level. Within the Loans Department of the BPVi and BN, there are Credit Surveillance units to improve the management of customers showing initial signs of distress; the unit's specific tasks involve providing support to account managers for specific anomalous positions, reviewing the effectiveness of actions taken and spreading a general culture focused on safeguarding against credit risk and reducing it.

As required by the supervisory regulations (Bank of Italy, Circular No 263 of 27 December 2006) (Part IV, Chapter 11, Section II as implemented), suitable systems for the identification, measurement and control of risks have been adopted in order to manage credit in a proper and prudent manner.

Controls form an integral part of the daily activities of the Group. There are four types:

- Line controls: these are performed at organisational level (e.g. hierarchical controls) or are built into procedures or carried out as part of back-office work;
- Risk management controls: these contribute to defining risk measurement methods, check compliance with the limits established for the various functions and monitor the consistency of

operations; they are carried out by structures other than the production structures. They include the II level credit performance monitoring controls, carried out by the Risk Management function to implement the indications contained in the supervisory regulations (Bank of Italy, Circular No 263 of 27 December 2006 as implemented);

- Internal audit: the purpose of this activity is to reassess the credit rating of individual borrowers, at predetermined intervals.
- Inspections: these are carried out by the audit function both on-site and on a remote basis, in order to verify the quality of loans and the support for decisions taken by the functions responsible for granting and administering credit.

Within the scope of the credit risk monitoring and management activity, management reporting is carried out; in particular, on a quarterly basis the loans portfolio's risk Profile Report is prepared; it provides fundamental information support for the Control Committee: the reporting contains detailed credit risk reports at the consolidated and individual level (portfolio distribution by administrative statuses, rating classes and expected loss, transition matrices, deterioration rates), with analyses differentiated by management segment, industry and geographic area.

Also available is an instrument for reporting to the network, characterised by various views of the loans portfolio, with different hierarchical levels of aggregation (branch, area, general Management, bank, group) and visibility.

Lastly, in compliance with the Bank of Italy's instructions relating to Basel 2 and "groups of connected customers", the Bank introduced a number of rules relating to the management of economic groups to increase the level of objectivity and process repetition regarding their composition.

Credit risk mitigation techniques

The credit risk associated with individual counterparties or groups is mitigated by obtaining security (pledges, mortgages and special privileges) and/or personal guarantees (sureties, endorsements, credit mandates and letters of patronage).

The degree of mitigation attributed to each guarantee is governed by specific regulations that take account of the varying nature of the guarantees obtained. The value of property is periodically reassessed and updated on the basis of the statistical databases of a primary operator in the industry and the initiatives directed at renewing the appraisals are activated.

Analysis of these guarantees does not reveal a special degree of concentration within the various technical forms of cover/guarantee since, except with regard to general sureties, they are essentially "specific" to each position. In addition, overall, there are no contractual restrictions that might undermine the legal validity of the guarantees obtained.

Impaired financial assets

Anomalous loans not classified as non-performing are monitored not only by the commercial network but also by specific organisational units, whose mission is to "prevent default". These units, which report hierarchically and functionally to the Loans Division, operate at Head Office and in the Area offices responsible for the branch network.

Account managers are required to adopt an operational approach aimed at eliminating anomalies and limiting risks.

In the case of "restructured" loans which are identified and managed in compliance with the supervisory rules ("*Cash and off-balance sheet exposures (...) for which a bank, due to deterioration in the borrower's economic and financial status, allows the original contractual conditions to be revised (...) giving rise to a loss*"), their management involves checking observance of the agreed restructuring plan and the fact that they may qualify for other internal classifications, such as that of "watchlist" loans.

With regard to positions involved in debt restructuring in its various forms, including restructuring agreements under art. 67 or art. 182-*bis* of the Bankruptcy Law, BPVi has increased the number of staff working on anomalous loans to ensure the precise, professional management of such agreements, thus creating a specialist team devoted to this activity.

Activities relating to "watch-list loans" give priority to friendly, even if gradual, recovery of credit or at least to the mitigation of any negative effects in the event of default.

The classification of loans as "non-performing" is based on the criteria laid down in the supervisory regulations. Accordingly, this category comprises loans to parties that are insolvent or in similar circumstances, even if not confirmed by a judge, the recovery of which is the subject of court action or other suitable measures.

Management of non-performing loans and recovery of loans is the responsibility of specific units within the Loans Department. These units consist of internal lawyers and personnel who carry out administrative and accounting activities in relation to the non-performing loans concerned. The accounting processes adopt an IT procedure used by all the companies belonging to the Sec Servizi consortium.

Recovery activities are carried out on a pro-active basis, with a view to optimizing the legal procedures and maximizing the outcome in economic and financial terms. In particular, when evaluating the steps to take, internal lawyers prefer to take out-of-court action with recourse to settlements that accelerate recoveries and contain the level of costs incurred. Where this route is not applicable, and especially with regard to larger amounts and when higher recoveries can be expected, external lawyers are instructed to take legal action since this represents both a method of putting legitimate pressure on the debtor and a way to resolve disputes.

Small loans that are uncollectable or difficult to collect are generally grouped together and sold without recourse, given that legal action would be uneconomic in cost/benefit terms.

For financial reporting purposes, non-performing loans are analysed on a case-by-case basis to determine the provisions required to cover expected losses. The extent of the loss expected from each relationship is determined with reference to the solvency of the debtor, the nature and value of the guarantees obtained and the progress made by recovery procedures. Estimates are made on a prudent basis, including by discounting to present value, as required by the applicable accounting standards.

This complex evaluation process is facilitated by subdividing the total loan book into similar categories and years of origin, taking account of the realisable value of the personal and/or corporate assets of the debtor and the guarantors.

Lastly, the proper performance of the task of administering and evaluating non-performing loans is assured by both periodic Internal Audit Department and by external verification activities, carried out by the Board of Statutory Auditors and the Indipendent Auditors.

The information contained in this section of this Prospectus relates to and has been obtained from the Servicers. The delivery of this Prospectus shall not create any implication that there has been

no change in the affairs of the Servicers since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.

THE ORIGINATORS AND THE SERVICERS

History and General Information

Banca Popolare di Vicenza S.p.A. ("**BPVi**" or the "**Bank**" and its banking group the "**BPVi Group**") was incorporated in 1866 and was the first bank in Vicenza and the first "*popolare"* bank in the Veneto region. Since its establishment, the Bank has operated in the province of Vicenza, where it also has its headquarters. Although its business is mainly concentrated in the northeast region of Italy, the Bank operates at a national level through a network of branches throughout Italy.

During the 1980s and the 1990s, the Bank expanded in the Italian northeast region by organic growth and also through the acquisition of other "*popolare"* banks. During the 2000s, it started the "*Progetto Centro Sud*" with the incorporation of Banca Nuova, which operates in the main cities of the southern Italian regions of Sicily and Calabria, and the acquisition of Banca del Popolo di Trapani S.p.A. with more than forty branches in western Sicily (subsequently merged by incorporation into Banca Nuova). The expansion continued further with the acquisition of Cassa di Risparmio di Prato in 2012 with 53 branches in Tuscany, and another 30 bank branches from the Antonventa Group located in Sicily.

In 2007, BPVi entered into a strategic partnership with Cattolica Assicurazioni with regard to insurance, banking and financial services, subsequently renewed in 2010 and again in 2012 up to 2022. In the same year, BPVi acquired 38.88% of the share capital of Farbanca S.p.A., an online bank specialised in providing banking services in the pharmaceutical sector, and continued expanding its footprint by acquiring a business unit with 61 branches from Ubi Banca. During the same period, the Bank implemented a restructuring plan for the optimisation of its activities which led to the incorporation of Cariprato - Cassa di Risparmio di Prato S.p.A. as well as certain changes in the structure of Banca Nuova aimed at refocusing its business activities on southern Italy.

In 2011, BPVi acquired control of Banca di Credito dei Farmacisti, a bank focusing on the pharmaceutical industry; this transaction consolidated the Bank's presence as a provider of financial services to pharmacies and expanded the business of the BPVi Group in the Italian regions of Abruzzo and Marche. In 2012, Banca di Credito dei Farmacisti was merged into Farbanca S.p.A.

In 2013, two business lines of BPVi related to asset management were transferred from BPVi Fondi SGR S.p.A to Arca SGR S.p.A.. This transfer was part of a project, completed in December 2013, to incorporate BPVi Fondi into BPVi and to increase BPVi's shareholding in Arca SGR S.p.A. from 10.92% to 19.99%. In the same year, the merger by incorporation of Nordest Merchant S.p.A. into BPVi was completed, with the intention to simplify the BPVi Group structure, while a new company BPVi Multicredito-Agenzia in Attività Finanziaria S.p.A. was incorporated, focusing on the recruitment of new clients (individuals or small companies) promoting the same financial and accessory products offered by the BPVi's network, as a supporting activity to the BPVi Group's branches.

With a view to expanding the BPVi Group presence, during 2014 BPVi purchased a bank branch in Turin from Banca Popolare di Spoleto S.p.A. and sixteen branches from Cassa di Risparmio di Ferrara S.p.A.; in addition, BPVi opened its first branch in Naples (Municipality of Campania) and a branch in Lecce (Municipality of Puglia).

The final part of the year 2015 was characterised by the disposal of some non-strategic equity investments. Among these, of particular relevance were: (a) the sale of 9.99% shareholding in ICBPI, (b) the sale of the equity investment held in SAVE S.p.A. (8.75%), a listed company operating mainly in the aviation sector, (c) the sale of the 19% equity investment held in Agripower S.r.l., a company active in the management of electricity generating plants based on the anaerobic digestion of cereal crops, (d) the sale of the 800 units held in the Closed-end Mutual Fund reserved to Qualified Investors

called "21 Investimenti II" and (e) the sale of the 10.93% equity investment held in Consorzio Triveneto S.p.A., a company active in the performance of ITC services to the customers of the banking sector. In addition, Monforte 19 S.r.l. was merged into Immobiliare Stampa S.c.p.a., both these real estate companies owned by the BPVi Group.

On 30 December 2015 a new agreement was reached between the BPVi Group and Compass Banca S.p.A., replacing of a pre-existing agreement executed in 2009, and pertaining to the promotion and distribution of Compass consumer credit products through the distribution network of the BVPi Group for a further 6 years period.

Recent Developments

Between November 2013 and October 2014, BPVi, together with 14 other Italian banks, was subject to the so-called "*Comprehensive Assessment*" carried out by the European Central Bank (the "**ECB**"). The main objective of the Comprehensive Assessment was to ensure transparency of the banking system and promote measures aimed at resolving the issues which had been highlighted during the assessment process. Following completion of the Comprehensive Assessment, BPVi was found to have a shortage of capital to Asset Quality Review of approximately Euro 119 million, from stress tests based on approximately Euro 158 million and adverse stress test of about Euro 682 million.

2015 was a year of profound change in the long history of BPVi.

Among the internal factors, were the outcomes of the inspection carried out by the ECB in February-July 2015 and the subsequent further analyses carried out at the request of the Board of Directors, as described further below. In view of the initial evidence which led to the emergence of numerous criticalities with regard to certain operations on BPVi shares and certain significant investments made by the previous management through Luxembourg-based funds, the Board of Directors started a profound transformation of BPVi's management organisation, first by appointing a new Managing Director and General Manager and then continued with the appointment of the new Senior Deputy General Manager as well the addition of other highly experienced professionals who now form an almost completely renewed top management team.

Furthermore, as a result of the loss and shortfall resulting from the Half-Year Financial Report as of 30 June 2015, in August 2015 the Board of Directors of BPVi resolved upon, *inter alia*, a recapitalisation plan consisting of a share capital increase of BPVi for an amount of up to Euro 1.5 billion (the "**Share Capital Increase**") to be carried out, subject to approvals by the relevant competent authorities and the shareholders' meeting of BPVi, by spring 2016 in order to strengthen the CET1 of BPVi itself and reach the target imposed by the ECB. Thus, on September 2015, BPVi and UniCredit banking group entered into a preliminary agreement for the underwriting of the shares to be issued as part of Share Capital Increase.

On 30 September 2015, the Board of Directors approved the new business plan for the years 2015-2020 (the "**Business Plan**"). The Business Plan will enable BPVi to reach levels of profitability and capitalisation consistent with its significant market potential, while continuing to play a leading role as major local player in the North-Eastern region and in other regions of reference. The new mission undertaken by the BPVi Group is to serve companies and entrepreneurs with a dedicated and comprehensive service model and to serve families and small business operators with an offering of quality, streamlined and convenient banking and financial services, offered through its branches which will combine operational efficiency with an improved consulting and service capacity.

Subsequently, on 9 February 2016, the Board of Directors approved a revision of the economic/capital and financial projections of the Business Plan, confirming the strategic guidelines already approved in September 2015. The economic/capital and financial targets were revised to take into consideration the actual results of the 2015 Financial Statements.

Among the main external factors which have contributed to the transformation process, there is the reform of the co-operative banks, introduced by Law Decree No. 3 of 24 January 2015 ("*Urgent measures for the banking system and for investments*"), which introduced an obligation for co-operative banks with assets exceeding Euro 8 billion (such as BPVi whose assets amounted to Euro 46.5 billion as at 31 December 2014) to transform into limited liability companies within 18 months from the entry into force of the implementing provisions (i.e. 27 June 2015).

On 5 March 2016, the shareholders' meeting approved:

a) the transformation of BPVi from a cooperative company limited by shares (*società cooperativa per azioni*) into a limited liability company limited by shares (*società per azioni*) and, therefore, the adoption of a new articles of association;

b) to delegate the Board of Directors (i) to carry out the Share Capital Increase up to Euro 1.5 billion, directed at restoring the capital ratios above the minimum targets defined by the ECB by way of an offer of BPVi shares (the "**Global Offer**") and (ii) to submit the request for admission to trading of the BPVi ordinary shares on the *Mercato Telematico Azionario* organised and managed by Borsa Italiana S.p.A. (the "**MTA**").

On 20 April 2016, BPVi received the notice issued by Borsa Italiana S.p.a. of admission to trading on the MTA of the BPVi shares. In addition, on 21 April 2016, CONSOB approved the prospectus relating to the offer and the admission to listing of BPVi share on the MTA.

Notwithstanding the above, on 2 May 2016, Borsa Italiana S.p.A., in light of the outcome of the Global Offer, did not authorise the commencement of trading of BPVi shares on the MTA.

Consequently, the capital strengthening programme was implemented through the subscription of the entire capital increase by Quaestio Capital Management SGR S.p.A. ("**Quaestio**") (on behalf of Atlante Fund, an alternative closed-end mutual fund), entering into a sub-underwriting agreement and an underwriting agreement with UniCredit respectively, on 20 April 2016 and on 30 April 2016, by which Quaestio (on behalf of Atlante Fund) succeeded to Unicredit in its obligations to guarantee the subscription of the BPVi shares that were not placed in course of the Global Offer. As a result of the aforesaid subscription, Quaestio (on behalf of Atlante Fund) subscribed for 15,000,000,000 BPVi shares at the offer price of Euro 0.10 per share, amounting to Euro 1.5 billion (equal to 100% of the Global Offer) and, as a consequence, Atlante Fund currently holds a 99.33% share of the capital of BPVi.

On 7 July 2016 the shareholders' meeting of BPVi approved:

(a) the appointment of the new Board of Directors. In the course of the first meeting of the new Board of Directors, held on 13 July 2016, Mr. Gianni Mion was appointed as Chairman, Mr. Salvatore Bragantini as Deputy Chairman and Mr. Francesco Iorio was confirmed as Managing Director and General Manager;

(b) the appointment, for the years 2016-2018, of the Board of Statutory Auditors and of its Chairman;

(c) the consensual early termination of the existing independent audit engagement with KPMG S.p.A., and new audit engagement of PWC S.p.A. for the years from 2016 to 2024.

In August 2016, Cattolica Assicurazioni informed BPVi of the exercise of the right to withdraw unilaterally from the existing partnership agreements, as a consequence of the transformation of the corporate structure of the Bank from cooperative to a limited liability company. With reference to the aforesaid decision by Cattolica Assicurazioni, the Bank, on the basis of authoritative legal opinions

received, informed Cattolica Assicurazioni of its intention to challenge the legitimacy of its withdrawal and inviting it to start discussions also for the purpose of addressing additional aspects of the aforementioned agreements.

On 5 December 2016, the Board of Directors of BPVi acknowledged the resignation of Mr. Francesco Iorio, as Chief Executive Officer and General Manager. On 6 December 2016, the Board of Directors unanimously approved the cooptation of Mr. Fabrizio Viola into the Board of Directors as Chief Executive Officer, whose appointment underscores the Bank's determination to support the turnaround process and to set up the envisaged merger plan with Veneto Banca S.p.A. to be submitted to the supervisory authority and the shareholders.

On 13 December 2016, the shareholders' meeting approved the liability action against former members of the management team, board of directors and board of statutory auditors and the previous auditing firm of BPVi. The action aims at seeking compensation:

a) for any damages, financial and not (such as reputational damages), caused by the breach by the above-mentioned corporate officers, during their term in office, of the duties and regulations governing the rules of conduct in accordance with which they were obliged to act;

b) for all the damages (also in terms of reputational damage), including the costs incurred by the Bank to enter into settlement agreements with its shareholders, caused by the methods by which the BPVi shares were traded (including the share pricing process, the financed capital situation, the letters of commitment and/or compliance with the regulations on investment services and financial intermediation).

Considering the executive report of the Board of Directors, the latter has been authorised by the shareholders' meeting above to progressively expand the scope of the liability action to cover any other additional facts or responsibility aspect that may come to light, upon completing the ongoing inspections, and to include the auditing firm KPMG S.p.A. - and the individuals in charge of audits – within the the defendants of the liability actions pursuant to and by effect of art. 15 Lgs. D. 39/2010 and following amendments.

In December 2016, Quaestio, as manager of the Atlante Fund (currently, the BPVi's controlling shareholder) has undertaken to make an advance payment of Euro 310 million to BPVi for the future capital increase (*versamenti in conto futuro aumento di capitale*); such payment (i) will be a lump-sum and will cover the full amount, (ii) is to be considered irreversible since, should the capital increase for any reason not be completed, the payment will in any case be retained in the BPVi's capital, and neither the Atlante Fund nor Quaestio may request the refund of such payment; and (iii) will be recognized on the BPVi's balance sheet as a capital reserve. The advance payment in question was made on 5th January 2017. The financial support provided by Quaestio is aimed at strengthening the capital ratios of BPVi Group in the light of the impacts that may arise from the complex year-end assessment processes currently in progress.

In addition, in light of the changes in the financial markets (interest rate environment, TLTRO2, macro-economic uncertainty) and of the decline in intermediated assets, the BPVi Group started a revision of the Business Plan, which will aim for a sustainable cost/income ratio over time, the recovery of operational efficiency, the reduction of credit risk and the resumption of commercial activities, to be achieved primarily by restoring a trust-based relationship with its customer base.

In line with the Business Plan and to contain its cost base, the Board of Directors decided to close the representative offices in New York, Sao Paulo, Moscow, Shanghai and Hong Kong; only the representative office in New Delhi remains open. The activity carried out to date by the representative offices will be carried out by the strengthened central organisation of the Foreign Department.

Outcome of the 2016 Supervisory Review and Evaluation Process (SREP)

As at 30 June 2016 the capital ratios of BPVi Group, calculated using standard methodology, were:

- 10.75% CET1 ratio transitional;
- 10.75% Tier 1 ratio transitional;
- 12.40% Total Capital ratio transitional.

At the end of the annual Supervisory Review and Evaluation Process (SREP) held during 2016, in December 2016 BPVi received from the ECB the decision regarding the following prudential requirements to be observed on a consolidated basis as from 31 March 2017:

- 8.75% CET1 ratio transitional;
- 10.25% Tier 1 ratio transitional;
- 12.25% Total Capital ratio transitional.

Since BPVi does not currently hold Tier 1 instruments, the minimum requirement to be observed in terms of CET1 ratio is 10.25%.

The aforementioned prudential requirements include an additional Pillar 2 Requirement (P2R) of 3.00% and a Capital Conservation Buffer (CCB) of 1.25%, both to be entirely held in terms of CET1 ratio.

Furthermore, in the same SREP decision BPVi is required to:

- draw up an updated strategic plan;

- draw up a funding plan aimed at strengthening the liquidity position of BPVi, which shall include measures for stabilising the LCR at a level of at least 10 percent higher than the minimum regulatory threshold;

- evaluate all available options and strategies in order to reduce the stock of non-performing loans.

The regulatory capital ratios as at 31 December 2016 will be reported upon approval of the draft of the 2016 financial statements by the Board of Directors and they might be impacted, among other things, by the result of complex assessment processes currently in progress, also taking into account the difficult market context.

Settlement offer

On 9 January 2017, the Board of Directors of BPVi resolved to start conciliation proceedings with shareholders who have been investing in BPVi shares in the last 10 years.

The settlement offer will provide for the payment of of 9 (nine) euros for each share purchased through a bank of the BPVi Group from 1 January 2007 until 31 December 2016, net of sold shares. The sum will be paid in exchange for the waiver by the shareholders of the right to take legal action for any claim related to the investment (or failure to disinvest) in BPVi shares, which in any case will remain in the ownership of the shareholders.

The settlement offer (in the same terms and conditions) is addressed to 94,000 shareholders identified on the basis of objective criteria, mainly comprising individuals, partnerships, foundations and non-profit organizations and agencies, which may express their interest by 15 March 2017. The success and validity of the settlement offer is subject to an acceptance rate of at least 80% of the BPVi shares falling within the settlement offer scope being reached, provided that BPVi may waive such condition precedent.

The outcome of the settlement offer will be communicated in April 2017. BPVi reserves the right to extend the offering period deadline until 30 June 2017 for legitimate and justified reasons, in particular to encourage the widest possible acceptance.

State-guarantee Bond

On 19 January 2017, with reference to the request submitted by the Bank to issue State-guaranteed bonds pursuant to Law Decree No 237/2016 (*Disposizioni urgenti per la tutela del risparmio nel settore creditizio)* converted into Law No 15 of 17 February 2017 (the "**Decree 237**") , thereby accessing liquidity support measures, the European Commission assessed that the scheme does not breach European State aid rules.

On the basis of this positive assessment, the Italian Ministry of Economy and Finance may grant a state guarantee on BPVi's newly issued bonds providing BPVi with additional measures to ensure an effective management of the treasury and to stabilise the management of the liquidity position over the medium to long term.

On 3 February 2017, BPVi issued a State-guaranteed bond for a nominal value of Euro 3 billion, pursuant to Decree 237, coupon rate 0.5% and maturity date February 2020 (the "**State-guaranteed Bond**"), which have been on issuance fully subscribed by BPVi. The securities' rating is in line with the rating of the Italian government, equal to BBB *high* (stable) by DBRS and BBB+ by Fitch.

On 20 February 2017, BPVi successfully completed the offering to institutional investors of a Euro 1.25 billion of the State-guaranteed Bond; the remaining Euro 1.75 billion of the State-guaranteed Bond is currently being used as collateral for financing transactions.

The proceeds raised from the above transactions will help diversify the Group's funding sources and stabilize the long-term liquidity position management.

Inspections carried out by the Supervisory Authorities

ECB Inspections

On 26 February 2015, the ECB started an inspection of BPVi pertaining to Risk Management - Market Risk (management of Proprietary Trading and Governance), ended on 1 July 2015.

The audit involved, *inter alia*, the inspection of the procedures for the subscription of the 2013 and 2014 capital increases carried out by the Bank and the trading of treasury shares as matching entry of the "Provisions for the purchase of treasury shares". The results of the inspection were formalised in the "*Decision establishing requirements pursuant to Article 16(2) of Regulation (EU) No 1024/2013 and Recommendation on certain remedial actions following an on-site inspection*", transmitted by the ECB to the Bank on 19 January 2016 in draft form and on 15 March 2016 in its final version. The inspection report pointed out to certain critical issues pertaining, *inter alia*, to: *i)* purchasing and subscribing the Bank's treasury shares ("*Financing of treasury shares Governance and internal controls*" and "*Trading on trading shares – secondary market*"); *ii)* compliance with the MIFID regulations in the placement of the last capital increases ("*Trading on treasury shares: primary market MIFID compliance*").

In particular, with reference to the above aspects, the inspection brought to light the presence of cases where some of the Bank's customers used amounts resulting from loans issued by the Bank itself to subscribe the capital increases of 2013 and 2014 and to purchase shares of the Bank in the period between 1 January 2014 and 28 February 2015. Such loans, according to the criteria identified by the ECB, were deemed by the ECB to be "correlated" to the subscription or to the purchase of the shares. The inspection also revealed that, in some cases, executives of the Bank signed letters whereby,

spending improperly of the name of the Bank, they assumed obligations to "guarantee", "provide a return" and/or "buy back" the Bank shares that were purchased or subscribed by said customers.

On 13 April 2015, the ECB started an inspection on "*Risk governance and risk appetite framework*" in accordance with Articles 10 and 11 of Regulation (EU) no. 1024/2013 of 15 October 2013 (the "**SSM Regulation**") and with Article 142 of the Regulation (EU) n. 468/2014 of 16 April 2014, completed on 17 April 2015. In particular, the inspection assessed (i) the operation and effectiveness of the Board of Directors and of the Board of Statutory Auditors, as well as (ii) the Risk Appetite Framework (RAF) of the Bank. The outcomes of this inspection were notified to the Bank on 19 January 2016 and they referenced the critical profiles already emerged from the inspection carried out between February and July 2015 with particular reference to the governance structure and to the risk management system in relation to which they highlighted areas for improvement. The Bank replied to the ECB on 16 February 2016, pointing out to the actions already taken, in particular with reference to the Risk Appetite Framework (RAF), and those already started, indicating the date by which these will be completed.

Lastly, in May 2016 the ECB started an inspection on the management and assessment processes and the internal controls system relating to the credit and counterparty risks. The inspection was completed and the Half-Year Financial Report of 30 June 2016 incorporated the preliminary findings relating to the higher specific and general adjustments that emerged from the discussions held with the inspection team during the inspection.

ECB penalty assessing proceeding

The allegations against the Bank resulting from the inspections carried out by ECB relate to the following instances:

- reporting and disclosure to the public with regard to the correct amount of "own funds" (*fondi propri*) (in particular, the disclosure contained in the annual report as at 31 December 2014 and the one contained in the quarterly report of 31 March 2015);
- temporary breach of the maximum threshold of "significant exposures" to a specific leading international counterparty operating in the financial sector.

In accordance with Article 17 of SSM Regulation, the theoretically applicable penalty is monetary, must be "effective, proportionate and dissuasive" and the relevant amount may reach "up to 10% of the total annual turnover" of the supervised party. In accordance with Article 128 of Regulation (EU) No. 468/2014, if the party belongs to a supervised group, the total annual turnover is the one determined on the basis of the most recent consolidated annual financial statements.

CONSOB Inspections

In 2015 and 2016 BPVi was also subject to two inspections by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**"). From 22 April 2015 to 24 February 2016, CONSOB carried out an inspection under Article 10, Paragraph 1, and the combined provisions of Articles 115, Paragraph 1, Letter c) and 116, Paragraph 1 of Italian Legislative Decree No. 58 of 24 February 1998 (*Testo Unico della Finanza*) to ascertain, *inter alia*, the control procedures directed at managing the conflict of interest inherent in the placement of own issue securities, the process for the definition of the proposal to revise the value of treasury shares resolved annually by the Board of Directors, the assessment of the adequacy of customers' investments, and the management of customers' orders pertaining to the sale of treasury shares. The final outcome of the inspection was notified to the Bank in April 2016 by CONSOB serving 6 penalty assessing proceedings, one of which was served to the Bank as a directly liable party and the remaining five were addressed to the Bank exclusively as jointly and severally liable for the violations allegedly perpetrated by members of the corporate bodies and by some

executives and employees of the Bank, including, in some cases, after they left their office and/or their functions.

An additional inspection, directed at acquiring the documents and data relating to the capital, banking and financial dealings with Cattolica Assicurazioni and an assessment of the equity investment held by BPVi in Cattolica Assicurazioni in the financial statements of 31 December 2014 and in the half-yearly report of 30 June 2015, was carried out by CONSOB from 19 January to 24 February 2016; to date, the outcome of the inspections carried out is not known.

AGCM Inspections

On 8 March 2016, the Italian Antitrust Authority ("**AGCM**") initiated a proceeding against the Bank, pertaining to a possible violation, by the Bank, of the regulations for the protection of consumers. In particular, according to the AGCM, the Bank allegedly carried out an improper commercial practice in violation of Articles 20, Paragraph 2, 21, Paragraph 3-bis, 24 and 25 of Italian Legislative Decree No. 206/2005 (*Italian Consumer Code*). Said commercial practice was allegedly followed in the period between January 2013 and April 2015 and allegedly consisted of the following conduct:

a) the Bank unlawfully coerced its own customers, subordinating the issue of loans to the purchase of its own treasury shares or convertible bonds. With specific reference to the "*stockholder loans*", non-stockholder consumers were allegedly coerced, as a condition to obtaining the loans in question: (i) to purchase the minimum quantity of shares (*i.e.* 100) necessary to apply to become a stockholder and (ii) not to sell said minimum quantity of shares, under penalty of forfeiting the favourable economic conditions;

b) the Bank obligated customers benefiting from a stockholder loan to open a stockholder current account by explaining that, it was necessary to establish a new current account connected with the loan and that it was possible to benefit, in this account as well, from the advantages of being a stockholder, i.e. omitting to indicate that there was in fact no obligation to open the account with the same bank that issued the loan.

Following the outcome of this proceeding, on 12 September 2016 the AGCM notified to the Bank an administrative financial penalty of Euro 4.5 million, which has been already paid by BPVi and, at the same time, appealed by BPVi before the Administrative Court of Lazio Region (*Tribunale Amministrativo Regionale del Lazio*).

Bank of Italy penalty assessing proceeding

On 8 July 2016, the Bank of Italy notified the Bank, in accordance with Article 145 of the Italian Legislative Decree No. 385 of 1 September 1995 (the "**Italian Banking Act**"), of the start of an administrative penalty assessing proceeding for violations of the prescriptions of the Italian Banking Act and of the national regulatory provisions implementing the relevant European regulations. Bank of Italy acted in compliance with the request contained in the note of 22 December 2015 and forwarded to it by the ECB.

The ECB, in accordance with the assignment of penalty-assessing powers provided by Article 18 of the SSM Regulation, which assigns specific tasks to the ECB concerning policies relating to the prudential supervision of credit institutions - requested the Bank of Italy, as national supervisory authority, to:

(i) determine whether the facts uncovered in the course of the inspection carried out by the ECB at the Bank's premises from 26 February to 3 July 2015 constitute violations of Italian law;

(ii) initiate penalty assessing proceedings against the parties deemed responsible, in accordance with Italian law.

The inspections, extended to the entire BPVi Group, pertained to the market risk, with specific focus on:

a) trading of the BPVi shares with the stockholders;

b) reasons underlying the investments in two funds ("Athena Capital Balanced Fund" and "Optimum Evolution Fund");

c) governance of the group's finance function;

d) evolution and consistency of the strategies linked to significant investment in Italian Government bonds and to their cash flow hedging.

Notice of the assessment of the violation was served to the Bank in its capacity as jointly and severally liable for payment of the penalties in accordance with Article 145 of the Italian Banking Act, in addition to the notice of proceeding against the individual representatives/employees inasmuch as they are directly liable for the alleged facts. In particular, the Bank of Italy alleged that a series of provisions were violated by representatives and executives in office at the time of the alleged events and since ceased, including those pertaining to:

- organisation and corporate governance of banks;
- internal control system;
- risk management and control by the corporate Bodies and, more in general, containment of risks in its different configurations.

The Bank is jointly and severally liable to pay for any administrative penalties that should be assessed against the liable subjects, although the Bank is obligated to exercise in turn a compensation action against them. It is possible that, if criminal proceedings are initiated against the involved parties in relation to the aforementioned behaviours, the Bank may be found to be liable in accordance with Italian Legislative Decree no. 231/2001.

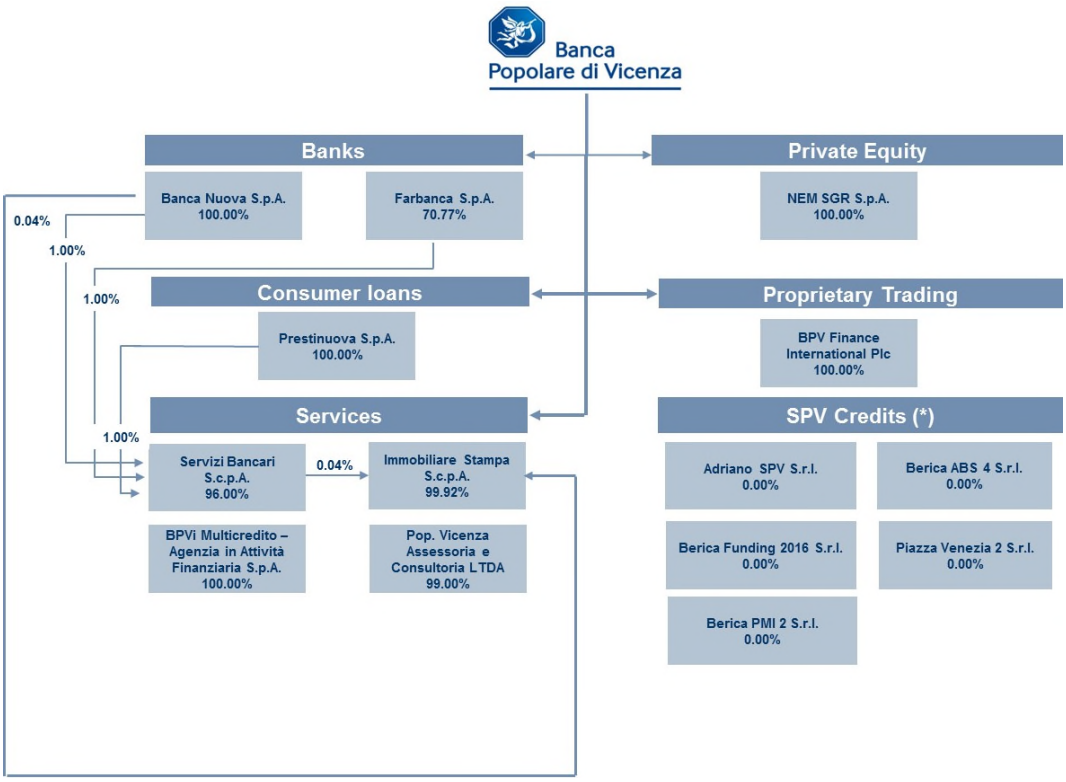
By virtue of the penalties applicable pro tempore with regard to the alleged violations, each such violation, in accordance with Article 144 of the Italian Banking Act in force at the time, could entail the assessment of the monetary administrative penalty against the persons who serve in administration or management capacities, and of the employees, from a minimum amount of Euro 2,580 to a maximum amount of Euro 129,110 for each person.

Ordinary inspections by the Bank of Italy

In the context of the ordinary inspecting activities of the national supervisory authority, the Bank of Italy carried out inspections at the branches being part of the Bank's commercial network with regard to the anti-money laundering regulations; the outcome of these inspections have not been communicated yet.

Organisational structure

Below is the organisational chart of the BPVi Group as at 30 June 2016.



(*) Special purpose vehicles for the securitisation of claims that are neither investees of the Group Parent nor of any of its subsidiaries; with the completion of the securitisation, BPVi, in light of the Supervisory Regulations for Banks (First Part, Title I, Chapter 2, Section II, Par. 3.1 of Circular No. 285), attained a control situation in the form of the dominant influence that entail a change of the BPVi Group.

BPVi Group – Financial Highlights

The following tables show selected consolidated financial information relating to BPVi that have been derived from the interim audited consolidated financial statements as of **30 June 2016**.

RECLASSIFIED CONSOLIDATED BALANCE SHEET (in millions of euro)

ASSETS	30/06/2016	31/12/2015	Change	
			absolute	%
Loans and advances to customers	23,366.5	25,178.1	-1,811.6	-7.2%
Loans and advances to banks	2,925.7	2,150.2	775.5	36.1%
Financial assets held for trading	2,659.4	3,408.6	-749.2	-22.0%
Other cash financial assets and hedging derivatives [1]	5,643.9	5,766.7	-122.8	-2.1%
Equity investments	214.8	492.7	-277.9	-56.4%
Property, plant and equipment and intangible assets [2]	614.7	609.2	5.5	0.9%
Other assets [3]	2,221.9	2,177.9	44.0	2.0%
Total assets	**37,646.9**	**39,783.4**	**-2,136.5**	**-5.4%**

Unless otherwise specified, the above items refer to the corresponding balance sheet layout prescribed by the Bank of Italy Circular no. 262.

[1] Inclusive of items "30. Financial assets at fair value", "40. Financial assets available for sale" and "80. Hedging derivatives".
[2] Inclusive of items "120. Tangible assets" and "130. Intangible assets".
[3] Inclusive of items "10. Cash and cash equivalents", "90. Remeasurement of financial assets under macro hedging", "140. Tax assets" and "160. Other assets".

LIABILITIES	30/06/2016	31/12/2015	Change	
			absolute	%
Direct deposits [1]	20,029.2	21,942.7	-1,913.5	-8.7%
Deposits from banks	9,512.3	9,973.5	-461.2	-4.6%
Financial liabilities held for trading	1,837.7	2,772.0	-934.3	-33.7%
Hedging derivatives	999.8	887.6	112.2	12.6%
Other liabilities [2]	2,056.5	1,673.5	383.0	22.9%
Group equity [3] [4]	3,211.4	2,534.1	677.3	26.7%
- *of which Parent Bank's profit (loss)*	*-795.3*	*-1,407.0*	611.7	*n.s.*
Total liabilities	**37,646.9**	**39,783.4**	**-2,136.5**	**-5.4%**

Unless otherwise specified, the above items refer to the corresponding balance sheet layout prescribed by the bank of Italy Circular no. 262.
[1] Inclusive of balance sheet items "20. Due to customers", "30. Securities in issue" and "50. Financial liabilities at fair value".
[2] Inclusive of balance sheet items "70. Remeasurement of financial liabilities under macro-hedging", "80. Tax liabilities", "100. Other liabilities", "110. Termination benefits", "120. Provisions for risks and charges" and "210. Minority interest".
[3] Inclusive of balance sheet items "140. Valuation reserves", "160. Equity instruments", "170. Reserves", "180. Share premium", "190. Share capital", "200. Treasury shares" and "220. Net profit (loss) for the year".
[4] Inclusive of restricted reserves of Euro 256.6 mln (Euro 304.4 mln at 31 December 2015) related to financed capital and Euro 48.5 mln (Euro 57 mln at 31 December 2015) related to the two capital increases (duly communicated to the Regulator) aimed at broadening our shareholding base.

RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in million of euros)

	30/06/2016	30/06/2015	Change	
			absolute	%
Net interest income	196.6	257.5	-60.9	-23.6%
Dividends and profit (loss) from equity investments	7.4	31.4	-24.0	-76.3%
Net financial income	**204.0**	**288.9**	**-84.8**	**-29.4%**
Net fees and commissions	122.3	170.1	-47.8	-28.1%
Net profit for the property portfolios	37.0	100.4	-63.4	-63.2%
Other net income	21.4	-0.1	21.6	n.s.
Operating income	**384.8**	**559.3**	**-174.5**	**-31.2%**
Administrative costs:	-305.1	-322.1	17.1	-5.3%
- personnel expenses	-195.7	-207.3	11.6	-5.6%
- other administrative expenses	-109.4	-114.9	5.5	-4.8%
Depreciation and Amortization	-16.6	-17.7	1.2	-6.6%
Operating costs	**-321.6**	**-339.9**	**18.2**	**-5.4%**
Profit (loss) from operations	**63.1**	**219.4**	**-156.3**	**-71.2%**
BRRD, FITD and voluntary plan charges	-17.3	0.0	-17.3	n.s.
Net impairment and adjustment	-938.8	-1,089.1	150.4	-13.8%
- of which on loans and advances	*-593.4*	*-703.0*	*109.7*	*-15.6%*
- of which on financial assets available for sale and equity investments	*-339.2*	*-119.3*	*-219.9*	*184.3%*
- of which goodwill impairment	*-5.8*	*-268.8*	*263.0*	*-97.8%*
- of which on other financial transactions	*-0.4*	*2.0*	*-2.4*	*-117.4%*
Net provisions for risks and charges	-76.8	-380.1	303.3	-79.8%
Gain (loss) on disposal/valuation of investments	8.3	-0.5	8.8	n.s.
Net income (loss) for the period before tax	**-961.4**	**-1,250.2**	**288.8**	**-23.1%**
Income tax	166.9	198.0	-31.0	-15.7%
Minority interest	-0.8	-0.6	-0.2	25.5%
Net income (loss) for the period	**-795.3**	**-1,052.9**	**257.6**	**-24.5%**

Below is the reconciliation between the items of the reclassified income statement and those prescribed by the Bank of Italy with Circular no. 262.

Legend:

Net interst income: item 30 of the income statement.

Dividends and profit (loss) from equity investments: items 70 and 240 of the income statement net of write-downs on impairment (-229,915 thousand euro at 30 June 2016, -1,363 thousand euro at 30 June 2015).

Net fees and commissions: item 60 of the income statement.

Net profit from banking books: items 80, 90, 100 and 110 of the income statement, excluding the earn-out associated with the disposal of the stake held in ICBPI (+10,037 thousand euro at 30 June 2016, absent at 30 June 2015) and the difference recognized under line-item 80 (80,858 thousand euro at 30 June 2016), absent at 30 June 2015, between the pre-fixed price of Cattolica Assicurazioni's put option on the 60% stakes in Berica Vita SpA, Cattolica Life DAC and ABC Assicura SpA and the corresponding pro-rated embedded value of Cattolica in Berica Vita SpA, Cattolica Life DAC and in the net equity of ABC Assicura SpA.

Other net income: item 220 of the income statement, excluding "recovery of stamp duties and other indirect taxes" (+20,630 thousand euro at 30 June 2016, +31,292 thousand euro at 30 June 2015) and "amortization of leashold improvements" (-2,191 thousand euro at 30 June 2016, -2,736 thousand euro at 30 June 2015).

Personnel expenses: item 180 a) of the income statement.

Other administrative expenses: item 180 b) of the income statement, net of revenues from "recovery of stamp duties and other indirect taxes" (+20,630 thousand euro at 30 June 2016, +31,292 thousand euro at 30 June 2015), of the ordinary contribution to the Resolution Fund (-17,339 thousand euro at 30 June 2016, absent at 30 June 2015) and of the DTA fee under L.D. 59/2016 (-10,655 thousand euro at 30 June 2016, absent at 30 June 2015).

Amortization and Depreciation: items 200 and 210 of the income statement and including "amortization of leashold improvements" (-2,191 thousand euro at 30 June 2016, -2,736 thousand euro at 30 June 2015).

Profit from operations: "Operating income" + "Operating costs" as defined above.

BRRD, FITD and voluntary plan charges: ordinary contribution to the Resolution Fund (-17,339 thousand euro at 30 June 2016, absent at 30 June 2015) recognized under line-item 180 b of the income statement.

Net write-downs/write-backs on impairment: items 130 and 260 of the income statement, including write-backs on impairment of Equity investments recognized under line-item 240 of the income statement (-229,915 thousand euro at 30 June 2016, -1,363 thousand euro at 30 June 2015) and the difference recognized under line-item 80 (80,858 thousand euro at 30 June 2016), absent at 30 June 2015, between the pre-fixed price of Cattolica Assicurazioni's put option on the 60% stakes in Berica Vita SpA, Cattolica Life DAC and ABC Assicura SpA and the corresponding pro-rated embedded value of Cattolica in Berica Vita SpA, Cattolica Life DAC and the net equity of ABC Assicura SpA.

Net provisions for risks and charges: item 190 of the income statement.

Gain (loss) on disposal/valuation of investments: items 250 and 270 of the income statement, including the earn-out associated with the disposal of the stake in ICBPI (+10,037 thousand euro at 30 June 2016, absent at 30 June 2015) recognized under line-item 100 of the income statement.

Income tax: item 290 of the income statement, including the DTA fee under L.D. 59/2016 (-10,.655 thousand euro at 30 June 2016, absent at 30 June 2015) recognized under line-item 180 b of the income statement.

Minority interest: item 330 of the income statement.

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

REGULATORY CAPITAL REQUIREMENTS

In the Subscription Agreements and in the Intercreditor Agreement each Originator has undertaken to the Issuer and to the Representative of the Noteholders that it will:

(a) retain at the origination and maintain (on an ongoing basis) a material net economic interest of at least 5% in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolio transferred by it to the Issuer) in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation (or any permitted alternative method thereafter). As at the Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes);

(b) disclose that it continues to fulfil the obligation to maintain the material net economic interest in the Transaction in accordance with the option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation and give relevant information to the Noteholders and prospective investors in this respect on a quarterly basis through the Investors' Report;

(c) ensure that Noteholders and prospective investors have readily available access to all information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil their monitoring and due diligence duties under Articles 405 and following of the Capital Requirement Regulation; and

(d) notify to the Noteholders any change to the manner in which the material net economic interest set out above is held.

In light of the above, each of the Originators has undertaken that such information (with regard to itself and the relevant Portfolio transferred by it to the Issuer):

(a) on the Issue Date will be included in the following sections of this Prospectus "*The Portfolios*", "*Risk Factors*", "*Transaction Overview*", "*Credit and Collection Policies and Recovery Procedures*", "*Description of the Transaction Documents – The Servicing Agreement*", "*Description of the Transaction Documents – The Warranty and Indemnity Agreements*", and

(b) on an ongoing basis:

1) will be included in the Investors' Report issued by the Calculation Agent on each Investors' Report Date, which will:

(a) contain, *inter alia*, (i) statistics on prepayments, Delinquent Instalments, Delinquent Claims, Defaulted Claims, Late Payments 60 Claims and Late Payments 90 Claims; (ii) details relating to repurchases of Claims by the Servicers and/or the Originators pursuant to the terms of the Servicing Agreement and the Transfer Agreements, and (iii) details (provided, where relevant, by the Calculation Agent) relating to the Rate of Interest, Interest Payment Amount, Principal Amount Outstanding of the Notes, principal payments on the Notes and other payments made by the Issuer;

(b) include information on the material net economic interest (of at least 5%) in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolio transferred by it to the Issuer) maintained by the Originators in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation (or any permitted alternative method thereafter);

(c) be generally available to the Noteholders and prospective investors at the offices of the Paying Agent and on the Calculation Agent's web-site (currently at https://gctabsreporting.bnpparibas.com/index.jsp);

2) with reference to loan by loan information regarding each Mortgage Loan included in the Portfolios, be made available, upon request, on a password protected web-site;

3) with reference to the further information which from time to time may be deemed necessary under Articles 405 and following of the CRR, in accordance with the market practice and not covered under points (1) and (2) above, will be provided, upon request, by each Originator.

Each of the Originators has also undertaken in the Class A and Mezzanine Notes Subscription Agreement that the material net economic interest retained by it in compliance with the above shall not be subject to any credit risk mitigations or any short positions or any other hedge, as and to extent required by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation.

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405) Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of the Solvency II Regulation (including Article 254) and any corresponding national measure which may be relevant and none of the Issuer, the Originators, the Servicers, the Arrangers or any other party to the Transaction Documents makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), please refer to the risk factor entitled "Regulatory Capital Requirements".

THE SWAP COUNTERPARTY AND EMIR REPORTING AGENT

J.P. Morgan Securities plc acts as Swap Counterparty and EMIR Reporting Agent under the Transaction.

J.P. Morgan Securities plc is incorporated in England and Wales and is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority. J.P. Morgan became an EU credit institution on 1 July 2011.

J.P. Morgan Securities plc was previously named J.P. Morgan Securities Ltd. On 6 July 2012, J.P. Morgan Securities Ltd. was re-registered as a public company and its name was changed to J.P. Morgan Securities plc. In addition, its registered office was changed from 125 London Wall, London EC2Y 5AJ to 25 Bank Street, Canary Wharf, London E14 5JP.

J.P. Morgan's immediate parent undertaking is J.P. Morgan Chase International Holdings, incorporated in England and Wales. The Swap Counterparty's ultimate parent undertaking is JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. The parent undertaking of the smallest group in which the Swap Counterparty's results are consolidated is J.P. Morgan Capital Holdings Limited, incorporated in England and Wales.

J.P. Morgan's primary activities are underwriting Eurobonds, equities and other securities, arranging private placements of debt and convertible securities, trading in debt and equity securities, swaps and derivative marketing, providing investment banking advisory and primary brokerage and clearing services for exchange traded futures and options contracts. J.P. Morgan has branches in Frankfurt, Paris, Milan, Zurich, Madrid and Stockholm and is a member of many futures and equity exchanges including the London Stock Exchange.

The obligations of the Swap Counterparty under the Swap Agreement are guaranteed by JPMorgan Chase Bank, N.A. pursuant to a guarantee dated on or about the Signing Date.

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

THE SWAP GUARANTOR

JPMorgan Chase Bank, National Association, a national banking association ("**JPMorgan Chase Bank, N.A.**), is one of the principal bank subsidiaries of JPMorgan Chase & Co. JPMorgan Chase Bank, N.A. offers a wide range of banking services to its customers both in the United States and internationally, including investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing and asset management. JPMorgan Chase Bank, N.A. is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency, a bureau of the U.S. Department of the Treasury. As of December 31, 2015, JPMorgan Chase Bank, N.A. had total assets of $1.9 trillion and total stockholder's equity of $195.5 billion.

JPMorgan Chase Bank, N.A. files quarterly Consolidated Reports of Condition and Income for A Bank With Domestic and Foreign Offices ("**Call Reports**") with the Federal Financial Institutions Examinations Council (the "FFIEC"). The non-confidential portions of the Call Reports can be viewed on the FFIEC's website at *https://cdr.ffiec.gov/public*. The Call Reports are prepared in accordance with regulatory instructions issued by the FFIEC and do not in all cases conform to U.S. generally accepted accounting principles ("GAAP").

Additional information concerning JPMorgan Chase Bank, N.A., including the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed by JPMorgan Chase & Co. with the Securities and Exchange Commission (the "**SEC**"), as they become available, can be viewed on the SEC's website at *www.sec.gov*. Those reports and additional information concerning JPMorgan Chase Bank, N.A. can also be viewed on JPMorgan Chase & Co.'s investor relations website at *http://investor.shareholder.com/jpmorganchase.*

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

THE CALCULATION AGENT, THE PAYING AGENT, THE ACCOUNT BANK AND THE LUXEMBOURG LISTING 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 30 September 2016 BNP Paribas Securities Services has USD 8,521 billion of assets under custody, USD 1,934 billion assets under administration; 10,381 administered funds and 9,530 employees.

BNP Paribas Securities Services currently has long-term senior debt ratings of "A" (stable) from S&P's, "A1" (stable) 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 Stable	Outlook Stable

BNP Paribas Securities Services, Milan Branch shall act as Calculation Agent, Paying Agent and Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

BNP Paribas Securities Services, Luxembourg Branch shall act as Luxembourg Listing Agent.

The information contained herein relates to BNP Paribas Securities Services and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of 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.

THE REPRESENTATIVE OF THE NOTEHOLDERS AND THE BACK-UP SERVICER FACILITATOR

Principal Activities

130 Finance is an Italian professional services provider, specialised in providing services to securitisation transactions, in particular acting as representative of the noteholders, computation agent and back up special servicer in several structured finance deals. 130 Finance has a gained a relevant track record in portfolio performance analysis and in monitoring several securitisation transactions involving many different types of assets (residential and commercial mortgages, lease receivables, public and local entities receivables, non performing assets, trade receivables). 130 Finance has developed an expertise in developing and managing proprietary software tools for performing financial and legal structure analysis and monitoring, either on collateral asset pools and on single and multi originators type of deals.

130 Finance is the editor of the site Securitisation.it, and offers publishing services and provides reports on Italian securitisation topics to institutional associations. The site is online since 2001, and is collecting and analyzing all the data of the securitisation transactions originated in the Italian market since the introduction of the Italian Securitisation Law in 1999. The site publishes independent researches and analyses on the primary Italian market as a whole and on some specific, and most frequently securitised, asset classes, as well as providing a complete collection of the regulatory framework in place in Italy since its origin, a database of SPVs and a collection of transaction reports.

Additional information are available on the company website: www.130finance.com.

In the context of the Transaction, 130 Finance will also act as Back-Up Servicer Facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

The information contained herein relates to 130 Finance and has been obtained from it. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of 130 Finance since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

THE BACK-UP SERVICER AND THE CORPORATE SERVICES PROVIDER

Zenith Service S.p.A. is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office at Via Guidubaldo del Monte 61, 00197 - Rome, Italy and administrative offices at Via A. Pestalozza 12/14, 20131 Milan, Italy, fully paid share capital of Euro 2.000.000, fiscal code and enrolment with the companies register of Rome number 02200990980, enrolled in the register of financial intermediaries held by Bank of Italy pursuant to articles 106 of the Consolidated Banking Act, ABI Code 32590.2.

Zenith Service S.p.A. is a professional Italian player focusing in managing and monitoring securitisation transactions. In particular, it acts as servicer, master and back-up servicer, back-up servicer facilitator, corporate servicer, calculation agent, cash manager and representative of the noteholders in several structured finance transactions.

In the context of the Transaction, Zenith Service S.p.A. acts as Back-Up Servicer and Corporate Services Provider.

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

THE ISSUER

Introduction

By signing of a deed of incorporation dated 9 September 2016, the Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to Article 3 of the Securitisation Law, as a limited liability company (*società a responsabilità limitata*).

The Issuer is registered in the Register of Enterprises of Milan with No. 09621570960, REA MI-2102491 and has its registered office at Via Alessandro Pestalozza, 12/14, 20131 Milan, Italy (telephone No +39 027788051).

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

The authorised and issued capital of the Issuer is Euro 10,000 fully paid up as of the date of this Prospectus. The sole quotaholder of the Issuer is Special Purpose Entity Management S.r.l. (Special Purpose Entity Management S.r.l., the "**Quotaholder**").

Special Purpose Entity Management S.r.l. is a limited liability company (*società a responsabilità limitata*), registered in the Register of Enterprises of Milan with No. 09262340962, R.E.A. MI-2079321 and has its registered office at Via Alessandro Pestalozza, 12/14, 20131 Milan, Italy.

To the best of the Issuer's knowledge, the Issuer is not directly or indirectly owned or controlled by any other entity. The duration of the Issuer is until 31 December 2100.

Principal Activities

The scope of the Issuer, as set out in Article 2 of its By-laws (*Statuto*), is exclusively to carry out one or more securitisation transactions pursuant to the Securitisation Law through the purchase monetary claims, both present and future, identifiable in block if referred to multiple claims, and to fund such purchase by issuing asset backed securities pursuant to the Securitisation Law.

So long as any of the Notes remains outstanding, the Issuer shall not, without the prior written consent of the Representative of the Noteholders or as provided in or contemplated by any of the Transaction Documents, incur any other indebtedness for borrowed monies or engage in any business (other than acquiring and holding the assets securing the Notes, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, make any distribution or return or repay any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other Person or convey or transfer all or substantially all of its property or assets to any person or issue any quota.

The Issuer will also covenant to observe, *inter alia*, other restrictions set out in Condition 3 (*Covenants*).

Directors and registered office

The sole director of the Issuer is Daniela Rognone. The director was appointed on 9 September 2016 and notice of such appointment has been registered in the Register of Companies of Milan on 13 September 2016. The director's office is at Via Alessandro Pestalozza, 12/14, 20131, Milan.

The Issuer's registered office is located at Via Alessandro Pestalozza, 12/14, 20131, Milan (telephone number: +39 027788051; fax number: +39 0277880599).

External Auditors

At the date of this Prospectus, no external auditors have been appointed by the Issuer. However, independent auditors will be appointed by the Issuer upon the issuance of the Notes in accordance

with applicable law and regulation. Notice of such appointment will be given to the Noteholders in accordance with Condition 13 (*Notices*).

No board of statutory auditors (*collegio sindacale*) has been appointed.

Capitalisation and indebtedness statement

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

Quota Capital

Issued, authorised and fully paid up capital Euro 10,000

Loan capital

- *Class A Residental Mortgage Backed Floating Rate Notes due November 2067 Euro 507,200,000*
- *Class B Residental Mortgage Backed Floating Rate Notes due November 2067 Euro 39,200,000*
- *Class C Residental Mortgage Backed Floating Rate Notes due November 2067 Euro 20,600,000*
- *Class J Residental Mortgage Backed Floating Notes due November 2067 Euro 51,519,000*
- *Subordinated Loan Euro 25,455,000*
- Total Indebtedness Euro 643,974,000

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

Financial Statements

The Issuer's accounting reference date is 31 December in each year. The Issuer was incorporated on 9 September 2016, with the first financial year ending on 31 December 2016. Since the date of its incorporation, the Issuer has not commenced operations and no financial statements have been made up by the Issuer as at the date of this Prospectus.

USE OF PROCEEDS

The proceeds arising out of the subscription of the Notes is Euro 618,519,000, of which Euro 507,200,000 of the Class A Notes, Euro 59,800,000 of the Mezzanine Notes and Euro 51,519,000 of the Junior Notes.

The net proceeds of the subscription of the Notes shall be used by the Issuer on the Issue Date to pay to each Originator the Principal Component of the Purchase Price of each Portfolio pursuant to the relevant Transfer Agreement.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The section set forth below contains the description of certain aspects of the Transaction Documents and is qualified by reference to the detailed provisions of each such Transaction Document. All capitalised words or expressions used below and not otherwise defined herein shall have the meaning ascribed to such words or expressions in the relevant Transaction Document. Prospective Noteholders may inspect a copy of the Transaction Documents listed under the section "General Information" of this Prospectus upon request at the specified office of each of the Representative of the Noteholders and the Luxembourg Listing Agent.

THE TRANSFER AGREEMENTS

On 30 November 2016, each of BPVi and BN on the one hand, and the Issuer on the other hand, entered into the relevant Transfer Agreement, as subsequently amended, pursuant to which each of BPVi and BN assigned and transferred without recourse (*pro soluto*) all of its rights, title and interest in and to the relevant Claims in accordance with the Securitisation Law. Exhibit D to each Transfer Agreement contains a list of the Mortgage Loans from which such Claims arise. The Claims transferred under the Transfer Agreements have been selected by each of BPVi and BN on the basis of the BPVi Criteria or the BN Criteria, respectively. For a description of such eligibility criteria, see section "*The Portfolios*".

The assignment of the Claims has been made with economic effects as of 1 December 2016 (hour 00:01) (the "**Economic Effective Date**") and with legal effects as of 16 February 2017 (hour 00:01) (the "**Legal Effective Date**"). The purchase price of the relevant Claims payable to each Originator pursuant to each Transfer Agreement (the "**Purchase Price**") will be the aggregate of: (a) the Outstanding Amount of the relevant Claims as of the Economic Effective Date (the "**Principal Component of the Purchase Price**"); and (b) interest accrued but not yet payable as well as interest accrued and unpaid, in each case, as of the Economic Effective Date plus default interest (*interessi di mora*) accrued as of the Economic Effective Date and expenses incurred in relation to the recovery thereof (the "**Interest Component of the Purchase Price**"). The Principal Component of the Purchase Price has accrued interest from the Economic Effective Date (included) to the Issue Date (excluded) at the rate of Euribor for one-month deposits in Euro plus 0.10% (zero point ten per cent.) (the "**Interest on the Purchase Price**").

The Principal Component of the Purchase Price of each relevant Portfolio (equal to (i) Euro 503,769,165.64 for the BPVi Portfolio and (ii) Euro 114,748,465.74 for the BN Portfolio) shall be paid to each relevant Originator on the Issue Date (net of any set-off agreed between the Issuer and the relevant Originator under the Subscription Agreements) out of the funds standing to the credit of the Transaction Account.

The Interest on the Purchase Price and the Interest Component of the Purchase Price shall be paid by the Issuer to BPVi (in relation to the BPVi Portfolio) and to BN (in relation to the BN Portfolio) on the Issue Date, out of the funds standing to the credit of the Transaction Account. In case the funds standing to the credit of the Transaction Account (less the funds necessary to make any other payments out of such Account on or about the Issue Date) are not sufficient to pay the Interest on the Purchase Price and the Interest Component of the Purchase Price on their entirety, the residual amount due will be paid to the relevant Originator on the First Payment Date (and on each subsequent Payment Date, until satisfaction of the amount due) out of the Issuer Available Funds in accordance with the applicable Order of Priority.

Each Transfer Agreement provides that if, after the Economic Effective Date, (a) any of the Mortgage Loans listed in Exhibit D, as subsequently amended and supplemented, does not meet the relevant Criteria, then the claims relating to such loan (the "**Erroneously Included Claims**") will be deemed not to have been assigned and transferred to the Issuer pursuant to the relevant Transfer Agreement; or (b) any of the Mortgage Loans listed in Exhibit D, as subsequently amended and supplemented, meets the relevant Criteria but has not been included in the relevant Exhibit D, then the claims

relating to such Loan (the "**Erroneously Excluded Claims**") shall nonetheless be deemed to have been assigned and transferred to the Issuer by the relevant Originator, in each case, with effect retroactively as of the Economic Effective Date. In any of each such event, the Purchase Price shall be adjusted accordingly and the relevant Originator and/or the Issuer shall pay an amount determined in accordance with the mechanisms set out under clause 5 of each Transfer Agreement.

The Transfer Agreements contain certain representations and warranties made by each Originator, including *inter alia* the following representations and warranties as of the Legal Effective Date:

(a) each Originator has full and unencumbered legal title to, and is fully and unconditionally the owner of the relevant Claims free and clear of any security interest, lien, privilege, burden, encumbrance or other right of any third party;

(b) the relevant Claims are not subject to attachment, seizure, confiscation, pledge, encumbrance or other lien, charge or other right in favour of any third party;

(d) the relevant Claims are freely assignable and transferable to the Issuer; and

(e) the relevant Claims are valid and existing and on the Economic Effective Date, are valid and existing in the amounts set forth in Exhibit D to the Transfer Agreements as subsequently amended and supplemented as of the Economic Effective Date.

Furthermore, under the Transfer Agreements each Originator has undertaken, *inter alia*, to refrain from: (a) carrying out activities with respect to the relevant Claims which may prejudice the validity or recoverability of the same and in particular shall not assign or transfer the relevant Claims to any third party or create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the relevant Claims between the date of execution of the relevant Transfer Agreement and the date of publication of notice of the transfer in the Official Gazette or, if later, the date on which the transfer has been registered with the competent Register of Enterprises; and (b) any action which could cause invalidity or a reduction in the value of any of the relevant Claims or in the relevant Mortgages or Collateral Guarantees (if any).

The Transfer Agreements also provide that each Originator shall indemnify the Issuer with respect to any amounts paid by the Issuer resulting from final judgments of the court ordering the claw-back of payments (*azioni revocatorie*) made by Borrowers in respect of the relevant Claims during the period between the Economic Effective Date and the date of publication of notice of the transfer of such Claims in the Official Gazette or, if later, the date on which the transfer has been registered with the competent Register of Enterprises.

In order to allow the Originators to maintain good relationships with their customers, under the Transfer Agreements, each Originator may submit to the Issuer one or more offers to purchase Claims (the "**Offer to Purchase**"), provided that the total amount of each offer, added to the amount of any other offer made by the relevant Originator and already accepted by the Issuer after the Issue Date, shall not exceed:

(i) on each annual period (being the 12 (twelve) month period formed by 4 (four) consecutive Collection Periods, except for the first annual period, which will start on the Issue Date and end on the Collection Date on which the fourth Collection Period of the Securitisation ends), 7.5% of the Outstanding Amount of the Claims comprised in the relevant Portfolio as at the Economic Effective Date; and

(ii) over the life of the Securitisation, the overall limit of 20% of the Outstanding Amount of the Claims comprised in the relevant Portfolio as at the Economic Effective Date.

The price of the repurchased Claims will be determined as follows: (i) for Claims which have not been classified as Defaulted Claims, the sum of (a) the Outstanding Amount of such Claims on the transfer date; (b) interests accrued and unpaid on the repurchased Claims on the transfer date and (c) a further amount calculated multiplying the following: (i) the amount indicated under letter (a) above; (ii) the weighted average interest rate applicable to the Senior Notes; and (iii) the number of calendar

days from the transfer date (included) to the Payment Date immediately following the date on which the price of the repurchased Claims is paid (excluded) divided 360, and (ii) for Claims classified as Defaulted Claims, the price will be determined in accordance with clause 10.6 of the Servicing Agreement.

With respect to the above, under the Transfer Agreements the parties thereof acknowledge and agree that the Issuer shall permit, without the consent of the Representative of the Noteholders, the Noteholders and any Other Issuer Creditors (including the Swap Counterparty), the percentage limits for the repurchase by the Originators of the Claims set out in clause 10.1, paragraphs (a) and (b), of the Transfer Agreements (as described in points (i) and (ii) above) to be amended one or more times at the Originators' request (to the extent that the relevant Originator is still acting as Servicer of the Transaction), subject only to any of such actions not adversely affecting the current rating of the Rated Notes and being understood that (i) the Rating Agencies will be prior notified of any such action and (ii) the Noteholders will be notified of such action, following implementation thereof, in accordance with Condition 14 (*Notices*).

Under the terms of the Transfer Agreements, should the Issuer, following the Issue Date, subject to prior notice to the Rating Agencies and to the Representative of the Noteholders, intend to sell the Claims, in whole or in part, to a third party, the Issuer shall offer such Claims to the relevant Originator which shall have a pre-emption right to purchase such Claims *pro soluto* pursuant to Article 58 of the Consolidated Banking Act, provided that such Originator has not ceased to act as the Servicer of the relevant Portfolio and subject to certain further conditions, including the delivery of appropriate solvency and good standing certificates to the Issuer from the Originators.

The Transfer Agreements (and any non-contractual obligation arising out of or in connection with it) are governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Transfer Agreements.

THE WARRANTY AND INDEMNITY AGREEMENTS

On 30 November 2016, the Issuer on the one hand, and each of BPVi and BN on the other hand, entered into a separate Warranty and Indemnity Agreement, as subsequently amended, pursuant to which each of BPVi and BN has made certain representations and warranties in favour of the Issuer in relation respectively to the Claims transferred by it to the Issuer pursuant to the relevant Transfer Agreement.

The Warranty and Indemnity Agreements contain representations and warranties in respect, *inter alia*, the matters listed below.

Such representations and warranties were given by each of BPVi and BN, as the case may be, with respect to the relevant Portfolio on the date of execution of the relevant Transfer Agreement and on the Economic Effective Date and deemed to be repeated as of the Issue Date by BPVi and BN, as the case may be, with respect to the BPVi Portfolio and BN Portfolio, respectively and will remain valid and effective until the redemption in full of the Notes or, if different, the date on which the Servicers have declared that all procedures for the collection and recovery of the Claims have been completed and, in any event, not later than the Cancellation Date. Specifically, each Originator has given representations and warranties and will be liable to indemnify in respect of the Portfolio assigned by it only.

(A) Mortgage Loan Agreements

a) Each Mortgage Loan Agreement is valid and effective and constitutes valid, legal, binding and enforceable obligations of each party thereto (including the relevant Borrower(s), the Mortgagor(s) and/or the Guarantor(s)), and such obligations are enforceable against third parties and against eventual insolvency proceedings involving the Borrower and/or the Mortgagor and/or the eventual Guarantor and are actionable in a judicial proceeding.

b) Each Mortgage Loan Agreement and each relevant Mortgage (in case the act through which the Mortgage is created is not enclosed in the Mortgage Loan Agreement) are governed by Italian law and have been executed (a) in the ordinary course of the Originator's business; (b) on the basis of the mortgage loan standard contract utilised from time to time by the Originator; and (c) before a public notary in the form of public deed (*atto pubblico*) or of authenticated private deed (*scrittura privata autenticata*).

c) Each Mortgage Loan Agreement has been entered into, executed and performed and the disbursement of each Loan has been carried out in compliance with all applicable laws, rules and regulations, including, without limitation, all laws, rules and regulations relating to *credito fondiario*, usury, *anatocismo*, personal data protection and disclosure applicable from time to time.

d) Each Mortgage Loan has been fully disbursed and there is no obligation of each Originator to disburse or pay further amounts in connection therewith. The Borrowers are not entitled to be reimbursed with respect to any amount paid to each Originator in accordance with the Mortgage Loan Agreements.

e) Each Mortgage Loan Agreement has been entered into and executed without any fraud (*frode*) or wilful misrepresentation (*dolo*) or undue influence (*influenza indebita*) by or on behalf of the Originators or, to the knowledge of the Originators, or of their respective directors (*amministratori*), managers (*dirigenti*), officers (*funzionari*) and/ or employees (*impiegati*), in a manner which would not entitle the relevant Borrower(s), Mortgagor(s) and/or Guarantor(s) to claim against the Originators for fraud or wilful misrepresentation or to contest any of the obligations under or in respect of such Mortgage Loan Agreement.

f) No Mortgage Loan Agreement has been entered into nor has any Claim been disbursed, in accordance with any applicable law which provides for facilities, contributions, benefits and/or other benefits or facilities in relation to the payment of principal and/or interest towards the Borrower, the Mortgagor and/or the eventual Guarantor.

g) The Mortgage Loan Agreements have been granted on the basis of an assessment of the relevant Real Estate Asset/s duly signed and executed, as at the approval date of each Mortgage Loan (and in any case within 90 days from the date on which the relevant Mortgage Loan has been granted), by an employee of the relevant Originator appointed for the granting of the relevant Mortgage Loan or by a qualified appraiser (*perito qualificato*) depending or independent from the relevant Originator, which has never had any interest whatsoever (direct or indirect) over the relevant Real Estate Asset/s and the relevant Mortgage Loan Agreement and whose remuneration was not linked in any case to the approval of such Mortgage Loan Agreement.

h) The Mortgage Loan Agreements have been executed by the relevant Originator taking into account that the incidence (*incidenza*) of the instalments on the monthly average salary (*stipendio medio mensile*) (net of eventual other debts) of the Borrower customarily has not to exceed the 33%.

i) All the Borrowers are individuals resident in Italy.

j) All the Mortgagors and Guarantors, which are entities (*persone giuridiche*), are incorporated under the laws of, and have their registered office in, a country which belongs to the European Economic Area.

k) All the Mortgagors and Guarantors, which are individuals, are resident in a country which belongs to the European Economic Area.

l) Each Originator has always promptly and duly fulfilled the obligations undertaken under the Mortgage Loan Agreements and complied with diligence and professionalism with all the prescriptions and provisions provided for under such Mortgage Loan Agreements.

m) The Claims do not derive from Mortgage Loan Agreements that might be subject to the current applicable laws on consumer credit.

n) The interest rate provided under each Mortgage Loan Agreement has been negotiated and agreed in accordance with any applicable law, as of the execution date of the relevant Mortgage Loan Agreement (including the Usury Law, when applicable, and the provisions of the compound of interests) and, in any case, the Borrower has been informed of the use of the ISC or of any other cost ratio, in compliance with the applicable laws.

o) No Mortgage Loan Agreement could be classified as leasing agreement.

p) The percentage of the Mortgage Loans (calculated on the outstanding principal amount as at the Economic Effective Date), in relation to which, as at the Evaluation Date, the expected hardening period relating to the relevant Mortgages is not entirely elapsed, is lower than 9%.

q) Not less than 93% of the Mortgage Loans with reference to the BPVi Portfolio and not less than 93% of the Mortgage Loans with reference to the BN Portfolio (each percentage calculated on the outstanding principal amount as at the Economic Effective Date) is granted for the purchase or for the refurbishment of the relevant Real Estate Asset;

r) The principal and interest payments made by the Borrowers in relation to the Mortgage Loans are not subject to any withholding by way of deposit and/or tax (*ritenuta a titolo di acconto e/o di imposta*) applicable in Italy or other withholding tax (*tassazioni alla fonte*) applicable in Italy;

s) Except as provided by the Transaction Documents, no servicing agreement or similar agreement exists with regard to the Mortgage Loan Agreements, the Mortgages and the Claims, nor any mandate has been given by the Originators in relation to the management and collection of the Claims, the Real Estates Assets and the Guarantees.

(B) Claims

a) Each Claim is validly existing in the amount indicated in Exhibit D of each Transfer Agreement, as amended in accordance with clause 2.2 of the Transfer Agreement.

b) Each Claim is denominated in Euro.

c) Each Claim, as of the Legal Effective Date, is fully and unconditionally owned by the relevant Originator and is not subject to any lien (*pignoramento*), seizure (*sequestro*), pledge (*pegno*) or other charge in favour of any third party and will be freely transferable to the Issuer. There are no clauses or provisions in the Mortgage Loan Agreements pursuant to which each Originator is prevented from transferring, assigning or otherwise disposing of the Claims in whole or only in part. The transfers of the Claims to the Issuer pursuant to the Transfer Agreements shall not impair or affect in any manner whatsoever the rights towards the Borrowers under such Claims, the obligation of the relevant Borrowers to pay the amounts outstanding in respect of any Claims and the validity and enforceability of the Mortgages and the Collateral Guarantees.

d) Exhibit D of each Transfer Agreement, as subsequently amended pursuant to clause 2.2 of the Transfer Agreements, contains a list of the Mortgage Loan Agreements from which the Claims arise, identified by each Originator on the basis of the applicable Criteria and it indicates, *inter alia*, the Outstanding Amount and interest accrued as of the Economic Effective Date as well as the Individual Purchase Price for each Claim. All the information contained in Exhibit D of the Transfer Agreements is true and correct.

e) To the knowledge of each Originator, there have been no circumstances that cause to foresee in the immediate future delays in payments of the Claims.

f) None of the Claims falls within the definition of non-performing (*credito in sofferenza*), unlikely non-fulfilment (*inadempienza improbabile*), past-due (*credito scaduto o*

sconfinato da più di 90 giorni) or under restructuring (*credito in corso di ristrutturazione*) pursuant to the *Manuale della Matrice dei Conti* and the Bank of Italy supervisory regulations (*Disposizioni di Vigilanza*).

g) None of the Originators has received notice or otherwise has any knowledge that any Borrower/s or Mortgagor/s is currently subject to enforcement proceedings or legal proceedings or has been warned of such proceedings.

h) From the date of execution of the Mortgage Loans Agreements, to the knowledge of each Originator, there have been no facts or circumstances and there have not been reasons to believe that in the future facts or circumstances will occur which, pursuant to law or as provided in the Mortgage Loans Agreements, will give to the Borrowers the right to terminate the Mortgage Loans Agreements.

(C) Mortgages and Collateral Guarantees

a) Each Mortgage has been duly granted, created, renewed and preserved, is valid and enforceable and has been properly registered, meets all requirements under all applicable laws or regulations and is not affected by any formal or material defect whatsoever.

b) Each Mortgage has been registered at the same time of the disbursement of the relevant Claim.

c) The hardening period (*periodo di consolidamento*) of each Mortgage relating to *mutui fondiari* is entirely elapsed.

d) The Mortgages do not secure any claims other than the Claims. There are no other mortgages in relation to the Real Estate Assets that rank *pari passu* with the Mortgages.

e) Each Originator has not (whether in whole or in part) cancelled, released or reduced or consented to cancel, release or reduce any of the Mortgages except: (i) to the extent that such cancellation, release or reduction has been made in accordance with the most prudent banking practice in Italy; or (ii) when requested by the relevant Borrower or Mortgagor in circumstances where such cancellation, release or reduction is required by applicable laws or contractual provisions of the relevant Mortgage Loan Agreement; or (iii) with respect to Mortgages granted to secure Mortgage Loan Agreements related to a *mutuo fondiario* granted in accordance with article 38 and following of the Consolidated Banking Act, where the outstanding amount of the relevant Mortgage Loan does not exceed the applicable limits set by laws and regulations on *credito fondiario* then in force in respect of the appraised value (*valore di perizia*) of the relevant Real Estate Asset(s) in order to the Mortgage Loan be qualified as a *mutuo fondiario*.

f) There are no Mortgage Loan Agreements which contains clauses providing the Borrower and/or the eventual Mortgagor with the right of cancellation, termination, release or reduction of the relevant Mortgage, if not in accordance with the applicable laws and paragraph (e)(iii) above.

g) Each Collateral Guarantee is valid and binding and has been duly granted and created by deeds with date certain at law (*data certa*) in accordance with the terms set forth therein and meets all requirements under all applicable laws and regulations.

h) None of the Originators has (whether in whole or in part) cancelled, remitted, reduced or admitted to cancellation, removed or reduced any of the Collateral Guarantees, save for expressly provided for in the Mortgage Loan Agreements or by the resolutions granting the facility (*fido)* or in accordance with the prudent banking practice.

i) The Claims are not secured by any Collateral Guarantee which does not fall into the Claims or into the Collateral Guarantees or which has not been assigned to the Issuer pursuant to the relevant Transfer Agreement.

j) To the knowledge of each Originator, no claw-back action for the revocation of payments (*azione revocatoria ordinaria* or *azione revocatoria fallimentare*) is filed or is preannounced to be filed in respect of any Collateral Guarantees.

k) In relation to the Mortgage Loans, no assumption of debt (*accollo*), which has determined the relevant Mortgage being released, has been granted.

l) Each Mortgage has been registered for an amount equal, at least, to 200% of the amount draw dawn under the relevant Mortgage Loan Agreement.

(D) Miscellaneous

a) Each Originator has not released, until the Economic Effective Date (excluded), any Borrower and/or Mortgagor and/or potential Guarantor from its obligations, nor has subordinated its own rights to the other creditors' rights, nor has waived any of its rights, save for those payments made for to the satisfaction of the aforementioned Claims or in compliance with the prudential provisions in use (*prudente prassi creditizia)* for the protection of the creditor, as owner of the Claims.

b) Each Originator has not entered into, in relation to one or more Claims, mandate agreements to collect (*mandati all'incasso*) or any other management agreement that are binding upon the Issuer and might compromise or prejudice in any manner whatsoever the exercise by the Issuer of its rights in relation to the Claims, the Mortgages and the Collateral Guarantees.

c) The books, records, data and any documents related to the Mortgage Loan Agreements and to the Claims, as well as to all instalments and to any other amounts to be paid or reimbursed thereunder, have been properly held and are in all respects complete and up to date, and all such books, records, data and documents are kept in custody by the Originators.

d) The administration, management, collection, recovery and disbursement procedures adopted by each Originator in relation to each Mortgage Loan Agreement, Mortgage, Collateral Guarantee, Claim and eventual assumptions of debt (*atti di accollo*) or agreements having as their object the subrogation (*surrogazione*) of the original creditor, have been carried out in all respects (a) in compliance with all the applicable laws and regulations, (b) with the highest diligence and professionalism, (c) in compliance with the prudential rules and the credit, management, collection and recovery policies adopted from time to time (and in relation to eventual assumptions of debt (*atti di accollo*) or agreements having as object the subrogation (*surrogazione*) of the original creditor, by adopting the same credit policies which would have been applied by the relevant Originator for the granting of a new loan) and (d) in compliance with all usual care and practices utilised in the exercise of banking activity.

e) All taxes, fees, cost and expenses falling into between the date of disbursement of the Mortgage Loan and the Economic Effective Date with respect to the Claims, the Mortgage Loan Agreements, the Mortgages and the Collateral Guarantees, as well as to the execution or fulfilment of any relevant action or formality have been duly paid.

(E) Real Estate Assets

a) Each Real Estate Asset was fully owned by the relevant Mortgagors at the time the relevant Mortgage was created.

b) None of the Originators has been notified of any claims for property or adverse possession (*azioni petitorie* or *possessorie*), including *usucapione*, in respect of any of the Real Estate Assets nor there are any prejudicial registration or annotations (*iscrizioni or trascrizioni pregiudizievoli*) or third party claims which may impair, affect or jeopardise in any manner whatsoever the relevant Mortgages, their enforceability and/or their ranking, compared to what was represented and warranted by the Originators.

c) The insurance policies relating to the Real Estate Assets (i) cover at least the risk of burst and fire, for a minimum insured amount equal to the reconstruction cost (*valore di ricostruzione*) of the relevant Real Estate Asset; (ii) are are valid and effective in favour, or with constraint in favour (*con vincolo a favore*) of the relevant Originator, or of which the relevant Originator is in any case the beneficiary in accordance with article 2742 of the Italian civil code and (iii) all the relevant premia have been duly paid.

d) The assignment to the Issuer of each of the Originators' rights deriving from such insurance policies in relation to the Issuer does not impair in any way whatsoever the validity and/or applicability of such insurance policies and rights.

e) At the time of disbursement of each Mortgage Loan and registration of the relevant Mortgage, the relevant Real Estate Assets were duly registered with the competent offices and authorities (*Uffici del Territorio-Servizio di Pubblicità Immobiliare, gli Uffici del Catasto Urbano e dei Terreni e presso le Conservatorie dei Registri Immobiliari competenti*) or a valid petition had been duly submitted for their registration, in compliance with all applicable laws and regulations.

f) To the knowledge of each Originator at the time of disbursement of the Mortgage Loans and registration of the Mortgages, the Real Estate Assets complied with regulations concerning building (*normativa edilizia*) and city planning (*normativa urbanistica*), environmental protection (*normativa ambientale*) and with regulations as to its destination use (*normativa in materia di destinazione d'uso*).

g) Each Real Estate Asset is located in Italy.

h) To the knowledge of each Originator, the Real Estate Assets are entirely built, not damaged, nor affected by considerable defects that might significantly depreciate their value, and no proceedings are pending or have been threatened with purposes of total or partial expropriation of the Real Estate Assets.

i) To the knowledge of each Originator, each of the Real Estate Assets is provided with the certificates stating its conformity to standards (*certificato di abitabilità e di agibilità*).

j) To the knowledge of each Originator, none of the Real Estate Asset is subject to seizure or execution proceedings, and no notice of pending proceeding has been given to each Originator by third creditors pursuant to Article 498 of the Italian code of civil procedure.

(F) Disclosure of information

a) All the information supplied by each Originator to the Issuer and to their representatives, agents and consultants for the purpose of or in connection with the Warranty and Indemnity Agreements, the Transfer Agreements, the Mortgage Loan Agreements, the Claims, the Mortgages, the Real Estate Assets, the Collateral Guarantees and for the application of the Criteria or in connection with the Securitisation, is true, accurate and complete and no material information available to each Originator has been omitted.

b) Each and any information related to the Mortgage Loans contained in the information technology system of the Originators, including, *inter alia*, interest rates applicable thereto, is true, complete and accurate.

(G) Securitisation Law

a) The Claims have been assigned to the Issuer in accordance with the Securitisation Law.

b) The Claims have common characteristics and meet specific criteria such as to constitute a portfolio of monetary claims (*individuabili in blocco*) pursuant to and for the purposes of the Securitisation Law and, to the extent applicable, the supervisory and prudential guidelines of the Bank of Italy (*Disposizioni di Vigilanza*).

c) The Criteria have been correctly applied for purposes of the identification of Claims. To the best of each Originator's knowledge, there are no (i) Claims on which each Originator has legal right, that, although meeting the Criteria and therefore expected to be included in the relevant Portfolio, have been excluded, or (ii) Claims, among those listed in the Exhibit D of the Transfer Agreements, which do not meet the Criteria.

d) The Claims have been selected, on the basis of, and in compliance with, the Criteria.

(H) Authorisations and consent

a) Each Originator is a bank duly incorporated as a joint stock company (*società per azioni*) and validly operating under the laws of the Republic of Italy, and has full power and authority (I) to enter into and perform the obligations undertaken under, or in relation to, the relevant Warranty and Indemnity Agreement and Transfer Agreement and (II) necessary to perform its activity.

b) Each Originator carried out all the necessary activities, and obtained all the internal authorisations which may be needed to (i) enter into and give effect to the relevant Warranty and Indemnity Agreement and the relevant Transfer Agreement and (ii) ensure that all the obligations undertaken thereunder the relevant Warranty and Indemnity Agreement and the relevant Transfer Agreement are legal, valid and binding for each Originator.

c) The execution and performance by each Originator of the relevant Warranty and Indemnity Agreement and the relevant Transfer Agreement does not contravene and does not constitute non-performance or breach, or a waiver of any rights with respect to: (i) its deed of incorporation and by-laws, (ii) applicable laws and regulations; (iii) contracts, deeds, agreements, documents or other covenants which are binding on it; or (iv) any judicial orders, rulings, arbitration awards, injunctions, restraining orders of any type which are binding or which have an impact on each Originator or its assets.

d) The obligations of each Originator under the relevant Warranty and Indemnity Agreement and under the relevant Transfer Agreement constitute legal, valid and binding obligations of the same and validly enforceable against each of them pursuant to the relevant terms and conditions.

e) The claims for payment obligations of each Originator under the relevant Warranty and Indemnity Agreement and under the relevant Transfer Agreement rank at least *pari passu* with the claims of all other unsecured creditors apart from any preferred creditors under the applicable laws.

f) There is no administrative, arbitral or judicial proceedings, claim or action in progress, current, pending or, to the knowledge of each Originator, threatened or announced against each of them, affecting its property or assets or corporate activity, which might adversely affect the ability of each Originator to be fully entitled to irrevocably assign the Claims and/or the Mortgages, pursuant to the provisions of the relevant Transfer Agreement, or that might reasonably affect the ability of each Originator to perform its obligations under the relevant Warranty and Indemnity Agreement and the relevant Transfer Agreement.

g) Each Originator is solvent and there are no facts or circumstances that might render it insolvent or unable to perform its obligations or expose it to insolvency proceedings, nor has each Originator taken corporate action that might lead to its winding-up or dissolution, nor has any other action been taken against it which might adversely affect its ability to transfer the Claims or to perform its obligations under the relevant Warranty and Indemnity Agreement, nor each Originator will be rendered insolvent as a consequence of entering into the relevant Warranty and Indemnity Agreement and the relevant Transfer Agreement.

h) In the administration and management of the Claims, each Originator has fully complied with all applicable laws concerning data and privacy protection *(tutela dei dati personali e di riservatezza)*, including, without limitation, with all the provisions of Legislative Decree 30 June 2003, n. 196 as subsequently modified and amended (including all the related decrees and implementation rules).

Indemnification

Without prejudice to the remedies applicable by law, pursuant to the relevant Warranty and Indemnity Agreement, each Originator has agreed to indemnify and hold harmless the Issuer and its officers from and against any and all damages, losses, claims, liabilities, costs and expenses awarded against, or incurred by the Issuer arising, *inter alia*, from:

(a) default by it in the performance of any of its obligations under the relevant Warranty and Indemnity Agreement or the relevant Transfer Agreement;

(b) any representations and/or warranties made by it under the relevant Warranty and Indemnity Agreement or under the relevant Transfer Agreement or the Servicing Agreement being false or incorrect;

(c) any liability alleged and/or claim raised by any third party against the Issuer, as owner of the relevant Claims, arising from any failure by it to perform its obligations under the relevant Warranty and Indemnity Agreement or under the relevant Transfer Agreement or with respect to the untruthfulness or inaccuracy of representations and warranties made by it under the relevant Warranty and Indemnity Agreement or under the relevant Transfer Agreement or under the Servicing Agreement;

(d) any amount due in respect of the Claims not being collected or recovered as a consequence of the legitimate exercise by any Borrower and/or Mortgagor and/or Guarantor and/or a receiver of a Borrower and/or Mortgagor and/or Guarantor (as the case may be) of any right and/or of any counterclaims against it, also based on the set-off right;

(e) the non-compliance by it of the provisions of the Usury Law; and

(f) the non-compliance of any relevant Claim, up to the Economic Effective Date, with the provisions of Article 1283 of the Italian Civil Code, of Article 120, second paragraph, of the Consolidated Banking Act and with the CICR resolution of 3 August 2016.

If a Borrower and/or Mortgagor and/or Guarantor (or the receiver of any of the foregoing) brings a claim and/or counterclaim in respect of any Claim in the circumstances described under sub-paragraphs (d), (e) or (f) above, each Warranty and Indemnity Agreement provides that the relevant Originator shall pay to the Issuer the amount claimed plus interest calculated at three month Euribor plus 2%. If the relevant Originator does not contest the amount claimed, such payment shall be in satisfaction of the indemnity obligations of the relevant Originator under the relevant Warranty and Indemnity Agreement. If the relevant Originator intends to contest the amount claimed, such payment (an "**Advance Indemnity**") shall be deemed to be a limited recourse loan made by the relevant Originator to the Issuer, which shall be repaid, together with interest thereon (calculated at three month Euribor), to the relevant Originator out of, and to the extent of, the amounts (if any) collected or recovered in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity.

Each Warranty and Indemnity Agreement furthermore provides that: (i) in the event that any misrepresentation or breach by an Originator in respect of any of its representations and warranties set forth under the relevant Warranty and Indemnity Agreement reduces the value of the relevant Claims and/or the relevant Mortgages and such misrepresentation or breach is not remedied by the relevant Originator within a period of 60 days from receipt of a written notice from the Issuer to that effect; or (ii) in the event that one of the following events occurs in respect of a Claim which has become a non-performing Claim (or, with reference to the event listed under point (iv) below, in respect of a Claim which has become a Defaulted Claim):

(i) a claw-back action for the revocation of payments (*azione revocatoria ordinaria* or *azione revocatoria fallimentare*) is filed in respect of a Mortgage; or

(ii) a Real Estate Asset does not comply, as of the date of the disbursement of the relevant Mortgage Loan and of the registration of the relevant Mortgage, with the provisions set forth under planning and building applicable laws and regulations (*legislazione edilizia, urbanistica e vincolistica*) or law and regulation providing for the registration of the Real Estate Assets with the competent authorities (*Nuovo Catasto Edilizio Urbano* and *Nuovo Catasto dei Terreni*), except where such irregularity has been remedied or an amnesty with reference to such irregularity has been granted by the competent authority;

(iii) a Real Estate Asset was not fully owned by the relevant Mortgagor at the time the Mortgage was created; or

(iv) any of the representation and warranties given by an Originator under the relevant Warranty and Indemnity Agreement or under the relevant Transfer Agreement with reference to such Claim is not true or correct,

each Originator shall grant to the Issuer, upon first demand, a limited recourse loan (a "**Limited Recourse Loan**") in an amount equal to the sum of: (a) the Individual Purchase Price of the relevant Claim less any principal sum collected or recovered by the Issuer in relation to such Claim until the date of the disbursement of the Limited Recourse Loan; *plus* (b) interest on the Individual Purchase Price at the rate equal to the Relevant Margin from the Issue Date until the Payment Date immediately following the date on which the Limited Recourse Loan is disbursed; *plus* (c) the costs and expenses (including, but not limited to the legal fees) incurred by the Issuer in respect of the relevant Claim as of the date on which the Limited Recourse Loan is disbursed; *plus* (d) any damages and losses incurred by the Issuer as a consequence of any third party claim in respect of the Claim in question as of the date on which the Limited Recourse Loan is disbursed.

Each Limited Recourse Loan will constitute a limited recourse loan made by the relevant Originator to the Issuer which shall be repaid by the Issuer to the relevant Originator, together with interest thereon, only if and to the extent that the relevant Claim is collected or recovered by the Issuer.

The Warranty and Indemnity Agreements (and any non-contractual obligation arising out of or in connection with it) are governed by and will be construed in accordance with Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Warranty and Indemnity Agreements.

THE SERVICING AGREEMENT

On 30 November 2016, BPVi and BN and the Issuer entered into the Servicing Agreement, as subsequently amended, pursuant to which each of BPVi and BN have agreed to administer and collect the Claims comprised in the respective Portfolio as Servicer pursuant to the Securitisation Law and BPVi has been appointed as Master Servicer to perform the supervision activities set forth in Article 2(6)-*bis* of the Securitisation Law. In particular, BPVi shall ensure that such operations performed in the context of the Securitisation comply with all applicable legislative and regulatory provisions and with this Prospectus.

On each Quarterly Report Date, the Master Servicer has undertaken to prepare and submit to the Issuer, the Back-Up Servicer, the Calculation Agent, the Swap Counterparty, the Luxembourg Listing Agent, the Representative of the Noteholders and the Rating Agencies, with copy to the Servicers, the Servicer Report in the form set forth in the Exhibit B of the Servicing Agreement. The Servicer Report provides information relating to the Servicers' activity during the preceding Collection Period including, without limitation, the Cumulative Default Ratio, the Net Cumulative Default Ratio, the Portfolio Arrears Ratio, the Class B Notes Interest Subordination Event and the Class C Notes Interest Subordination Event as of the last day of the immediately preceding Collection Period.

BN, in its capacity as Servicer, has undertaken to provide the Master Servicer, at least four days before each Quarterly Report Date, with all necessary information concerning the Claims comprised

in the BN Portfolio with reference to each immediately preceding Collection Period, in order to permit the Master Servicer to perform its reporting obligations. Even if BN fails to provide the Master Servicer with the abovementioned information, the Master Servicer shall in any case prepare and submit the Servicer Report to the relevant addresses under the Servicing Agreement.

The Servicer Reports will be published on BPVi's web site and/ or in such other manner as the Master Servicer and the Issuer may deem appropriate.

Each Servicer has undertaken, *inter alia*, in relation to the relevant Portfolio:

(i) to carry out the administration of the relevant Claims in compliance with the relevant Credit and Collection Policy and to take all action necessary or advisable for their management and collection with the best professional standards and all applicable laws and regulations;

(ii) to verify that payments made by the Borrowers are in compliance with the terms and conditions of the relevant Mortgage Loan Agreements;

(iii) to maintain effective accounting and monitoring procedures so as to ensure compliance with the provisions of the Servicing Agreement;

(iv) not to authorise any waiver on any Claim, Mortgage or Collateral Guarantee or any amendment of instalment due dates or any modification or settlement, except to the extent that such waiver, amendment, modification or settlement is made in accordance with the terms of the Servicing Agreement and the relevant Credit and Collection Policy;

(v) upon a Borrower's default, to take appropriate out-of-court action with a view to recovering the relevant Claims in compliance with the provisions set forth in the relevant Collection Policy and, should legal proceedings be necessary, to commence and/or participate in such proceedings with the utmost diligence;

(vi) to ensure the segregation of the Collections arising from the relevant Claims from its other assets and/or any collections arising from other securitisation transactions;

(vii) to take all action to ensure that the insurance policies maintain their validity and effectiveness; and

(viii) to comply with the Usury Law as well as applicable provisions relating to the compounding of interest in the performance of its duties under the Servicing Agreement and, in such connection, not to accept any payments in relation to the relevant Claims that would cause the breach by the Issuer of the aforementioned provisions.

Pursuant to the terms of the Servicing Agreement, without prejudice to any renegotiation provided for by mandatory provisions of applicable law or regulations (including the provisions of Article 120-*quater* of the Consolidated Banking Act) and without prejudice to the provisions of the relevant Transfer Agreement, in order to allow BPVi and BN to maintain good relationships with their customers, each Originator, with respect to the Claims comprised in the relevant Portfolio assigned to the Issuer, other than in respect of any Defaulted Claim, will be entitled to make the following renegotiations:

(i) the entry into of agreements for the modification of the interest rate, such agreements having as their object:

  (a) the modification from fixed rate, or optional interest rate, or floating interest rate with cap, to floating interest rate;

  (b) the modification from floating interest rate, or optional interest rate, or floating interest rate with cap, to fixed rate; and

  (c) the reduction of the interest rate or of the spread applicable to the Mortgage Loan Agreements (in case no modification have been made to the nature of the interest rate applicable to the Mortgage Loan Agreements).

It remains understood that it is not allowed any modifications of the interest rate applicable to the Mortgage Loan to (1) an optional interest rate; or (2) to a floating interest rate with cap;

(ii) the entry into of agreements for the modification of the final maturity of the Mortgage Loan Agreements;

(iii) the entry into of *moratorium* agreements (*accordi di moratoria*) providing for the suspension of payment of the instalments, with regard to the principal component only or both the interest and principal components (provided that the suspensions of the payment of the instalments of the Mortgage Loans which are provided by mandatory provisions of law or by any other specific applicable law will not be taken into account for the purpose of determining the renegotiation limits indicated under clause 10 of the Servicing Agreement);

in all cases under (i), (ii) and (iii) above, subject to the following conditions being met with reference to each Servicer:

(a) in relation to any agreement for the modification of the interest rate, which causes a reduction of the Net Margin: the sum of the Outstanding Amount of the Mortgage Loan Agreements which are subject to such renegotiation comprised in the Aggregate Portfolio shall not exceed 30% of the Outstanding Amount of the Claims comprised in the Aggregate Portfolio as of the Economic Effective Date, as indicated under Exhibit C of the relevant Transfer Agreement (the "**Reference Date**"). It remains understood that modifications of the interest rate of any Mortgage Loan Agreement which do not cause a reduction in the Net Margin shall not be included in the calculation of the abovementioned percentage.

"**Aggregate Portfolio**" means together the BPVi Portfolio and the BN Portfolio.

"**Net Margin**" means:

a) in relation to a Mortgage Loan Agreement with a floating rate, or an optional interest rate, or a floating rate with cap (after or before, the entering into a renegotiation activity pursuant to the Servicing Agreement), the spread applicable to the relevant Mortgage Loan Agreement; and

b) in relation to the Mortgage Loan Agreement with a fixed rate (after or before the entering into a renegotiation activity pursuant to the Servicing Agreement), the difference between **(i)** the fixed interest rate applicable to the relevant the Mortgage Loan Agreement; and **(ii)** the fixed interest rate payable by the Issuer, as indicated in the Swap Confirmation.

(b) in relation to any agreement for the modification (i.e. extension or reduction of the duration of the Mortgage Loan Agreement) of the maturity of the Mortgage Loan Agreements under point (ii) above:

(x) the renegotiation agreement shall not provide for payments of any instalment on a date which falls in a date which is 10 (ten) years prior to the Final Maturity Date;

(y) following the entry into the renegotiation agreement, the new maturity date of the relevant Mortgage Loan Agreement shall not fall 15 years after the maturity date of the Mortgage Loan Agreement as at the Reference Date; and

(z) the Outstanding Amount of all the BPVi Mortgage Loans or BN Mortgage Loans (as the case may be) object of such renegotiation shall not exceed 10% of the Outstanding Amount of the Claims comprised in the relevant Portfolio as of the Reference Date;

(c) in relation to any *moratorium* agreement (*accordi di moratoria*) providing for the suspension of payment of the instalments under point (iii) above (the "**Suspension**"):

(1) each Suspension shall be granted for a maximum period of 18 (eighteen) months;

(2) in case the Suspension results in a postponement of the final maturity date of the relevant Mortgage Loan: (x) such postponement shall not exceed the duration of the suspension

itself; and (y) the new final maturity date of the relevant Mortgage Loan shall not fall after the date which is 10 (ten) years prior to the Final Maturity Date; and

(3) the following limits shall be met:

(x) the Outstanding Amount of the Claims comprised in the Aggregate Portfolio which are the subject of the Suspension (calculated as at the date of the relevant suspension) shall not exceed, over the life of the Securitisation, the 25% of the Outstanding Amount of the Claims comprised in the Aggregate Portfolio as of the Reference Date (the "**Overall Threshold**"), and

(y) without prejudice to the Overall Threshold, the Outstanding Amount of the Claims comprised in the Aggregate Portfolio which are the subject of the Suspension, calculated on the last day of the Collection Period immediately preceding such Suspension, shall not exceed, in relation to each Collection Period, the 10% of the Outstanding Amount of the Claims comprised in the Aggregate Portfolio, calculated as of the same date (the "**Provisional Threshold**"). It remains understood, for the sake of clarity, that potential decreases of the Outstanding Amount of the Claims comprised in the Aggregate Portfolio, subsequent to the suspension itself, will not be taken into account for the purposes of verifying if the Provisional Threshold is met.

For the avoidance of any doubt, if a Claim which is the subject of a Suspension, ceases to benefit from the Suspension, such Claim will no longer be counted for the purpose of verifying if the Provisional Threshold is met;

(d) in any case, in relation to any modification of the interest rate and any modification of the maturity of the Mortgage Loan Agreements made in accordance with paragraphs (i) and (ii) above, each Servicer shall verify that, for each Collection Period, the sum of the principal amount outstanding of the Mortgage Loan Agreements subject of such renegotiation does not exceed, in relation to the Swap Transaction pursuant to which the relevant Mortgage Loan Agreement will be hedged after such renegotiation, an amount equal to the difference between:

1. the Scheduled Maximum Notional Amount in such Swap Transaction as applicable to the following Interest Period; and

2. the Swap Outstanding Principal Amount in such Swap Transaction as calculated at the beginning of the Collection Period in which such renegotiation is made.

(e) in relation to any modification of the amortisation plan of the Mortgage Loan Agreements above described, such modification shall not result in a switch to an amortisation plan different from the so called "French amortisation plan".

If each Servicer intends to make any renegotiation for the modification of the interest rate, according to the relevant paragraphs above, the relevant Servicer shall promptly inform the Issuer on the terms and conditions of such renegotiation and shall not enter into such renegotiation agreement until it has paid to the Issuer a corresponding indemnity calculated in accordance with clause 10.2 of the Servicing Agreement.

In case the indemnity payments due to the Issuer by the relevant Servicer under renegotiations made in the same Collection Period exceed Euro 1,000,000 (one million), the relevant Servicer shall provide to the Issuer appropriate solvency, bankruptcy and good standing certificates as better described in the Servicing Agreement.

Without prejudice to the possibility for the Originators to make an Offer to Purchase under the Transfer Agreements (being understood that any repurchase made by the Originators according to the provisions below shall not be taken into account for the calculation of the percentage limits provided in relation to the Offers to Repurchase under the Transfer Agreements), in order to maximise the recovery activities of the Claims, each Servicer, pursuant to clause 10.6 of the Servicing Agreement,

is entitled to assign, without recourse (*pro soluto*), to third parties or to the Originators themselves, Claims classified as Defaulted Claims subject to the following conditions:

(A) (i) the aggregate amount of the Claims comprised in the relevant Portfolio assigned in the same Collection Period pursuant to these provisions, shall not exceed 0.50% of the Outstanding Amount of the Claims comprised in the relevant Portfolio as of the Reference Date; and (ii) the purchase price of each Claim shall be equal to the higher of (a) the net account value (*valore netto contabile*) of such Claim on the date on which the relevant transfer is effective and (b) 90% of the Outstanding Amount of such Claim as at the date on which it has been classified as Defaulted Claim; and

(B) appropriate solvency, bankruptcy and good standing certificates have been obtained from the relevant purchaser and the relevant sale will occur, to the maximum extent permitted by the Italian Law, without any guarantee of the transferor as regards the existence of the claims and any other guarantee on the transfer of the claim.

The Issuer and/or the Representative of the Noteholders has the right to inspect and take copies of the documentation and records relating to the Claims in order to verify the activities carried out by the Servicers pursuant to the Servicing Agreement provided that the Servicers have been reasonably informed in advance of such inspection.

Under the Servicing Agreement each Servicer has represented to the Issuer that it has all the skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement and by the applicable law and regulations issued by the Bank of Italy.

As consideration for the services provided by the Servicers and the Master Servicer under the Servicing Agreement, the Issuer will pay, on each Payment Date, in accordance with the applicable Order of Priority, the sum of the following amounts:

(a) in favour of BPVi, in its capacity as Master Servicer and Servicer, an amount to be paid on an annual basis equal to Euro 90,000 (plus VAT, if applicable); and

(b) in favour of BN, in its capacity as Servicer, an amount to be paid on an annual basis equal to Euro 30,000 (plus VAT, if applicable).

Furthermore each Servicer shall advance the costs and expenses incurred in the performance of its duties and such costs and expenses shall be reimbursed by the Issuer on the Payment Date immediately succeeding the date on which the relevant refund request (with enclosed the appropriate supporting documentation) has been made, in accordance with the applicable Order of Priority.

The Issuer may terminate each Servicer's appointment (and in respect to BPVi, the Master Servicer and Servicer appointment) if one of the following events takes place:

(i) an order is issued by any competent judicial authority providing for a *liquidazione coatta amministrativa* of the Master Servicer and/or the relevant Servicer or in the event that Master Servicer and/or the relevant Servicer is admitted to any other proceedings under Title IV of the Italian Banking Act or a resolution is passed by the Master Servicer and/or the relevant Servicer for the purpose of its admission to any such insolvency proceedings; or

(ii) breach by any of the obligations of the Master Servicer and/or the relevant Servicer under the Servicing Agreement such as to prejudice the collection and the management of the Claims and such breach fails to be remedied within 15 days (or 5 days, in case of breach of obligations concerning the collection of the Claims and the transfer of amounts so collected); or

(iii) breach by the Master Servicer and/or the relevant Servicer of the representations and warranties given by it under the Servicing Agreement; or

(iv) the Issuer and the Calculation Agent fail to receive the Servicer Report on its due date; or

(v) the Master Servicer and/or the relevant Servicer fails to comply with the requirements set forth by the Bank of Italy or other competent authority for the performance of servicing activities.

Should the Issuer terminate each Servicer's appointment (and in respect to BPVi, the Master Servicer and Servicer appointment), such termination (subject to being previously agreed with the Representative of the Noteholders) (i) shall be communicated in writing by the Issuer to the Servicer whose appointment has been terminated, the Back-Up Servicer and the Rating Agencies, and (ii) shall be effective from the date on which the successor Servicer will effectively start to perform the role of Servicer and/or Master Servicer, as the case may be; it being understood that should BN be terminated as Servicer, the Master Servicer shall automatically replace BN and perform its relevant role under the Servicing Agreement.

Each of the Master Servicer and the Servicers have acknowledged and accepted that it does not have any recourse against the Issuer for any damages, claims, liabilities, costs, and/or expenses (including, without limitation, legal fees and expenses) incurred as a result of the performance of its activities under the Servicing Agreement, except where such damages, claims, liabilities, costs or expenses are attributable to the gross negligence or wilful misconduct of the Issuer.

The Servicing Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Servicing Agreement.

THE BACK-UP SERVICING AGREEMENT

Under a back-up servicing agreement entered into on or about the Signing Date (the "**Back-Up Servicing Agreement**"), among the Issuer, BPVi, the Representative of the Noteholders and Zenith, Zenith has agreed to act as back-up servicer (the "**Back-Up Servicer**"). In particular, Zenith has agreed to act as master servicer of the Transaction and servicer of the relevant Portfolio on substantially the same terms set forth in the Servicing Agreement, should the appointment of BPVi, as servicer and master servicer, be terminated pursuant to the terms of the Servicing Agreement.

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

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

THE CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On or about the Signing Date, the Issuer has entered into the Cash Allocation, Management and Payments Agreement with the Representative of the Noteholders, the Account Bank, the Cash Manager, the Collection Account Bank, the Paying Agent, the Calculation Agent, the Back-up Servicer Facilitator, the Servicers, the Master Servicer and the Swap Counterparty.

Pursuant to the Cash Allocation, Management and Payments Agreement:

(i) the Account Bank has agreed to (i) operate the Account Bank Accounts and (ii) provide the Issuer with certain handling services in relation to monies or securities from time to time standing to the credit of such Accounts;

(i) the Collection Account Bank has agreed to provide the Issuer with certain reporting services together with account handling services in relation to monies or securities, as the case may be, from time to time standing to the credit of the Collection Account Bank Accounts;

(ii) the Calculation Agent has agreed to provide the Issuer with the Payments Report and with certain calculation services;

(iii) the Paying Agent has agreed to provide the Issuer with certain payment services; and

(iv) the Back-up Servicer Facilitator has agreed to provide the Issuer with certain services described therein and in the Servicing Agreement;

(v) the Luxembourg Listing Agent has agreed to make available for inspection such documents as may from time to time be required by the Luxembourg Stock Exchange, to arrange for the publication of any notice to be given to the Senior Noteholders, and to procure facilities available on behalf of the Issuer in Luxembourg.

The Collection Accounts, the Expenses Account and the Quota Capital Account have been established in the name of the Issuer with, and will be operated, by BPVi, in its capacity as Collection Account Bank. The amounts standing to the credit of the Collection Accounts shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

None of the Cash Manager, the Paying Agent, the Collection Account Bank, the Account Bank, the Calculation Agent or the Back-Up Servicer Facilitator shall be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by any other Party hereto as a result of the performance of its respective obligations under the Cash Allocation, Management and Payments Agreement, except where such loss, liability, expense or damage is suffered or incurred as a result of any gross negligence (*colpa grave*) or wilful misconduct (*dolo*) of each relevant Agent.

Upon the occurrence of certain events, including (i) default by the Paying Agent in making any payment to be made by it and such default continues unremedied for a period of 5 (five) Business Days; (ii) default by the Calculation Agent in preparing and delivering the Payments Report for two consecutive Payment Dates; (iii) default by the Collection Account Bank, the Account Bank, the Calculation Agent or the Back-Up Servicer Facilitator in the performance or observance of any of their respective covenants and obligations; (iv) if a new deduction or withholding for or on account of any taxation is imposed which cannot be avoided by reasonable measures; (v) in respect of the Collection Account Bank, if the appointment of BPVi as Master Servicer and Servicer is terminated due to the occurrence of a termination event with reference to BPVi pursuant to clause 11.1 of the Servicing Agreement; and (vi) if BNP Paribas Securities Services, Milan Branch as Account Bank and/or Paying Agent, no longer qualifies as an Eligible Institution, then either the Representative of the Noteholders or the Issuer may terminate the appointment of the Agent affected by the termination event.

Under the Cash Allocation, Management and Payments Agreement, if at any time following the Issue Date the appointment of the Back-Up Servicer terminates or the Back-Up Servicer assumes the role of servicer (in each case, in accordance with the terms of the Back-Up Servicing Agreement) and it is necessary, in order to maintain the rating of the Rated Notes, to appoint a successor back-up servicer, the Back-Up Servicer Facilitator undertakes (a) to do its best effort in order to select an entity to be appointed as successor back-up servicer and (b) to cooperate with the Issuer for the appointment of such successor back-up servicer in accordance with clause 11.9 of the Servicing Agreement, whose content, the Back-Up Servicer Facilitator confirms the acknowledgment.

Any agent appointed under the Cash Allocation, Management and Payments Agreement may resign from their respective appointment under the Cash Allocation, Management and Payments Agreement upon giving not less than three months' (or such shorter period as the Representative of the Noteholders may agree) prior written notice of termination to the Representative of the Noteholders and prior notification to the Rating Agencies, the Issuer and the other Parties.

The Issuer may terminate the appointment of any agent under the Cash Allocation, Management and Payments Agreement in any circumstances (whether or not a termination event has occurred) by giving 30 (thirty) Business Days prior written notice of such termination to the relevant Agent, in copy to other parties to the Cash Allocation, Management and Payments Agreement, provided that certain requirements are satisfied.

The Cash Allocation, Management and Payments Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in

relation to non-contractual obligations) arising from, or in connection with, the Cash Allocation, Management and Payments Agreement.

INTERCREDITOR AGREEMENT

On or about the Signing Date, the Issuer, the Representative of the Noteholders (on behalf of the Noteholders and for itself) and the Other Issuer Creditors have entered into the Intercreditor Agreement.

The Intercreditor Agreement provides for, *inter alia*, the order of priority of payments to be made by the Issuer from the Issuer Available Funds, as set forth in Condition 4 (*Orders of Priority*). The obligations owed by the Issuer to each Noteholder and to each of the Other Issuer Creditors will be limited recourse obligations solely of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Conditions, the Intercreditor Agreement and the other Transaction Documents.

Furthermore, under the Intercreditor Agreement, the Representative of the Noteholders is authorised to exercise, in the name and on behalf of the Issuer: (i) subject to a Trigger Notice being delivered to the Issuer following the occurrence of a Trigger Event, all and any of the Issuer's Rights (to the extent provided under the Transaction Documents and in any case other than the right to collect and receive Collections under the Servicing Agreement), including the right to sell (in whole or in part) the Portfolios; and (ii) upon any failure by the Issuer to exercise its rights under the Transaction Documents against any defaulting party to procure remedy of such default, all the Issuer's rights against the defaulting counterparty.

Under the Intercreditor Agreement, the parties thereof have acknowledged and agreed that the Issuer shall permit, without the consent of the Representative of the Noteholders, the Noteholders and any Other Issuer Creditors (including the Swap Counterparty), the percentage limits for the repurchase by the Originators of the Claims set out in clause 10.1, paragraphs (a) and (b), of the Transfer Agreements to be amended one or more times at the Originators' request (to the extent that the relevant Originator is still acting as Servicer of the Transaction), subject only to any of such actions not adversely affecting the then current rating of the Rated Notes and being understood that (i) the Rating Agencies will be prior notified of any such action and (ii) the Noteholders will be notified of such action, following implementation thereof, in accordance with Condition 13 (*Notices*).

The Intercreditor Agreement provides that, without prejudice to the application of the Issuer Available Funds in accordance with the applicable Order of Priority, the Representative of the Noteholders shall: (A) as long as any Senior Notes are outstanding and in case of a conflict among the interests of the Senior Noteholders and the interests of the Other Issuer Creditors, the Mezzanine Noteholders and the Junior Noteholders, have regard to the interests of the Senior Noteholders; (B) upon the redemption in full of the Senior Notes and in case of conflict between the interests of the Mezzanine Noteholders and the interests of the Other Issuer Creditors and the Junior Noteholders, have regard to the interests of the Mezzanine Noteholders; and (C) upon the redemption in full of the Rated Notes and in case of conflict between the interests of any of the Other Issuer Creditors or between any of the Other Issuer Creditors and the Junior Noteholders, have regard to the interests of such party ranking highest under the applicable Order of Priority. Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interests of the Mezzanine Noteholders or the Junior Noteholders or Other Issuer Creditors, as the case may be.

The Intercreditor Agreement furthermore provides that:

(i) upon exercise by the Issuer of its option for an early redemption of the Notes (or, as the case may be, the Rated Notes only) pursuant to Condition 6.3 (*Optional Redemption*) or Condition 6.4 (*Redemption for taxation*), the Issuer, with prior notice to the Rating Agencies, shall be entitled to dispose (in whole or in part) of the Portfolios provided that a sufficient amount would be realised to allow discharge in full of all amounts owing to the Notes being redeemed and amounts ranking in priority thereto or *pari passu* therewith in accordance with the Pre-Enforcement Order of Priority (and, in case of a redemption of the Rated Notes only, all

amounts due under the Swap Agreement, including any termination payments due thereunder ranking below the Rated Notes);

(ii) upon a Trigger Notice being delivered to the Issuer following the occurrence of a Trigger Event, the Representative of the Noteholders, with prior notice to the Rating Agencies, shall be entitled to dispose (in whole or in part) of the Portfolios provided that a sufficient amount would be realised to allow discharge in full of all amounts owing to holders of the Most Senior Class of Notes and amounts ranking in priority thereto or *pari passu* therewith in accordance with the Post-Enforcement Order of Priority (as indicated in the relevant Payments Report);

(iii) the Issuer will elect Luxembourg as its Home Member State for the purpose of the Transparency Directive.

Call Option

Pursuant to the Intercreditor Agreement, the Issuer has granted to each Originator an option right pursuant to Article 1331 of the Italian Civil Code (the "**Call Option**"), to purchase in the period starting from 45 days prior to each Optional Redemption Date and ending on the second Business Day before such Optional Redemption Date, the relevant Portfolio outstanding on the date indicated to such purpose by the Originators, (in whole but not in part), provided that the relevant purchase price being an amount sufficient, also taking into account the relevant Issuer Available Funds (as determined in the relevant Payments Report) necessary for the Issuer to discharge, on the relevant Payment Date, all its outstanding liabilities in respect of the Notes to be redeemed and any amount ranking prior thereto or pari passu therewith pursuant to the Pre-Enforcement Order of Priority (and, in case of a redemption of the Rated Notes only, all amounts due under the Swap Agreement, including any termination payments due thereunder ranking below the Rated Notes).

The exercise of the Call Option shall be conditional upon the delivery by each Originator to the Issuer and the Representative of the Noteholders of: (i) a certificate of good standing of the Originator issued by the Chamber of Commerce to be dated not prior than 10 (ten) days before the date of exercise of the Call Option confirming that the relevant Originator is not subject to any insolvency or similar proceedings; (ii) a solvency certificate signed by the legal representative of the relevant Originator or any other duly authorised representative of the Originator to be dated the date of exercise of the Call Option and, except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also (iii) a solvency certificate issued by the bankruptcy court (tribunale fallimentare) to be dated not prior than 10 (ten) days before the relevant Payment Date stating that no insolvency proceedings are pending against the relevant Originator. The sale of the Portfolios to the Originators will be regulated by Article 58 of the Consolidated Banking Act and shall be construed as a "vendita a rischio e pericolo del compratore" pursuant to Article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of Article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and to the maximum extent permitted by the Italian Law of any other guarantee on the transfer of the claim.

The effectiveness of the transfer of the Portfolios will be subject to receipt by the Issuer of the relevant purchase price from the Originators.

The above provisions shall also apply in the event of Optional Redemption and Redemption for Taxation (both as defined in the Conditions), subject to the occurrence of the relevant conditions provided for under Condition 6.3 (*Optional Redemption*) and 6.4 (*Redemption for Taxation*).

Swap Collateral

The Intercreditor Agreement also contains the Collateral Account Priority of Payments which describes how amounts standing to the credit of the Collateral Account may be used by the Issuer as described below.

In the event that the Swap Counterparty is required to transfer collateral to the Issuer in respect of its obligations under the Swap Agreement in accordance with the terms of the Credit Support Annex, that collateral will be credited to the Collateral Account, as applicable, together with any interest or

distributions on that collateral, in each case in accordance with the Cash Allocation, Management and Payments Agreement. In addition, upon any early termination of any Swap Agreement or novation of the Swap Counterparty's obligations under the Swap Agreement to a replacement swap counterparty, (i) any Replacement Swap Premium received by the Issuer from such replacement swap counterparty and/or (ii) any termination payment received by the Issuer from the outgoing Swap Counterparty will be credited to the Collateral Account. Any payments to be made in cash in accordance with the Collateral Account Priority of Payments shall be made from the Collateral Account.

Amounts standing to the credit of the Collateral Account will not be available for the Issuer to make payments to the Noteholders and the Other Issuer Creditors generally, but may be applied only in accordance with the following provisions (the "**Collateral Account Priority of Payments**"):

(i) prior to the designation of an Early Termination Date in respect of the Swap Agreement, solely in or towards payment or transfer of any Return Amounts, Interest Amounts and Distributions (each as defined in the Credit Support Annex), and any return of collateral to the Swap Counterparty upon a novation of the Swap Counterparty's obligations under the Swap Agreement to a replacement swap counterparty on any day (whether or not such day is a Payment Date), directly to the Swap Counterparty in accordance with the terms of the Credit Support Annex;

(ii) upon or immediately following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Counterparty and (B) the Issuer enters into a replacement swap agreement in respect of such Swap Agreement on or around the Early Termination Date of such Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on which such Replacement Swap Premium (if any) payable to the Issuer has been received (in each case, whether or not such day is a Payment Date), in the following order of priority:

   a. first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being novated or terminated;

   b. second, in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement; and

   c. third, the surplus (if any) (a "**Swap Collateral Account Surplus**") on such day to be transferred to the Distribution Account and deemed to form Issuer Available Funds;

(iii) following the designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following a Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party or an Additional Termination Event (as defined in the Swap Agreement) resulting from a ratings downgrade of the Swap Counterparty and (B) the Issuer is unable to or elects not to enter into a replacement swap agreement on or around the Early Termination Date of such Swap Agreement, on any day (whether or not such day is a Payment Date) in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement;

(iv) following the designation of an Early Termination Date in respect of the Swap Agreement where such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (ii) and (iii) above, on any day (whether or not such day is a Payment Date) in or towards payment of any net termination payment due to the outgoing Swap Counterparty in accordance with the Swap Agreement; and

(v) following payment of any amounts due pursuant to (iii) and (iv) above, if amounts remain standing to the credit of the Collateral Account, such amounts may be applied on any day (whether or not such day is a Payment Date) only in accordance with the following provisions:

(a) *first*, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated; and

(b) *second*, the surplus (if any) (a "**Swap Collateral Account Surplus**") remaining after payment of such Replacement Swap Premium to be transferred to the Distribution Account and deemed to form Issuer Available Funds,

provided that if the Issuer has not entered into a replacement swap agreement with respect to the Swap Agreement on or prior to the earlier of:

(A) the day that is 10 (ten) Business Days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of a Trigger Event pursuant to Condition 10 (*Trigger Events*)); or

(B) the day on which a Trigger Notice is given pursuant to Condition 10 (*Trigger Events*),

then the Collateral Amount on such day shall be transferred to the Distribution Account as soon as reasonably practicable thereafter and deemed to constitute a Swap Collateral Account Surplus and to form Issuer Available Funds.

The Intercreditor Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Intercreditor Agreement.

ENGLISH DEED OF CHARGE

Pursuant to a deed of charge governed by English law to be executed by the Issuer on or about the Signing Date (the "**English Deed of Charge**" and together with the Swap Guarantee Security Agreement, the "**Security Documents**"), the Issuer has assigned absolutely with full title guarantee to the Representative of the Noteholders (acting as security trustee) on behalf of the Noteholders and the Other Issuer Creditors, all of its present and future rights, title, interest and benefit in, to and under the Swap Agreement (subject to the netting and set-off provisions thereof), the EMIR Reporting Agreement and all payments due to them thereunder (collectively, the "**English Law Documents**").

The English Deed of Charge (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, English law. The courts of England shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the English Deed of Charge.

SUBORDINATED LOAN AGREEMENT

Pursuant to the Subordinated Loan Agreement entered into on or about the Signing Date, the Subordinated Loan Provider has provided the Issuer on the Issue Date with an interest bearing Subordinated Loan which will be applied by the Issuer to fund the Cash Reserve Amount, the Issuer Disbursement Amount and the Swap Reserve Amount.

Interest in respect of the Subordinated Loan shall accrue on a daily basis on the outstanding principal amount of such loan, from the date of its disbursement and until the earlier of: (i) the date on which the Subordinated Loan has been repaid in full; and (ii) the Final Maturity Date. The rate of interest on the Subordinated Loan for each Interest Period is the rate per annum being the aggregate of Three Months Euribor and a margin of 0.50% *per annum*, provided that the rate of interest applicable to the Subordinated Loan (i.e., the Three Months Euribor plus the margin) shall not be negative in any case.

Interest and principal due and payable under the Subordinated Loan Agreement will be paid by the Issuer on each Payment Date out of the Issuer Available Funds in accordance with the applicable Order of Priority.

The Subordinated Loan Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Subordinated Loan Agreement.

ADMINISTRATIVE SERVICES AGREEMENT

Pursuant to the Administrative Services Agreement entered into on 30 November 2016, as amended on or about the Signing Date, BPVi has agreed to provide the Issuer with a number of administrative services as long as the Notes are outstanding, including, *inter alia*, to:

(i) keep, on behalf of the Issuer, accounting and tax records required by Italian law; and

(ii) to assist the Issuer's directors in the preparation of the Issuer's annual financial statements in compliance with applicable laws and regulations (including any applicable regulation from the Bank of Italy) and prepare all periodical reports required by applicable money laundering, banking and stock exchange and other applicable regulations.

(iii) to the extent that such activities will not be carried out by the Corporate Services Provider under the Corporate Services Agreement, to reply – on the basis of the available data and with reference to the Securitisation – to all the "*richieste di indagine*" received by the Issuer pursuant to Article 32, paragraph 1, No. 7 of the Presidential Decree No. 600 of 29 September 1973 and Article 51, paragraph 2, No. 7 of the Presidential Decree No. 633 of 26 October 1972 (so-called "*PEC*").

The Administrative Services Provider may appoint any person as its sub-agent, sub-contractor or representative to assist it in the performance of its activities, provided that such appointment does not affect the performance of the obligations under the Administrative Services Agreement and the Administrative Services Provider shall not be released from any liability under the Administrative Services Agreement and shall remain primarily responsible for the provision (or failure to provide) and the performance (or failure to perform) of the services so delegated.

The Administrative Services Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Administrative Services Agreement.

CORPORATE SERVICES AGREEMENT

Pursuant to the Corporate Services Agreement entered into on or about the Signing Date, the Corporate Services Provider has agreed to provide the Issuer with a number of corporate services as long as the Notes are outstanding, including, *inter alia*, to:

(a) to keep all necessary or appropriate documentation, records and resolutions regarding meetings of the shareholders, the directors and, if appointed, the internal auditors including, but not limited to, the registers of the minutes of the shareholders', the internal auditors', the directors' meetings/resolutions (*libro delle decisioni dei soci, libro delle decisioni del collegio sindacale, libro delle decisioni degli amministratori*); and

(b) to arrange for the deposit, registration or publication with the competent depository, registry or other entity of all shareholders' resolutions or other documents which may, from time to time, have to be deposited, registered or published by the Company in accordance with applicable Italian law.

The Issuer may terminate the Corporate Services Agreement and appoint a successor in the event of fraud, gross negligence, wilful misconduct or default by the Corporate Services Provider in the

performance of its duties and obligations and may, in any event, terminate the Corporate Services Provider's appointment with three months' prior notice.

The Corporate Services Agreement (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Corporate Services Agreement.

QUOTAHOLDER AGREEMENT

Pursuant to the Quotaholder Agreement entered into on or about the Signing Date between, *inter alia*, the Issuer and the Representative of the Noteholders, the Quotaholder have undertaken certain rules in relation to the corporate management of the Issuer.

The Quotaholder Agreement is in Italian. The Quotaholder Agreement and all non contractual obligations arising out or in connection with it is governed by, and will be construed in accordance with, Italian law.

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

THE SWAP AGREEMENT, THE SWAP GUARANTEE AND THE SWAP GUARANTEE SECURITY AGREEMENT

On or about the Issue Date, the Issuer will enter into a fixed-floating swap transaction, a basis swap transaction and two capped swap transactions with the Swap Counterparty (each a "**Swap Transaction**" and collectively the "**Swap Transactions**"). Such Swap Transactions shall be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border) (the "**ISDA Master Agreement**"), together with a Schedule thereto (the "**Schedule**"), a 1995 ISDA credit support annex (the "**Credit Support Annex**") and each swap confirmation (each a "**Swap Confirmation**" and together with the ISDA Master Agreement, the Schedule and the Credit Support Annex, the "**Swap Agreement**"). The Swap Transactions are entered into in order to hedge against the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Rated Notes. The obligations of the Issuer under the Swap Agreement shall be limited recourse to the Issuer Available Funds. The Issuer Available Funds to be applied in accordance with the Order of Priority shall include an amount released from the Swap Reserve Account prior to each Payment Date equal to the Swap Fixed Amounts payable in respect of such Payment Date.

If the Swap Counterparty (or its guarantor or credit support provider, as applicable) is downgraded below any of the required credit ratings set out in the Swap Agreement, the Swap Counterparty will be required to carry out, within the time frame specified in the Swap Agreement, one or more remedial measures at its own cost which include the following:

(a) transfer all of its rights and obligations under the Swap Agreement to an appropriately rated entity;

(b) arrange for an appropriately rated entity to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; and

(c) post collateral to support its obligations under the Swap Agreement.

Any such collateral will be credited to the Collateral Account, together with any interest or distributions on that collateral and will not be available for the Issuer to make payments to the Other

Issuer Creditors generally, but must be applied in accordance with the Collateral Account Priority of Payments set out in the Intercreditor Agreement.

The occurrence of certain termination events and events of default contained in the Swap Agreement may cause the termination of the Swap Agreement prior to its stated termination date Such events include (1) redemption of the Rated Notes or Notes of all Classes pursuant to Condition 6.2 (*Mandatory Pro Rata redemption*); (2) redemption of the Notes or Notes of all Classes pursuant to Condition 6.4 (*Redemption for Taxation*) or 6.3 (*Optional Redemption*); (3) amendment of any Transaction Document without the prior written consent of the Swap Counterparty if such amendment affects the amount, timing or priority of any payments or deliveries due from the Swap Counterparty to the Issuer or from the Issuer to the Swap Counterparty, (4) failure by the Swap Counterparty to take certain remedial measures required under the Swap Agreement following a Swap Counterparty Rating Event; and (5) acceleration of the Notes following service of a Trigger Notice.

Pursuant to the Swap Confirmations, with respect to each Payment Date the Issuer will pay the Swap Counterparty an amount equal to the notional amount multiplied by (i) under the fixed-floating swap, a fixed rate; (ii) under the three-month basis swap, a floating rate calculated with reference to three-month Euribor, determined in accordance with the Swap Agreement and reset periodically as specified in the Swap Agreement; and (iii) under the capped basis swaps, a floating rate calculated with reference to three-month Euribor determined in accordance with and reset periodically as specified in the Swap Agreement capped at the maximum rate specified in the relevant Swap Confirmation. In addition, under each of the Swap Confirmations on each Payment Date, the Swap Fixed Amounts will be due by the Issuer to the Swap Counterparty. Netting will apply to all payments under the Swap Confirmations, including the Swap Fixed Amounts.

Under each of the Swap Confirmations, with respect to each Payment Date the Swap Counterparty will pay to the Issuer an amount equal to the notional amount multiplied by three-month Euribor payable under the Rated Notes.

As further described in each Swap Confirmation, the notional amount for each Swap Transaction will be calculated with reference to the Principal Instalments of the Receivables hedged thereunder (other than the amount of any Principal Instalments due but unpaid, or that have been prepaid or repurchased, at the relevant Collection Date and any Principal Instalments relating to Defaulted Receivables) as of the Collection Date preceding the beginning of each Calculation Period (as such term is defined in the Swap Agreement). For each Calculation Period, the notional amount in respect of each Swap Transaction will be the lower of the amount of such Principal Instalments and the scheduled maximum notional amount set forth in the relevant Swap Confirmation, provided that if the Master Servicer fails to deliver the Servicer Report in accordance with the provisions of the Swap Agreement, then the notional amount for that Calculation Period (as such term is defined in the Swap Agreement) shall be the lesser of the scheduled maximum notional amount forth in the relevant Swap Confirmation and the notional amount for the previous Calculation Period (as such term is defined in the Swap Agreement).

The Swap Counterparty will be required to make payments pursuant to the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will, subject to certain conditions, be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. Such a change in tax law may result in the termination of the Swap Agreement. The Issuer will not be required to gross up under the Swap Agreement. Any Swap Tax Credit Amounts payable by the Issuer shall be paid directly to the Swap Counterparty following receipt without regard to the Collateral Account Priority of Payments or the Orders of Priority and shall not form Issuer Available Funds.

The Swap Agreement and any non-contractual obligation arising out of, or in connection with, the Swap Agreement will be governed by and construed in accordance with English law. The courts of England shall have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

On or around the Issue Date, the obligations of J.P. Morgan Securities plc as Swap Counterparty under the Swap Agreement will be guaranteed by JPMorgan Chase Bank, N.A. (the "**Swap Guarantor**") pursuant to a New York law governed guarantee (the "**Swap Guarantee**"). The Issuer will create a first ranking security interest over its rights under the Swap Guarantee in favour of the Representative of the Noteholders as security agent pursuant to a New York law governed security document (the "**Swap Guarantee Security Agreement**").

SUBSCRIPTION AGREEMENTS

The Class A Notes and Mezzanine Notes Subscription Agreement

Pursuant to the Class A Notes and Mezzanine Notes Subscription Agreement entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators, the Arrangers and the Representative of the Noteholders, the Initial Noteholders have subscribed for the Class A Notes and the Mezzanine Notes and paid to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Class A Noteholders and the Mezzanine Noteholders, subject to the conditions set out therein.

The Class A Notes and Mezzanine Notes Subscription Agreement is governed by and, will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes arising from (including all non contractual obligations arising thereof), or in connection with, the Class A Notes and Mezzanine Notes Subscription Agreement.

The Junior Notes Subscription Agreement

Pursuant to the Junior Notes Subscription Agreement entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators and the Representative of the Noteholders, the Initial Noteholders have subscribed for the Junior Notes and paid to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Junior Noteholders, subject to the conditions set out therein.

The Junior Notes Subscription Agreement is governed by and, will be construed in accordance with, Italian law. The courts of Milan shall have exclusive jurisdiction in relation to any disputes arising from (including all non contractual obligations arising thereof), or in connection with, the Junior Notes Subscription Agreement.

MASTER DEFINITIONS AGREEMENT

Pursuant to the terms of the Master Definitions Agreement entered into on or about the Signing Date, the definitions of certain terms used in the Transaction Documents shall be set out.

The Master Definitions Agreement is governed by and, will be construed in accordance with, Italian law.

ACCOUNTS

A) Accounts held with the Collection Account Bank

1. the **BPVi Collection Account**,

   into which: **(a)** all Collections related to the BPVi Portfolio (and the Excluded Collections, if any) will be credited in accordance with the Servicing Agreement; and **(b)** any amount to be paid by the relevant Servicer as indemnity pursuant to the Servicing Agreement will be credited; and

   out of which: **(c)** all sums standing to the credit thereof (other than the Excluded Collections) will be transferred on the same Local Business Day of receipt to the Transaction Account, provided that: (i) any amount credited to the BPVi Collection Account after 5 p.m. (Milan time) on a Local Business Day will be transferred to the Transaction Account on the immediately following Business Day, and (ii) any amount (if any) received or collected by the Servicer of the relevant Portfolio from the Effective Date to the first Business Day preceding the Issue Date will be transferred to the Transaction Account on or prior to the Issue Date; and **(d)** any Advance Indemnity or Limited Recourse Loan plus interest thereon granted by BPVi under the BPVi Warranty and Indemnity Agreement will be repaid to BPVi out of the Excluded Collections; and

2. the **BN Collection Account**,

   into which: **(a)** all Collections related to the BN Portfolio (and the Excluded Collections, if any) will be credited in accordance with the Servicing Agreement; and **(b)** any amount to be paid by the relevant Servicer as indemnity pursuant to the Servicing Agreement will be credited; and

   out of which: **(c)** all sums standing to the credit thereof (other than the Excluded Collections) will be transferred on the same Local Business Day of receipt to the Transaction Account, provided that: (i) any amount credited to the BN Collection Account after 5 p.m. (Milan time) on a Local Business Day will be transferred to the Transaction Account on the immediately following Business Day, and (ii) any amount (if any) received or collected by the Servicer of the relevant Portfolio from the Effective Date to the first Business Day preceding the Issue Date will be transferred to the Transaction Account on or prior to the Issue Date; and **(d)** any Advance Indemnity or Limited Recourse Loan plus interest thereon granted by BN under the BN Warranty and Indemnity Agreement will be repaid to BN out of the Excluded Collections;

   (the BPVi Collection Account and the BN Collection Account are jointly referred to hereinafter as the "**Collection Accounts**");

3. the **Expenses Account**,

   into which: **(a)** the Issuer Disbursement Amount will be credited on the Issue Date out of the Subordinated Loan; **(b)** on each Payment Date, the Issuer Disbursement Amount will be paid in accordance with the applicable Order of Priority; and

   out of which: **c)** payments of any taxes, costs, expenses or any other amounts referred to under items (i), (ii)(a) and (ii)(b) of the applicable Order of Priority will be made, to the extent that the relevant payment is not deferrable to the immediately succeeding Payment Date;

4. the **Quota Capital Account**, *into which* all sums contributed by the Quotaholders as quota capital will be credited,

B) Accounts held with the Account Bank

1. the **Investment Accounts** (being a Cash Investment Account and a Securities Investment Account, on which, respectively, cash and securities will be credited and debited as follows),

   into which: **(a)** upon written instruction of the Cash Manager, the amounts standing to the credit of the Transaction Account and/or the Cash Reserve Account and/or the Swap Reserve Account will be transferred to the Cash Investment Account to be applied to purchase Eligible Investments, provided that, in any case, the Cash Manager shall not be allowed to give any instruction to transfer money out of the Account Bank Accounts during the period beginning on (and including) the fourth Business Day immediately succeeding each Collection Date and ending on (and including) the second Business Day preceding each Payment Date; **(b)** any Eligible Investment (being securities) purchased upon written instruction of the Cash Manager out of funds standing to the credit thereon will be deposited to the Securities Investment Account; **(c)** on the fourth Business Day succeeding each Collection Date all amounts deriving from the liquidation of any Eligible Investment will be credited to the Cash Investment Account; **(d)** any interest and profit accrued on the Eligible Investment will be credited to the Cash Investment Account; and

   out of which: **(e)** on the second Business Day preceding each Payment Date, all amounts standing to the credit of the Cash Investment Account as of close of business on the fifth Business Day immediately succeeding each Collection Date will be transferred to the Distribution Account; **(f)** on the fourth Business Day succeeding each Collection Date, all amounts deriving from the liquidation of any Eligible Investment purchased by way of the sums deriving from the Swap Reserve Account will be transferred (together with any interest and profit accrued thereon) on the Swap Reserve Account; and

2. a **Collateral Account** (for deposits denominated in Euro),

   into which: **(a)** any collateral consisting of cash received from the Swap Counterparty pursuant to the Swap Agreement; **(b)** any interest or distributions on the cash credited in this Cash Collateral Account; **(c)** any Replacement Swap Premium received by the Issuer from a replacement swap counterparty and **(d)** any termination payment received by the Issuer from the outgoing Swap Counterparty, shall be credited; and

   out of which: **(e)** payments shall be made in accordance with the Collateral Account Priority of Payments; and

3. the **Transaction Account**,

   into which: **(a)** the subscription price of the Notes (net of any set-off agreed in the Subscription Agreements) will be credited on the Issue Date in accordance with the Subscription Agreements; **(b)** any amount (if any) received or collected by the Servicers with respect to the Claims from the Effective Date to the first Business Day preceding the Issue Date will be transferred on or prior to the Issue Date; **(c)** all sums standing to the credit of the Collection Accounts (other than the Excluded Collections) will be transferred on the same Business Day of receipt, provided that any amount credited to the Collection Accounts after 5 p.m. (Milan time) on a Business Day will be transferred on the immediately following Business Day; and **(d)** all sums (other than Collections, any amount paid by the Swap Counterparty and consideration for the Erroneously Included Claims) collected or received by the Issuer under the Transaction Documents will be credited, if not credited to other Accounts pursuant to the Transaction Documents; and

out of which: **(e)** on the Issue Date, the Purchase Price of the Claims (net of any set-off agreed between the Issuer and the relevant Originator under the Subscription Agreements) and the Interest on the Purchase Price of the Claims, will be paid to the Originators (provided that the Interest Component of the Purchase Price and the Interest on the Purchase Price of the Claims will be paid to the Originators on the Issue Date for an amount not higher than the amount of funds standing to the credit of this Account on such date, less the funds necessary to make any other payments out of such Account on or about such date); **(f)** (i) on or about the Issue Date, the upfront costs and expenses of the Securitisation will be paid also on a date which is not a Payment Date; **(g)** upon written instruction of the Cash Manager, the amounts standing to the credit thereof will be transferred to the Cash Investment Account to be applied to purchase Eligible Investments, provided that, in any case, the Cash Manager shall not be allowed to give any transfer instruction during the period beginning (and including) on the fourth Business Day immediately succeeding each Collection Date and ending on the second Business Day preceding each Payment Date; **(h)** on the second Business Day preceding each Payment Date, any amount standing to the credit thereof as of close of business on the fifth Business Day immediately succeeding each Collection Date will be transferred to the Distribution Account; and **(i)** any fees, costs, expenses and taxes due and payable by the Issuer (also on a date which is not a Payment Date) shall be paid, if and to the extent that the amounts then standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents are insufficient to satisfy such payment obligations of the Issuer; and

4. the **Distribution Account**,

into which: **(a)** on the second Business Day preceding each Payment Date, any amount standing to the credit of the Transaction Account, the Cash Investment Account and the Cash Reserve Account as of close of business on the fifth Business Day immediately succeeding each Collection Date will be transferred; **(b)** any consideration for Erroneously Included Claims will be credited by the Originators pursuant to the Transfer Agreements; **(c)** any net amount due from the Swap Counterparty under the Swap Agreement (other than any amounts required to be credited to the Collateral Account) will be paid two Business Days prior to each Payment Date; **(d)** any proceeds deriving from the sale in whole of the Portfolios will be credited; **(e)** on the second Business Day preceding each Payment Date, the Swap Fixed Amount will be credited; **(f)** on the date on which the Swap Agreement terminates all amounts standing to the credit of the Swap Reserve Account will be credited; and

out of which: **(g)** payments will be made on each Payment Date in accordance with the applicable Order of Priority and, to the extent that the Paying Agent and the Account Bank are not the same entity, by close of business one Business Day before each Payment Date an amount will be transferred to the Paying Agent to be applied towards payments of interest and repayments of principal to the Noteholders and Additional Return to the Class J Noteholders in accordance with the Conditions and the Payments Report; and

5. the **Cash Reserve Account**,

into which: **(a)** on the Issue Date the Cash Reserve Amount will be credited; **(b)** on each Payment Date prior to the delivery of a Trigger Notice, provided that the Rated Notes have not been or will not be redeemed in full on such Payment Date, the amount payable under item (vii) of the Pre-Enforcement Order of Priority will be credited; and

out of which: **(c)** on the second Business Day preceding each Payment Date, any amount standing to the credit thereof as of close of business on the fifth Business Day immediately succeeding each Collection Date will be transferred to the Distribution Account; and **(d)** upon written instruction of the Cash Manager, the amounts standing to the credit thereof will be transferred to the Cash Investment Account to be applied to purchase Eligible Investments, provided that, in any case, the Cash Manager shall not be allowed to give any transfer instruction during the period beginning on (and including) the fourth Business Day immediately succeeding each Collection Date and ending on (and including) the second Business Day preceding each Payment Date.

6. the **Swap Reserve Account**,

into which: **(a)** on the Issue Date, the Swap Reserve Amount will be credited out of the proceeds of the Subordinated Loan; **(b)** on the fourth Business Day succeeding each Collection Date, the amounts deriving from the liquidation of any Eligible Investment (including any interest and profit accrued thereon) purchased by way of the sums deriving from the Swap Reserve Account will be credited; and

out of which: **(c)** on the second Business Day preceding each Payment Date, an amount equal to the Swap Fixed Amount will be transferred to the Distribution Account; **(d)** upon written instruction of the Cash Manager, the amounts standing to the credit thereof will be transferred to the Cash Investment Account to be applied to purchase Eligible Investments, *provided that*, in any case, the Cash Manager shall not be allowed to give any transfer instruction during the period beginning on (and including) the fourth Business Day immediately succeeding each Collection Date and ending on (and including) the second Business Day preceding each Payment Date; **(e)** and on the date on which the Swap Agreement terminates all amounts standing to the credit of the Swap Reserve Account will be credited to the Distribution Account.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND CERTAIN ASSUMPTIONS

The estimated weighted average life of the Rated Notes cannot be predicted, as the actual rate at which the Mortgage Loans will be repaid and a number of other relevant factors are unknown. Calculations as to the estimated weighted average life of the Rated Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations can be made that such estimates are accurate, or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The following tables show the estimated weighted average life and the principal payment window of the Rated Notes and has been, *inter alia*, prepared based on the characteristics of the Claims included in the Portfolios and on the following additional assumptions:

(i) all Claims are duly and timely paid and there are no Delinquent Instalments or Defaulted Claims at any time;

(ii) the constant prepayment rate as per table below, has been applied to the Portfolios in homogeneous terms;

(iii) no Trigger Event occurs in respect of the Notes;

(iv) no Redemption for Taxation pursuant to Condition 6.4 (*Redemption for Taxation*) has occurred in respect of the Notes;

(v) the Issuer will not exercise its option to redeem the Notes on or after the Call Date pursuant to Condition 6.3 (*Optional Redemption*);

(vi) the terms of the Mortgage Loans will not be affected by any legal provision authorising borrowers to suspend payment of interest and/or principal instalments;

(vii) no variation in the interest rates;

(viii) no purchase/sale/indemnity/renegotiations on the Portfolios is made according to the Transaction Documents.

The actual performance of the Claims are likely to differ from the assumptions used in constructing the tables set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Claims will cause the estimated weighted average life and the principal payment window of the Rated Notes to differ (which difference could be material) from the corresponding information in the following tables.

CONSTANT PREPAYMENT RATE (% PER ANNUM)	CLASS A NOTES	
	Estimated Weighted Average Life (years)	**Estimated Maturity**
0.0%	7.64	31-Aug-32
1.0%	6.93	31-Aug-31
2.0%	6.32	31-Aug-30
3.0%	5.80	30-Nov-29
4.0%	5.35	28-Feb-29
5.0%	4.95	31-Aug-28

CONSTANT PREPAYMENT RATE (% PER ANNUM)	CLASS B NOTES	
	Estimated Weighted Average Life (years)	**Estimated Maturity**
0.0%	16.33	30-Nov-33
1.0%	15.31	30-Nov-32
2.0%	14.38	29-Feb-32
3.0%	13.58	28-Feb-31
4.0%	12.83	31-May-30
5.0%	12.16	30-Nov-29

CONSTANT PREPAYMENT RATE (% PER ANNUM)	CLASS C NOTES	
	Estimated Weighted Average Life (years)	**Estimated Maturity**
0.0%	17.47	30-Nov-34
1.0%	16.51	30-Nov-33
2.0%	15.59	30-Nov-32
3.0%	14.75	29-Feb-32
4.0%	14.01	31-May-31
5.0%	13.31	31-Aug-30

The estimated maturity and the estimated weighted average life of the Rated Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

TERMS AND CONDITIONS OF THE NOTES

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

In these Conditions, references to (i) any agreement or other document shall include such agreement or another document as may be modified from time to time in accordance with the provisions contained therein and any deed or other document expressed to be supplemental thereto, as modified from time to time; and (ii) any laws or regulation shall be interpreted and construed to include any amendments and implementation thereof as of the date of these Conditions.

The Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class A Notes**" or the "**Senior Notes**" and the holders thereof, the "**Senior Noteholders**" or the "**Class A Noteholders**") and the Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class B Notes**" and the holders thereof the "**Class B Noteholders"**) and the Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class C Notes**" and the holders thereof the "**Class C Noteholders**"; the Class C Notes and the Class B Notes, together, the "**Mezzanine Notes**" and the holders thereof, the "**Mezzanine Noteholders**"; the Class A Notes, the Class B Notes and the Class C Notes are, collectively, the "**Rated Notes**") and the Euro 51,519,000 Class J Residential Mortgage Backed Floating Rate Notes due November 2067 (the "**Class J Notes**" or the "**Junior Notes**" and the holders thereof, the "**Junior Noteholders**" or the "**Class J Noteholders**" and together with the Senior Noteholders and the Mezzanine Noteholders, the "**Noteholders**"; the Junior Notes together with the Rated Notes, the "**Notes**") will be issued by Berica ABS 5 S.r.l. (the "**Issuer**") on 1° March 2017 (the "**Issue Date**") to finance the purchase, pursuant to two transfer agreements entered into on 30 November 2016, as subsequently amended and with legal effect as of the Legal Effective Date, as defined below (the "**BPVi Transfer Agreement**" and the "**BN Transfer Agreement**" and collectively the "**Transfer Agreements**"), from Banca Popolare di Vicenza S.p.A. ("**BPVi**") and Banca Nuova S.p.A. ("**BN**") of claims and connected rights (the "**Claims**") due under residential mortgage loans (the "**Mortgage Loans**") granted to borrowers thereunder (the "**Borrowers**") by BPVi (the "**BPVi Claims**") and BN (the "**BN Claims**").

Any reference in these Conditions to: (i) a "**Class**" of Notes or a Class of Noteholders shall be construed as a reference to the Class A Notes or the Class B Notes or the Class C Notes or the Class J Notes, as the case may be, or to the respective Noteholders thereof; and (ii) any agreement or document shall be construed as a reference to such agreement or document as the same may have been, or may from time to time be, amended, varied, novated, replaced or supplemented. The principal source of payment of amounts due and payable in respect of the Notes will be collections made in respect of the Portfolios. The Portfolios and the other Issuer's Rights are segregated from all other assets of the Issuer by operation of Law No. 130 of 30 April 1999 (the "**Securitisation Law**") and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will 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 or expenses due to the Issuer's creditors pursuant to the Transaction Documents (as defined below) and to pay any other creditor of the Issuer in respect of costs, fees, expenses or other amounts of the Issuer to such other creditor in relation to the securitisation of the Claims made by the Issuer

through the issuance of the Notes (the "**Securitisation**"). Amounts deriving from the Portfolios and the Other Issuer's Rights will not be available to any other creditor of the Issuer.

Transaction Documents

Pursuant to two warranty and indemnity agreements entered into on 30 November 2016 (such agreements, as from time to time modified and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof, the "**Warranty and Indemnity Agreements**") between the Issuer on the one hand, and each Originator on the other hand, the latter have made certain representations and warranties in favour of the Issuer in relation, respectively, to the BPVi Portfolio and the BN Portfolio and certain other matters and each Originator has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer in connection with the purchase and ownership of the relevant Portfolio.

Pursuant to a servicing agreement entered into on 30 November 2016 (such agreement, as from time to time modified and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof, the "**Servicing Agreement**") between BPVi and BN (each in its capacity as servicer in respect of the BPVi Portfolio and the BN Portfolio and BPVi also as master servicer) and the Issuer, each of BPVi and BN, as a *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*, has agreed to administer and service the relevant Portfolio and to collect any amounts in respect of the relevant Portfolio on behalf of the Issuer.

Pursuant to an administrative services agreement entered into on 30 November 2016, as subsequently amended, (the "**Administrative Services Agreement**") between the Issuer and the Administrative Services Provider, the Administrative Services Provider has agreed to provide certain administrative services to the Issuer for so long as the Notes are outstanding.

Pursuant to the terms of a back-up servicing agreement (the "**Back-Up Servicing Agreement**") entered into on or about the Signing Date between the Issuer, BPVi and Zenith, Zenith has agreed to act as back-up servicer (the "**Back-Up Servicer**"). In particular, Zenith has agreed to act as master servicer of the Transaction and servicer of the relevant Portfolio on substantially the same terms set forth in the Servicing Agreement, should the appointment of BPVi, as servicer and master servicer, be terminated pursuant to the terms of the Servicing Agreement.

Pursuant to a cash allocation, management and payments agreement entered into on or about the Signing Date (the "**Cash Allocation, Management and Payments Agreement**") among, *inter alios*, the Issuer, the Representative of the Noteholders, the Servicers, the Cash Manager, the Master Servicer, the Collection Account Bank, the Account Bank, the Back-Up Servicer Facilitator, the Calculation Agent, the Paying Agent and the Swap Counterparty, each of the above agents has agreed to provide the Issuer with certain calculation, notification and reporting services together with account handling and cash management services in relation to monies or securities from time to time standing to the credit of the Collection Accounts Bank Accounts and the Account Bank Accounts and the making of Eligible Investments.

Pursuant to an intercreditor agreement entered into on or about the Signing Date (the "**Intercreditor Agreement**") among the Issuer, the Originators, the Representative of the Noteholders (acting for itself and on behalf of the Noteholders) and the Other Issuer Creditors (as defined below), terms and conditions have been provided with respect to the application of the Issuer Available Funds (as defined below) and as to the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolios which term shall also include any other creditor of the Issuer in the context of the Securitisation following its accession to the Intercreditor Agreement in accordance with the terms thereof). The Intercreditor Agreement sets forth, *inter alia*, the application of amounts standing to the credit of the Collateral Account (the "**Collateral Account Priority of Payments**").

Pursuant to a deed of charge governed by English law executed by the Issuer on or about the Signing Date (the "**English Deed of Charge**" and together with the Swap Guarantee Security Agreement, the "**Security Documents**"), the Issuer has assigned absolutely with full title guarantee to the Representative of the Noteholders (acting as security trustee) on behalf of the Noteholders and the

Other Issuer Creditors, all of its present and future rights, title, interest and benefit in, to and under the Swap Agreement (subject to the netting and set-off provisions thereof) and the EMIR Reporting Agreement (collectively, the "**English Law Documents**").

Pursuant to the English Deed of Charge, upon execution of the English Law Documents, the Issuer has undertaken to (i) deliver (or procure to be delivered) to the parties thereto a notice of assignment duly executed by, or on behalf of, the Issuer, indicating that the Issuer has assigned to the Representative of the Noteholders all of its right, title, benefit and interest in, to and under such agreements; and (ii) procure the acknowledgment of such notice by the recipients.

Pursuant to a subordinated loan agreement entered into on or about the Signing Date (the "**Subordinated Loan Agreement**") between the Issuer and the Subordinated Loan Provider, the Subordinated Loan Provider has provided the Issuer with the Subordinated Loan which will be applied by the Issuer to fund the Issuer Disbursement Amount, the Cash Reserve Amount and the Swap Reserve Amount.

Pursuant to a subscription agreement for the Class A Notes and the Mezzanine Notes to be entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators, the Arrangers and the Representative of the Noteholders (the "**Class A and Mezzanine Notes Subscription Agreement**"), the Initial Noteholders have agreed to subscribe for the Senior Notes and the Mezzanine Notes and will pay to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Senior Noteholders and Mezzanine Noteholders, subject to the conditions set out therein.

Pursuant to a subscription agreement for the Class J Notes to be entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators and the Representative of the Noteholders (the "**Junior Notes Subscription Agreement**" and together with the Class A and Mezzanine Notes Subscription Agreement, the "**Subscription Agreements**"), the Initial Noteholders have agreed to subscribe for the Junior Notes and will pay to the Issuer the relevant Issue Price and have appointed the Representative of the Noteholders to act as the representative of the Junior Noteholders, subject to the conditions set out therein.

Pursuant to a corporate services agreement entered into on or about the Signing Date (the "**Corporate Services Agreement**") between the Corporate Services Provider and the Issuer, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer for so long as any Note is outstanding.

Pursuant to a quotaholder agreement entered into on or about the Signing Date (the "**Quotaholder Agreement**") between, *inter alia*, the Issuer and the Representative of the Noteholders, the Quotaholder has undertaken certain rules in relation to the corporate management of the Issuer.

Pursuant to a master definitions agreement entered into on or about the Signing Date (the "**Master Definitions Agreement**") among all the parties to each of the Transaction Documents, the definitions of the certain terms used in the Transaction Documents have been set forth.

Pursuant to a mandate agreement entered about the Issue Date (the "**Monte Titoli Mandate Agreement**") between the Issuer and Monte Titoli S.p.A. ("**Monte Titoli**"), Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

Pursuant to an agreement to be entered on or about the Issue Date, between the Issuer and J.P. Morgan Securities plc (the "**EMIR Reporting Agent**"), the EMIR Reporting Agent will agree to carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer (the "**EMIR Reporting Agreement**").

On or about the date of the Prospectus, the Issuer and the Swap Counterparty will enter into an agreement in the form of an International Swaps and Derivatives Association, Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) (the "**Master Agreement**") together with a Schedule thereto (the "**Schedule**") and the 1995 ISDA Credit Support Annex thereunder (the "**Credit Support Annex**") and supplemented by four confirmations (the "**Swap Confirmations**" and, together with the Master Agreement, the Schedule and the Credit Support Annex, the "**Swap Agreement**")

evidencing four swap transactions in respect of the Portfolios (each, a "**Swap Transaction**" and collectively, the "**Swap Transactions**"), in order to hedge the Issuer's floating interest rate exposure in relation to the Rated Notes.

On the Issue Date, the obligations of J.P. Morgan Securities plc as Swap Counterparty under the Swap Agreement will be guaranteed by JPMorgan Chase Bank, N.A. (the "**Swap Guarantor**") pursuant to a New York law governed guarantee (the "**Swap Guarantee**"). The Issuer will create a first ranking security interest over its rights under the Swap Guarantee in favour of the Representative of the Noteholders as security agent pursuant to a New York law governed security document (the "**Swap Guarantee Security Agreement**").

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

Definitions

In these Conditions:

"**Accounts**" means the Account Bank Accounts and the Collection Account Bank Accounts and "**Account**" means each of them.

"**Account Bank**" means BNP Paribas Securities Services, Milan Branch in its capacity as account bank and custodian, or its permitted successors or assigns from time to time or any other person for the time being acting as account bank and custodian pursuant to the Cash Allocation, Management and Payments Agreement.

"**Account Bank Accounts**" means collectively the Investment Accounts, the Collateral Account, the Transaction Account, the Cash Reserve Account, the Swap Reserve Account and the Distribution Account opened with the Account Bank and any other bank account which is now held or may in the future be opened by the Issuer pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

"**Account Banks**" means collectively the Collection Account Bank and the Account Bank.

"**Additional Return**" means, on each Payment Date until the Payment Date (inclusive) on which the Junior Notes have been or will be redeemed in full, an amount equal to the Issuer Available Funds available on such Payment Date after the payments of items from (i) to (xxiii) (inclusive) of the Pre-Enforcement Order of Priority or items from (i) to (xix) (inclusive) of the Post-Enforcement Order of Priority.

"**Administrative Services Provider**" means BPVi, in its capacity as administrative services provider, or its permitted successors or assigns from time to time or any other person for the time being acting as administrative services provider pursuant to the Administrative Services Agreement.

"**Advance Indemnity**" means such amount advanced by the Originators to the Issuer pursuant to Clause 3.5(c) of the Warranty and Indemnity Agreements.

"**Agents"** means collectively the Calculation Agent, the Paying Agent, the Cash Manager, the Account Banks and the Back-Up Servicer Facilitator, and "**Agent**" means each of them as the context may require.

"**Arrangers**" means BPVi and J.P. Morgan.

"**Available Funds for Amortisation**" means on each Payment Date, the available funds reserved for the amortisation of the Notes of each Class to be applied towards redemption of the Notes in accordance with Condition 6.2 (*Mandatory Pro Rata Redemption*), which shall equal:

(A) in respect of the Class A Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xi) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (v) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class A Notes;

(B) in respect of the Class B Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xiii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (vii) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class B Notes;

(C) in respect of the Class C Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xv) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (ix) of the Post-Enforcement Order of Priority, provided that it shall not exceed the then Principal Amount Outstanding of the Class C Notes;

(D) in respect of the Class J Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xxii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (xviii) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the Scheduled Class J Notes Repayment Amount.

"**Back-Up Servicer**" means Zenith, in its capacity as back-up servicer, or its permitted successors or assigns from time to time or any other person for the time being acting as back-up servicer.

"**Back-Up Servicer Facilitator**" means 130 Finance S.r.l., in its capacity as back-up servicer facilitator, or its permitted successors or assigns from time to time or any other person for the time being acting as back-up servicer facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

"**Bankruptcy Proceedings**" means any bankruptcy or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: *fallimento*, *concordato preventivo* and *liquidazione coatta amministrativa*.

"**BN Claims**" means the monetary claims and connected rights arising under the BN Mortgage Loan Agreements in respect of the BN Mortgage Loans.

"**BN Collection Account**" means a Euro denominated account in the name of the Issuer opened with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**BN Criteria**" means the criteria on the basis of which BN has selected the BN Portfolio as set forth in Exhibit "A" to the BN Transfer Agreement.

"**BN Insolvency Event**" means the admission of BN to any compulsory liquidation (liquidazione coatta amministrativa) or any other applicable insolvency or bankruptcy procedures.

"**BN Mortgage Loan**" means the loan, secured by a mortgage, granted to a Borrower and meeting the BN Criteria, the BN Claim in respect of which have been transferred by BN to the Issuer pursuant to the BN Transfer Agreement and "**BN Mortgage Loans**" means all of them.

"**BN Mortgage Loan Agreement**" means the agreement by which a BN Mortgage Loan has been granted.

"**BN Portfolio**" means the portfolio of BN Claims purchased by the Issuer from BN pursuant to the terms of the BN Transfer Agreement.

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

"**BPVi Claims**" means the monetary claims and connected rights arising under the BPVi Mortgage Loan Agreements in respect of the BPVi Mortgage Loans.

"**BPVi Collection Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**BPVi Criteria**" means the criteria on the basis of which BPVi has selected the BPVi Portfolio as set forth in Exhibit "A" to the BPVi Transfer Agreement.

"**BPVi Mortgage Loan**" means the loan, secured by a mortgage, granted to a Borrower and meeting the BPVi Criteria, the BPVi Claim in respect of which have been transferred by BPVi to the Issuer pursuant to the BPVi Transfer Agreement and "**BPVi Mortgage Loans**" means all of them.

"**BPVi Mortgage Loan Agreement**" means the agreement by which a BPVi Mortgage Loan has been granted.

"**BPVi Portfolio**" means the portfolio of BPVi Claims purchased by the Issuer from BPVi pursuant to the terms of the BPVi Transfer Agreement.

"**Business Day**" means a day (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, Luxembourg and London and, if on that day a payment in or a purchase of Euro is to be made, which is also a TARGET Day.

"**Calculation Agent**" means BNP Paribas Securities Services, Milan Branch, in its capacity as calculation agent, or its permitted successors or assigns from time to time or any other person for the time being acting as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Calculation Date**" means the third Business Day before each Payment Date.

"**Call Date**" means the Payment Date which falls in November 2026.

"**Cancellation Date**" means the earlier date of (i) following the completion of any proceedings for the collection and/or recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Payment Date falling on the first anniversary of the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

"**Cash Accounts**" means the Collection Accounts, the Transaction Account, the Cash Reserve Account, the Swap Reserve Account, the Distribution Account, the Cash Investment Account, the Collateral Account, the Expenses Account and the Quota Capital Account.

"**Cash Investment Account**" means a Euro denominated cash account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Manager**" means BPVi, in its capacity as cash manager, or its permitted successors or assigns from time to time or any other person for the time being acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Account**" means the Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Amount**" means Euro 17,010,000.

"**Claims**" means collectively the BPVi Claims and the BN Claims.

"**Class**" means the Class A Notes or the Class B Notes or the Class C Notes or the Class J Notes, as the case may be.

"**Class A and Mezzanine Notes Subscription Agreement**" means the subscription agreement in relation to the Senior Notes and the Mezzanine Notes entered on or about the Signing Date between, *inter alios*, BPVi, BN, the Representative of the Noteholders and the Issuer, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

"**Class A Noteholders**" means the holder(s) of the Class A Notes.

"**Class A Notes**" the Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class B Noteholders**" means the holder(s) of the Class B Notes.

"**Class B Notes**" means the Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class B Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 16%, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class C Noteholders**" means the holder(s) of the Class C Notes.

"**Class C Notes**" means the Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class C Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 12%, *provided that* in any case starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) the Class C Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class J Noteholders**" means the holder(s) of the Class J Notes.

"**Class J Notes**" means the Euro 51,519,000 Class J Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Collateral Account Priority of Payments**" means the order of priority contained in clause 10.2 of the Intercreditor Agreement.

"**Collateral Account**" means the account (for deposits denominated in Euro) opened in the name of the Issuer with the Account Bank in accordance with the provisions of Cash Allocation, Management and Payments Agreement into which the Issuer shall pay (a) any collateral consisting of cash received from the Swap Counterparty pursuant to the Swap Agreement; (b) any interest or distributions on the cash credited in this Collateral Account; (c) any Replacement Swap Premium received by the Issuer from a replacement swap counterparty and (d) any termination payment received by the Issuer from the outgoing Swap Counterparty.

"**Collateral Amount**" means any amounts from time to time standing to the credit of the Collateral Account, being amounts paid into such account by the Swap Counterparty in accordance with the Credit Support Annex, together with interest and other amounts accrued thereon.

"**Collateral Guarantees**" means any personal security (except for those personal securities that as of the Economic Effective Date secure, or before such date secured, the relevant Claims and the other claims of the relevant Originator (*fideiussioni omnibus)*, but including, for avoidance of doubt, the *fideiussioni omnibus* which as of the Economic Effective Date secure, or before such date secured, solely the relevant Claims) or real property security, different from a mortgage, granted by a Borrower, by a Guarantor or by any other individual or legal person in order to secure the Claims.

"**Collateral Portfolio**" means, on any given date, the aggregate of the Claims comprised in the Portfolios, excluding the Defaulted Claims.

"**Collection Account Bank**" means BPVi in its capacity as collection account bank, or its permitted successors and assigns from time to time or any other person for the time being acting as collection account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Collection Account Bank Accounts**" means the Collection Accounts, the Expenses Account and the Quota Capital Account.

"**Collection Accounts**" means the BN Collection Account and the BPVi Collection Account.

"**Collection Date**" means the first calendar day of each November, February, May and August of each year

"**Collection Period**" means each period commencing on (and including) a Collection Date and ending on (but excluding) the next Collection Date, and in the case of the first Collection Period, commencing on (and including) the Economic Effective Date and ending on (but excluding) 1 May 2017.

"**Collections**" means any amount received from each Servicer in relation to the Claims, including but not limited to, principal, interest, costs or expenses in relation to the Claims or as compensation for damages to Real Estate Assets and any other amount received from any Servicer or any other third party in relation to the Claims.

"**Conditions**" means these terms and conditions of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and any reference to a numbered relevant "**Condition**" is to the corresponding numbered provision thereof.

"**Corporate Services Provider**" means Zenith, in its capacity as corporate services provider, or its permitted successors or assigns from time to time or any other person for the time being acting as corporate services provider pursuant to the Corporate Services Agreement.

"**CRA Regulation**" means the 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.

"**Credit Support Annex**" means the 1995 ISDA Credit Support Annex supplementing and forming part of the Swap Agreement.

"**Cumulative Default Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Amount, as of the day on which they have become Defaulted Claims, of the Claims arising under those Mortgage Loans that have become Defaulted Claims during the period from the Economic Effective Date to the last day of such Collection Period; and (ii) the Outstanding Amount, as of the Economic Effective Date, of all the Claims comprised in the Portfolios.

"**Defaulted Claims**" means all claims deriving from any Mortgage Loan that (i) has (a) in respect of Mortgage Loans with monthly instalments, 12 or more Delinquent Instalments; (b) in respect of Mortgage Loans with quarterly instalments, 4 or more Delinquent Instalments; and (c) in respect of Mortgage Loans with semi-annual instalments, 2 or more Delinquent Instalments; or (ii) have been classified as "*in sofferenza*" (non-performing) in accordance with the Bank of Italy regulations, and "**Defaulted Mortgage Loans**" shall be construed accordingly.

"**Delinquent Claims**" means all claims deriving from any Mortgage Loan that has (a) in respect of Mortgage Loans with monthly instalments, 5 to 11 Delinquent Instalments; (b) in respect of Mortgage Loans with quarterly instalments, 3 Delinquent Instalments; and (c) in respect of Mortgage Loans with semi-annual instalments, 1 Delinquent Instalment, and "**Delinquent Mortgage Loans**" shall be construed accordingly.

"**Delinquent Instalments**" means any instalment of a Mortgage Loan that is due and payable but unpaid or not paid in full within 30 days after the due date.

"**Distribution Account**" means a Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Economic Effective Date**" means 1 December 2016 (00.01 Milan time).

"**Eligible Institution**" means 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 debt obligations (or whose obligations under the Transaction Documents to which it is a party are guaranteed 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 unsecured and unsubordinated debt obligations) are rated at least as follows:

(c) at least "F1" by Fitch as a short-term rating and "A" by Fitch as a long term rating, and

(d) at least "Baa1" by Moody's as a long term rating,

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

"**Eligible Investments**" means:

(i) euro-denominated senior (unsubordinated) debt securities in dematerialized form, bank account or euro-denominated senior debt deposit (excluding, for the avoidance of doubt, time deposits) or other debt instruments, provided that, in all cases (i) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the fourth Business Day following the Collection Period in respect of which such Eligible Investments were made; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; (iii) in the case of bank account or deposit, such bank account or deposit are held in the name of the Issuer with an Eligible Institution in Italy, England or Wales or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with any other Eligible Institution (and in any case are not held through a sub-custodian) and (iv) the debt securities or other debt instruments are issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(A) with respect to Fitch, (1) to the extent such Eligible Investment has a maturity not exceeding 30 calendar days: a long term rating of at least "A" and a short term rating of at least "F1"; or (2) to the extent such Eligible Investment has a maturity exceeding 30 calendar days but not exceeding the immediately subsequent Payment Date after the relevant investment is made: (i) a long term rating of at least "AA-" and a short term rating of at least "F1+"; and

(B) with respect to Moody's, A3; or

(ii) any other investment that does not adversely affect the current ratings of the Rated Notes,

provided that, in no case shall such investment be made, in whole or in part, actually or potentially, in (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivatives instruments, or synthetic securities or similar claims; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral, *further provided that* in case of downgrade below the rating allowed with respect to Moody's or Fitch, as the case may be, the Issuer shall (i) in case of Eligible Investments being securities, sell the securities, if it could be achieved without a loss, otherwise the relevant security shall be allowed to mature, and (ii) in case of Eligible Investments being deposits, transfer within 30 days the deposits to another account opened with an Eligible Institution in England or Wales or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with any other Eligible Institution.

"**EMIR**" means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

"**EMIR Reporting Agent**" means J.P. Morgan Securities plc or any other person from time to time acting as EMIR reporting agent.

"**Erroneously Excluded Claim**" means any Claim which met the relevant Criteria but was erroneously excluded from Exhibit C to the relevant Transfer Agreement.

"**Erroneously Included Claim**" means any Claim which did not meet the relevant Criteria and was erroneously included in Exhibit C to the relevant Transfer Agreement.

"**ESMA**" means European Securities and Markets Authority.

"**ESMA Website**" means 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).

"**Euribor**" means the Euro-zone inter-bank offered rate.

"**Euro-zone**" means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"**Excluded Collections**" means any amounts collected in connection with the Claims in respect of which the Originators have: (i) paid an Advance Indemnity, if and to the extent that such collections are in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity; or (ii) granted a Limited Recourse Loan (provided that aforementioned amounts collected in connection with any such Claim are excluded from the Issuer Available Funds only up to an amount equivalent to the corresponding Advance Indemnity or, as the case may be, Limited Recourse Loan, plus interest thereon).

"**Expenses Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Final Maturity Date**" means the Payment Date falling in November 2067.

"**Final Redemption Date**" means the earlier to occur between: (i) the date when any amount payable on the Claims will have been paid, and (ii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer.

"**First Payment Date**" means 31 May 2017.

"**Fitch**" means FITCH ITALIA – Società Italiana per Il Rating S.p.A. and its subsidiaries and any successor or successors thereto. FITCH ITALIA – Società Italiana per Il Rating S.p.A. is established in the European Union and was registered on 31 October 2011 in accordance with the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which Fitch belongs has a market share of 16.56%.

"**Guarantor**" means any Person, entity or subject, other than a Borrower or a Mortgagor, who has granted a guarantee or a security in favour of the relevant Originator, to secure the payment or repayment of any amounts due in respect of a Claim, and its successors or assigns from time to time.

"**Initial Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Payment Date.

"**Initial Principal Amount**" means the principal amount of the Notes of the relevant Class on the Issue Date.

"**Initial Noteholders**" means BPVi and BN.

"**Insolvency Event**" means, in respect of the Issuer, any of the events set forth in Condition 10 (*Trigger Events*), sub-paragraphs (c) (i), (ii) or (iii).

"**Instalment**" means, with respect to each Mortgage Loan Agreement, each instalment due from the relevant Borrower thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Component of the Purchase Price**" means an amount equal to Euro 70,486.01 in respect of the BPVi Portfolio and an amount equal to Euro 13,639.84 in respect of the BN Portfolio, being the interest accrued but not yet payable as well as the interest accrued and unpaid in respect of the Claims, in each case, as of the Economic Effective Date plus default interest (*interessi di mora*) accrued as of the Economic Effective Date and expenses incurred in relation to the recovery thereof.

"**Interest Determination Date**" means the second Business Day before each Payment Date in respect of the Interest Period commencing on that date (and, in respect of the Initial Interest Period, two Business Days prior to the Issue Date).

"**Interest on the Purchase Price**" means an amount equal to Euro 125,942.29 in respect of the BPVi Portfolio and an amount equal to Euro 28,687.12 in respect of the BN Portfolio, being the amount of interest due and payable on the Principal Component of the Purchase Price from the Economic Effective Date to the Issue Date at the rate of Euribor for one-month deposits in Euro plus 0.10%.

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

"**Interest Period**" means each period commencing on (and including) a Payment Date and ending on (but excluding) the next Payment Date and, in the case of the Initial Interest Period**,** commencing on (and include) the Issue Date and ending on (but excluding) the First Payment Date.

"**Investment Accounts**" means collectively the Cash Investment Account and the Securities Investment Account.

"**Investors Report**" has the meaning ascribed to such term in the Cash Allocation, Management and Payments Agreement.

"**Investors' Report Date**" means the date falling not later than 5 (five) Business Days after each Payment Date.

"**Issue Date**" means 1° March 2017.

"**Issue Price**" means, in respect of each Class of Notes, 100% of their respective Initial Principal Amount.

"**Issuer Available Funds**" on each Payment Date, shall comprise, without double-counting:

(a) all sums received by the Issuer from or in respect of the Claims during the Collection Period immediately preceding such Payment Date, including all amounts deriving from recoveries of any Defaulted Claims and any prepayment penalties received but excluding any amounts collected in connection with the Claims in respect of which the Originators have**:** (i) paid an advance indemnity pursuant to clause 3.5(c) of the Warranty and Indemnity Agreements (an "**Advance Indemnity**"), if and to the extent that such collections are in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity; or (ii) granted a limited recourse loan pursuant to clause 4 of the Warranty and Indemnity Agreements (a "**Limited Recourse Loan**") (provided that aforementioned amounts collected in connection with any such Claim are excluded from the Issuer Available Funds only up to an amount equivalent to the corresponding Advance Indemnity or, as the case may be, Limited Recourse Loan, plus interest thereon, such amounts are hereinafter referred to as the "**Excluded Collections**");

(b) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts, any termination payment required to be made under the Swap Agreement and any collateral payable or transferable (as the case may be) under the Credit Support Annex (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which

amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority);

(c) (i) all amounts received by the Issuer from the Originators pursuant to the Transfer Agreements and the Warranty and Indemnity Agreements during the Collection Period immediately preceding such Payment Date; plus (ii) all amounts received by the Issuer immediately before such Payment Date from the Originators pursuant to the Transfer Agreements in respect of the Erroneously Included Claims;

(d) (i) with reference to the First Payment Date only, the Cash Reserve Amount as at the Issue Date, and (ii) on each Payment Date falling thereafter, the amount standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after application of the Pre-Enforcement Order of Priority on such Payment Date;

(e) interest paid on and credited to (i) the Cash Investment Account, the Cash Reserve Account and the Transaction Account on the last Business Day of the Collection Period immediately preceding such Payment Date, and (iii) the other Cash Accounts (other than the Collateral Account) in the Collection Period immediately preceding such Payment Date;

(f) any profit and interest generated by the Eligible Investments (excluding those generated by the Eligible Investments purchased by way of the amounts deriving from the Swap Reserve Account) and credited to the Cash Investment Account until the fourth Business Day succeeding the Collection Date immediately preceding such Payment Date;

(g) any Swap Collateral Account Surplus paid into the Distribution Account in accordance with the Collateral Account Priority of Payments;

(h) any other amount, not included in the foregoing items of this definition received by the Issuer and deposited in (a) the Collection Accounts during the Collection Period immediately preceding such Payment Date and/or (b) in the Transaction Account until close of business of the fifth Business Day immediately succeeding the Collection Date immediately preceding such Payment Date (including, for the avoidance of doubt, amounts credited to the Transaction Account on the immediately preceding Payment Date);

(i) all amounts received during the Collection Period immediately preceding such Payment Date from the sale of all or part of the Portfolios, should such sale occur (provided that any amounts received from the sale of the Portfolios in case of Optional Redemption pursuant to Condition 6.3 (*Optional Redemption*) or Redemption for Taxation pursuant to Condition 6.4 (*Redemption for Taxation*) shall form part of the Issuer Available Funds on the Payment Date immediately following such sale), and of the proceeds (if any) from the enforcement of the other Issuer's Rights; and

(j) on any Payment Date, an amount equal to the Swap Fixed Amount which will be transferred from the Swap Reserve Account to the Distribution Account;

(k) on the date on which the Swap Agreement terminates, the balance of the Swap Reserve Account will be transferred from the Swap Reserve Account to the Distribution Account,

less, with respect to the First Payment Date only, any sums utilised on or about the Issue Date, in accordance with the Transaction Documents, to pay the Purchase Price of the Claims (net of the component that is paid out of the proceeds of the subscription of the Notes in accordance with the Transaction Documents), the Interest on the Purchase Price of the Claims and the upfront costs and expenses of the Securitisation.

"**Issuer Disbursement Amount**" means (i) on the Issue Date, Euro 100,000; and (ii) on any other Payment Date, the difference between Euro 100,000 and the amount standing to the credit of the Expenses Account on the last day of the Collection Period immediately preceding such Payment Date.

"**Issuer's Rights**" means any monetary right arising out in favour of the Issuer against the Borrowers and any other monetary right arising out in favour of the Issuer in the context of the Transaction, including the Collections and the Eligible Investments acquired with the Collections.

"**Italian Civil Code**" means the Royal decree (*Regio decreto*) No. 262, 16 March 1942 as subsequently amended and supplemented.

"**Junior Noteholder(s)**" means the holder(s) of a Junior Note or Junior Notes.

"**Junior Notes**" means the Class J Notes.

"**Law 239**" means the Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented and, in particular, as amended by Law Decree of 13 August 2011, converted into Law No 148 of 14 September 2011.

"**Law 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Law 239.

"**Legal Effective Date**" means 16 February 2017 (00.01 Milan time).

"**Limited Recourse Loan**" means the limited recourse loan granted by the Originator to the Issuer pursuant to clause 4 of the relevant Warranty and Indemnity Agreement.

"**Local Business Day**" means a day on which the bank(s) to and from which funds are to be transferred are open for business.

"**Master Agreement**" means the 1992 ISDA Master Agreement (Multicurrency – Cross Border) between the Issuer and the Swap Counterparty.

"**Master Servicer**" means BPVi or its permitted successors or assigns from time to time or any other person for the time being acting as Master Servicer pursuant to the Servicing Agreement.

"**Mezzanine Noteholder(s)**" means the holder(s) of a Mezzanine Note or Mezzanine Notes.

"**Mezzanine Notes**" means the Class B Notes and the Class C Notes.

"**Monte Titoli**" means Monte Titoli S.p.A, which registered office is located at Piazza degli Affari, 6, 20123 Milano (Italy).

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

"**Moody's**" means Moody's Investors Ltd. Moody's Investors Service Ltd is established in the European Union, has been registered in compliance with the requirements of the CRA Regulation, and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which Moody's belongs has a market share of 31.29%.

"**Mortgagor**" means any Person, either a Borrower or a third party, who has granted a mortgage in favour of the relevant Originator, to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Mortgage Loan Agreements**" means collectively the BPVi Mortgage Loan Agreements and the BN Mortgage Loan Agreements.

"**Mortgage Loans**" means the BPVi Mortgage Loans and the BN Mortgage Loans.

"**Most Senior Class of Notes**" means the Class A Notes or, upon redemption in full of the Class A Notes, the Class B Notes or, upon redemption in full of the Class A Notes and the Class B Notes, the Class C Notes or, upon redemption in full of the Class A Notes, the Class B Notes and the Class C Notes, the Class J Notes.

"**Net Cumulative Default Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between: (i) the Outstanding Amount, as of the day on which they have become Defaulted Claims, of the Claims arising under those Mortgage Loans that have become Defaulted Claims during the period from the Economic Effective Date to the last day of such Collection Period less the amount of all the sums recovered in relation to such Defaulted Claims

during the period between the date on which have become Defaulted Claims and the last day of such Collection Period; and (ii) the Outstanding Amount of all the Claims comprised in the Portfolios as of the Economic Effective Date.

"**Noteholders**" means the holders of the Class A Notes, the holders of the Class B Notes, the holders of the Class C Notes and the holders of the Class J Notes.

"**Notes**" means the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes.

"**Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Other Issuer Creditors**" means the Representative of the Noteholders for itself, the Administrative Services Provider, the Corporate Services Provider, the Servicers, the Master Servicer, the Back-Up Servicer, the Calculation Agent, the Account Bank, the Collection Account Bank, the Cash Manager, the Back-Up Servicer Facilitator, the Paying Agent, the Originators, the Swap Counterparty, the EMIR Reporting Agent and the Subordinated Loan Provider together with any other creditor of the Issuer in the context of the Securitisation following its accession to the Intercreditor Agreement.

"**Outstanding Amount**" means, on any relevant date with reference to a Mortgage Loan, the sum of (i) the Outstanding Principal and (ii) the aggregate amount outstanding of the principal component of all instalments of such Mortgage Loan that are due and payable but not paid as of such date.

"**Outstanding Principal**" means, on any relevant date with reference to a Mortgage Loan, the aggregate amount outstanding of the principal component of all instalments of such Mortgage Loan that are not yet due as of such date.

"**Paying Agent**" means BNP Paribas Securities Services, Milan Branch, in its capacity as the paying agent and its permitted successors or assigns from time to time or any other person for the time being acting as paying agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payment Date**" means the last day of February, May, August and November in each year or, if such day is not a Business Day, the immediately preceding Business Day.

"**Payments Report**" means the payments report to be made by the Calculation Agent on each Calculation Date pursuant to the Cash Allocation, Management and Payments Agreement.

"**Person(s)**" means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint-stock partnership or company joint venture, governmental entity, unincorporated organisation or other entity or association.

"**Portfolios**" means the BPVi Portfolio and BN Portfolio.

"**Portfolio Arrears Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Amount of the Claims arising under Mortgage Loans with one or more Delinquent Instalment(s) but that are not Defaulted Claims, and (ii) the Outstanding Amount of the Collateral Portfolio, in each case, as of the last day of such Collection Period.

"**Post-Enforcement Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date following the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Pre-Enforcement Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Principal Amount Outstanding**" means, on each day:

(a) in relation to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class; and

(b) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments (as defined in Condition 6.2 (*Mandatory Pro Rata Redemption*)) on that Note that have been repaid on or prior to that date.

"**Principal Component of the Purchase Price**" means the aggregate Outstanding Amount of the Claims as of the Economic Effective Date.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Payment**" has the meaning ascribed to such term under Condition 6.2 (*Mandatory Pro Rata Redemption*).

"**Prospectus**" means this prospectus.

"**Prospectus Directive"** means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area.

"**Purchase Price**" means the purchase price of the relevant Claims payable to each Originator pursuant to each Transfer Agreement, being the aggregate of the Principal Component of the Purchase Price and the Interest Component of the Purchase Price.

"**Quarterly Report Date**" means the 20th calendar day of each of February, May, August and November of each year or, if such day is not a Business Day, the immediately succeeding Business Day.

"**Quota Capital Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Quotaholder**" means Special Purpose Entity Management S.r.l.

"**Rate of Interest**" has the meaning ascribed to such term in Condition 5.2.

"**Rated Notes**" means the Senior Notes and the Mezzanine Notes.

"**Rating Agencies**" means Fitch and Moody's.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure a Claim.

"**Regulation S**" means Regulation S promulgated under the Securities Act.

"**Relevant Margin**" has the meaning ascribed to such term in Condition 5.2.

"**Replacement Swap Premium**" means the amount payable by the Issuer to a replacement swap counterparty or by a replacement swap counterparty to the Issuer (as the case may be) in order to enter into a replacement swap agreement to replace or novate the Swap Agreement.

"**Representative of the Noteholders**" means 130 Finance S.r.l. and its permitted successors or assigns from time to time.

"**Rules of the Organisation of the Noteholders**" means the Rules of the Organisation of the Noteholders attached as Exhibit 1 to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Schedule**" means the Schedule supplementing and forming part of the Master Agreement.

"**Scheduled Class J Notes Repayment Amount**" means:

(A) on each Payment Date different from those described under letter (B) below, an amount (if any) equal to the lower between **(i)** (x) before the delivery of a Trigger Notice, the Issuer Available Funds remaining after payment of items (i) to (xxii) of the Pre-Enforcement Order of Priority; and (y) after the delivery of a Trigger Notice, the Issuer Available Funds

remaining after payment of items (i) to (xviii) of the Post-Enforcement Order of Priority; and **(ii)** an amount which would ensure that the Principal Amount Outstanding of the Class J Notes after such Payment Date is equal to 10% of the Initial Principal Amount of the Class J Notes;

(B) on the earlier of (a) the Final Maturity Date and (b) the Payment Date following the Final Redemption Date (and any Payment Date thereafter), the then Principal Amount Outstanding of the Class J Notes.

"**Scheduled Maximum Notional Amount**" has, in respect of each Swap Transaction, the meaning ascribed to such term in the Swap Confirmation evidencing such Swap Transaction.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Securities Investment Account**" means a Euro denominated securities account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Securitisation**" means the securitisation of the Portfolios made by the Issuer through the issuance of the Notes, pursuant to Articles 1 and 5 of the Securitisation Law.

"**Securitisation Law**" means the Italian Law No. 130 of 30 April 1999, as amended, supplemented and implemented from time to time.

"**Security Documents**" mean collectively the Swap Guarantee Security Agreement and the English Deed of Charge.

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

"**Senior Noteholder(s)**" means the holder(s) of a Senior Note or Senior Notes.

"**Senior Notes**" means the Class A Notes.

"**Senior Swap Counterparty Termination Payment**" means any termination payment, other than that part of a Subordinated Swap Counterparty Termination Payment that is greater that the Swap Fixed Termination Amount, required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

"**Servicers**" means BPVi (in relation to BPVi Portfolio) and BN (in relation to BN Portfolio).

"**Servicer Report**" means the servicer report which the Master Servicer undertakes to prepare and submit on each Quarterly Report Date pursuant to the Servicing Agreement.

"**Signing Date**" means 27 February 2017.

"**Stock Exchange**" means the Luxembourg Stock Exchange.

"**Subordinated Loan**" means the amount of Euro 25,455,000, granted by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Agreement.

"**Subordinated Loan Provider**" means BPVi, in its capacity as subordinated loan provider, or its permitted successors or assigns from time to time or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"**Subordinated Swap Counterparty Termination Payment**" means any termination payment required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement upon a termination of the Swap Agreement in respect of which the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement) following the occurrence of a Swap Counterparty Rating Event or is the sole Defaulting Party (as defined in the Swap Agreement) to the extent not already paid pursuant to item (iv) of the Priority of Payments.

"**Swap Agreement**" means, collectively, the Master Agreement, the Schedule, the Credit Support Annex and each Swap Confirmation which may be entered into between the Issuer and the Swap Counterparty.

"**Swap Collateral Account Surplus**" has the meaning ascribed to such term in clause 10.2 (*Swap Collateral*) of the Intercreditor Agreement.

"**Swap Confirmation**" means each swap confirmation evidencing a Swap Transaction.

"**Swap Counterparty**" means J.P. Morgan Securities plc, in its capacity as swap counterparty, or its permitted successors or assigns from time to time or any other person for the time being acting as Swap Counterparty pursuant to the Swap Agreement.

"**Swap Counterparty Rating Event**" means the failure of the Swap Counterparty or its guarantor, as applicable, to satisfy the rating requirements specified in Part 6(1) (*Ratings Downgrade Provisions*) of the Schedule.

"**Swap Fixed Amount**" means, on a Calculation Date the aggregate amount due by the Issuer on the immediately following Payment Date (disregarding the netting mechanism under the Swap Agreement) as Fixed Amounts A, Fixed Amounts B and Party B Fixed Termination Amount (each such term as defined in the relevant Swap Agreement) under each of the Swap Transactions, as communicated to the Calculation Agent and the Issuer by the Swap Counterparty on or prior to such Calculation Date.

"**Swap Fixed Termination Amount**" means any amount due by the Issuer in connection with the termination of the Swap Agreement pursuant to Part G (*Additional Payment Provisions*) of each of the Swap Transactions, disregarding the close-out netting mechanism under the Swap Agreement.

"**Swap Guarantee Security Agreement**" means the New York law security entered into on or about the Signing Date between the Issuer and the Representative of the Noteholders (as security agent), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Swap Guarantor**" means JPMorgan Chase Bank, N.A. or any other person from time to time acting as swap guarantor.

"**Swap Outstanding Principal Amount**" has, in respect of each Swap Transaction, the meaning ascribed to such term in the Swap Confirmation evidencing such Swap Transaction.

"**Swap Reserve Account**" means the Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Swap Reserve Amount**" means Euro 8,345,000.

"**Swap Tax Credit Amount**" means any tax credit payable by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

"**Swap Transaction**" means each swap transaction entered into pursuant to the Swap Agreement.

"**Target Cash Reserve Amount**" means:

(A) on each Payment Date (in which the Pre-Enforcement Order of Priority is applied) until (but excluding) the earlier of:

(I) the Payment Date falling in May 2020;

(II) the Payment Date on which the Principal Amount Outstanding of the Class A Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority; and

(III) the Payment Date falling immediately after the Final Redemption Date,

an amount equal to the Cash Reserve Amount;

(B) starting from (and including) the Payment Date falling in May 2020 and until (but excluding) the earlier of:

(I) the Payment Date on which the Principal Amount Outstanding of the Senior Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority;

(II) the Payment Date falling immediately after the Final Redemption Date; and

(III) the Final Maturity Date,

(such earlier date, the "**Cash Reserve Reference Payment Date**"),

an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date,

provided that, starting from the Payment Date immediately following the Collection Date (if any) in which the Cumulative Default Ratio is equal to or higher than 5% ("**Cash Reserve Reference Collection Date**"), the Target Cash Reserve Amount on such Payment Date and on any Payment Date thereafter until (but excluding) the earlier of (i) the Payment Date falling in August 2022 and (ii) the Cash Reserve Reference Payment Date (excluded), shall be equal to the Target Cash Reserve Amount applicable on the Payment Date immediately preceding the Cash Reserve Reference Collection Date (or, in case of the First Payment Date, to the Cash Reserve Amount);

(C) starting from (and including) the Payment Date falling in August 2022 and until (but excluding) the Cash Reserve Reference Payment Date, an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date, and

(D) on the Cash Reserve Reference Payment Date and on each Payment Date thereafter, zero.

"**TARGET Day**" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was kaunchedon 19 November 2007, as amended, is open for the settlement of payments in Euro.

"**Transaction**" means the Securitisation.

"**Transaction Account**" means a Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Transaction Documents**" means the Intercreditor Agreement, the Transfer Agreements, the Warranty and Indemnity Agreements, the Administrative Services Agreement, the Corporate Services Agreement, the Servicing Agreement, the Swap Agreement, the Class A Notes and Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the English Deed of Charge, the Subordinated Loan Agreement, the Monte Titoli Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Back-Up Servicing Agreement, the EMIR Reporting Agreement and the Conditions, each as subsequently amended and supplemented.

"**Transfer Agreements**" means the BPVi Transfer Agreement and the BN Transfer Agreement.

"**Transparency Directive**" means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

"**Trigger Event**" means any of the events described in Condition 10 *(Trigger Events).*

"**Trigger Notice**" means the notice described in Condition 10 *(Trigger Events).*

"**Valuation Date**" means h. 23:59 of 31 October 2016.

"**Zenith**" means Zenith Service S.p.A.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents which term shall, where the context requires, include any other agreement signed by the Issuer in the context of the Securitisation). Copies of the Transaction Documents listed under the section "General Information" of this Prospectus are available for inspection by Noteholders during normal business hours at the registered office of the Representative of the Noteholders being Via Dante 4, Milan, Italy and, in the case of the holders of the Rated Notes only, at the specified office of the Paying Agent being Piazza Lina Bo Bardi 3, Milan, Italy.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents that are applicable to them.

The rights and powers of the Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (the association of the Noteholders created on the Issue Date is hereinafter referred to as the "**Organisation of the Noteholders**" and the rules governing such organisation are hereinafter referred to as the "**Rules of the Organisation of the Noteholders**") which are deemed to form an integral and substantive part of these Conditions. A copy of the Rules of the Organisation of the Noteholders may be inspected by the Noteholders upon request at the specified office of the Issuer and at the specified office of the Representative of the Noteholders and, in the case of the holders of the Rated Notes only, the Paying Agent.

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

All capitalised words or expressions used below and not otherwise defined herein shall have the meaning ascribed to such words or expressions in the Master Definitions Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 The Notes are in bearer and dematerialised form and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998, through the authorised institutions listed in Article 83-*quater* of such Legislative Decree.

1.2 The Notes will be held by Monte Titoli on behalf of the holders of the Rated Notes until redemption for the account of the relevant Monte Titoli Account Holder. The expression "**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli. Title to the Notes will be evidenced by one or more book entries in accordance with the provisions of: (i) Article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998; and (ii) regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

1.3 Each Note shall be issued in denominations of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.

1.4 The Issuer will elect Luxembourg as its 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**").

1.5 Each Note is issued subject to and with the benefit of the Security Documents.

2. STATUS, PRIORITY AND SEGREGATION

2.1 The Notes constitute secured limited recourse obligations solely of the Issuer and, accordingly, the Issuer's obligation to make payments on the Notes is limited to the amounts received or recovered by the Issuer, in each case, in respect of the Portfolios and the other Issuer's Rights as further specified in Condition 6.9 (*Limited Recourse*). The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under Article 1469 of the Italian Civil Code.

2.2 The Notes are secured by certain assets of the Issuer pursuant to the Security Documents and in addition, by operation of Italian law, the Issuer's right, title and interest in and to the Portfolios is segregated from all other assets of the Issuer. Amounts deriving from the Portfolios (for so long as such amounts are credited to one of the Issuer's Accounts and not commingled with other sums) will only be available, both prior to and following the winding up of the Issuer, to satisfy the Issuer's obligations to the Noteholders and the Other Issuer Creditors in the Orders of Priority set forth in Condition 4 (*Orders of Priority*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Securitisation.

2.3 In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)): **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full, but will be paid in priority to the payment of interest on the Class C Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class B Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or Class B Notes Interest Subordination Event, payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class B Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes and the Class B Notes are redeemed in full; and **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes and the repayment of principal on the Class C Notes.

2.4 In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*): **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes, the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes and the the payment

of interest on the Class C Notes *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event payment of interest on the Class C Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full and *further provided that* upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes and the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes and the repayment of principal on the Class A Notes, *provided that*, upon the occurrence of a Class C Notes Interest Subordination Event or a Class B Notes Interest Subordination Event, principal on the Class B Notes will be paid in priority to the payment of interest on the Class C Notes, on the immediately following Payment Date and on any Payment Date thereafter; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class B Notes; **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the repayment of principal on the Class C Notes and the payment of interest on the Class J Notes

2.5 In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)), **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class B Notes, the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the payment of interest on the Class C Notes, the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest and repayment of principal on the Class B Notes; and **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest and repayment of principal on the Class C Notes.

2.6 In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Trigger Notice (as defined in Condition 10 (*Trigger Events*)), **(i)** the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest on the Class A Notes; **(ii)** the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on

the Class C Notes, the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest on the Class B Notes; **(iii)** the Class C Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest on the Class C Notes; and **(iv)** the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes, the payment of interest and repayment of principal on the Class C Notes and the payment of interest on the Class J Notes.

2.7 As long as the Rated Notes are outstanding, unless notice has been given to the Issuer declaring the Rated Notes immediately due and payable, the Junior Notes shall not be declared immediately due and payable and the Senior Noteholders and the Mezzanine Noteholders shall be entitled to determine the remedies to be exercised in accordance with the Rules of the Organisation of the Noteholders.

2.8 The Intercreditor Agreement and the Rules of the Organisation of the Noteholders contain provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authority, rights, duties and discretion of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is or may be a conflict between the interests of the Noteholders of any Class(es), the Representative of the Noteholders is required to have regard only to the interests of the Senior Noteholders until such Class of Notes has been redeemed in full.

3. COVENANTS

For so long as any amount remains outstanding in respect of the Notes, the Issuer shall not, and shall not cause or permit any other party of the Transaction to, except with the prior written consent of the Representative of the Noteholders (acting upon direction of the holders of the Rated Notes, by means of an Extraordinary Resolution) or as provided in or contemplated by any of the Transaction Documents (and provided that, in any case, the sale in whole of the Portfolios will be subject to the prior notice to the Rating Agencies):

3.1 Negative Pledge

create or permit to subsist any Security Interest whatsoever on the Portfolios or any part thereof or on any of its other assets or sell, lend, transfer, assign or otherwise dispose of all or any part of the Portfolios; or

3.2 Restrictions on Activities

(a) except as provided in Condition 3.11 (*Further Securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities contemplated in the Transaction Documents; or

(b) have any *società controllata* and *società collegata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or

(c) establish any branch, subsidiary or establishment (as the latter term is defined in Article 2(h) of EU Regulation No. 1346/2000 of 29 May 2000), or maintain its central management and that of its business, in each case, outside the territory of the Republic of Italy; or

(d) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial to the interests of the holders of the Rated Notes, under the Transaction Documents; or

(e) ask for de-registration/suspension from the register of the special purpose vehicles held by the Bank of Italy pursuant to the Bank of Italy regulation dated 1 October 2014, for as long as the Securitisation Law, or any other applicable law or regulation requires the company incorporated pursuant to the Securitisation Law to be registered therewith; or

(f) become the owner of any real estate asset; or

3.3 Dividends or Distributions

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or issue any further quota or shares or increase its capital save as otherwise required by law; or

3.4 Borrowings

incur any indebtedness in respect of borrowed money whatsoever or make any guarantee in respect of indebtedness or of any obligation of any Person; or

3.5 Merger

consolidate or merge with any other Person or convey or transfer all or substantially all of its properties or assets to any other Person; or

3.6 No Variation or Waiver

(i) permit any of the Transaction Documents to which it is party or the Swap Guarantee Security Agreement to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interest of the holders of the Rated Notes; or (ii) exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party or the Swap Guarantee Security Agreement in a way which may negatively affect the interest of the holders of the Rated Notes; or (iii) permit any party to any of the Transaction Documents to which it is a party or of the Swap Guarantee Security Agreement to be released from its obligations thereunder, if such release may negatively affect the interest of the holders of the Rated Notes, *provided that*, (a) any amendment, termination discharge or waiver to any Transaction Document or to the Swap Guarantee Security Agreement that in the reasonable opinion of the Swap Counterparty may affect the amount, timing or priority of any payments due from either party under the Swap Agreement, shall be previously approved in writing by the Swap Counterparty and (b) the Issuer shall permit, without the consent of the Representative of the Noteholders, the Noteholders and any Other Issuer Creditors (including the Swap Counterparty), the percentage limits for the repurchase by the Originators of the Claims set out in clause 10.1, paragraphs (a) and (b), of the Transfer Agreements to be amended on or more times at the Originators' request (to the extent that the relevant Originator is still acting as Servicer of the Transaction), subject only to any of such actions not adversely affecting the then current rating of the Rated Notes and being understood that (i) the Rating Agencies will be prior notified of any such action and (ii) the Noteholders will be notified of such action, following implementation thereof, in accordance with Condition 13 (*Notices*); or

3.7 Bank Accounts

have an interest in any bank account other than the Accounts; or

3.8 Statutory Documents

amend, supplement or otherwise modify its *statuto or atto costitutivo* except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

3.9 Centre of main interests

become resident, including without limitation for tax purposes, in any country outside the Republic of Italy or cease to be managed and administrated in Italy or move its "centre of main interest" (as that term is used in Article 3(a) of Council Regulation (EC) 1346/2000 on insolvency proceedings of 29 May 2000) outside the Republic of Italy; or

3.10 Corporate records, financial statements and books of account and formalities

cease to maintain corporate records, financial statements and books of account separate from those of the Originators and any other person or entity, or, in general, cease to comply with all corporate formalities necessary to ensure its corporate existence and good standing; or

3.11 Further Securitisations

the Issuer may carry out other securitisation transactions other than this Securitisation or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, act, deed or agreement in connection with any such other securitisation transaction, *provided that*:

(a) the Issuer has notified in writing the Rating Agencies of its intention to carry out a Further Securitisation and has provided the Rating Agencies with copy of the relevant transaction documents and any other documents of such further securitisation reasonably requested by the Rating Agencies;

(b) the Swap Counterparty has extended its non-petition undertakings under the Intercreditor Agreement until the date falling two years and one day after repayment in full or cancellation of the asset backed securities issued by the Issuer in the context of such further securitisation and has given prior written notice to the Representative of the Noteholders and the Rating Agencies;

(c) the Representative of the Noteholders and the Issuer (having consulted the Rating Agencies) have grounds to believe that the implementation of such securitisation transaction will not cause the downgrading of any of the Rated Notes, and

(d) such further securitisation shall not affect the qualification of the Senior Notes as eligible collateral (if applicable), within the meaning of the Guideline of the European Central Bank (ECB) of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60), as subsequently amended and supplemented, and of the Decision of the European Central Bank (ECB) of 26 September 2013 on additional measures relating to Eurosystem refinancing operations and eligibility of collateral (ECB/2013/35) (as amended by the Decision of the European Central Bank (ECB) of 9 July 2014 (ECB/2014/31) and as subsequently amended and supplemented).

4. ORDERS OF PRIORITY

4.1 Pre-Enforcement Order of Priority

Prior to the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to make or provide for the following payments, in the following order of priority (the "**Pre-Enforcement Order of Priority**") (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) in or towards satisfaction of any and all taxes due and payable by the Issuer, to the extent such taxes are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

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

(a) all costs, expenses and any other amounts due and payable by or on behalf of the Issuer in connection with the Transaction other than those payable to parties to the Intercreditor Agreement, to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(b) any other costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in

compliance with applicable legislation, in each case to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(c) the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders and the Back-up Servicer Facilitator, provided that costs, expenses and any other amount (save for fees) to be paid under this item (ii)(c) on such Payment Date do not exceed Euro 40,000; and

(d) the Issuer Disbursement Amount;

(iii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the fees, costs and/or expenses of, and all other amounts due and payable to, each of the parties named below:

(a) the Paying Agent, the Account Bank and the Calculation Agent under the Cash Allocation, Management and Payments Agreement and EMIR Reporting Agent under the EMIR Reporting Agreement;

(b) the Cash Manager and the Collection Account Bank under the Cash Allocation, Management and Payments Agreement, provided that costs, expenses and any other amount (save for fees) to be paid to all the parties under this item (iii)(b) on such Payment Date do not exceed Euro 2,500;

(c) the Administrative Services Provider under the Administrative Services Agreement, provided that costs, expenses and any other amount (save for fees) will be paid under item (xi) below;

(d) the Corporate Services Provider under the Corporate Services Agreement, provided that costs, expenses and any other amount (save for the Annual Fees (as defined in the Corporate Services Agreement)) to be paid under this item (iii)(d) on such Payment Date do not exceed Euro 5,000; and

(e) (x) each of BN and BPVi as Servicer and BPVi as Master Servicer under the Servicing Agreement, provided that costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) on such Payment Date do not exceed Euro 20,000 and (y) any successor of the Servicers and the Master Servicer (other than BN and BPVi) under the Servicing Agreement, provided that - unless otherwise agreed or renegotiated by the Issuer and such successor in accordance with the Servicing Agreement and Back-Up Servicing Agreement – costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) on such Payment Date do not exceed Euro 20,000;

(f) the Back-Up Servicer under the Back-Up Servicing Agreement;

(iv) to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); (2) any amounts payable pursuant to the Collateral Account Priority of Payments, *provided that* only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to this item (iv); and (3) any Subordinated Swap Counterparty Termination Payment;

(v) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class A Notes;

(vi) prior to the occurrence of a Class B Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred;

(vii) prior to the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) both the Class B Notes Interest Subordination Event and the Class C Notes Interest Subordination Event shall be deemed as not having occurred;

(viii) to credit the Cash Reserve Account with such amount as is necessary to bring the aggregate balance of the Cash Reserve Account up to (but not in excess of) the Target Cash Reserve Amount;

(ix) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest Component of the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(x) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest on the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xi) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the costs and/or expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Cash Manager, the Collection Account Bank and the Back-up Servicer Facilitator under the Cash Allocation, Management and Payments Agreement, BPVi and BN as Servicers and BPVi as Master Servicer under the Servicing Agreement and any successor thereto (including the amounts due to the Servicers under clauses 6.7 and 14.5 of the Servicing Agreement which have not been offset by the relevant Servicer), the Administrative Services Provider under the Administrative Services Agreement and the Corporate Services Provider under the Corporate Services Agreement, in each case, to the extent not paid under items (ii)(c) and (iii)(b) to (e);

(xii) in or towards satisfaction of the Principal Amount Outstanding of the Class A Notes in full;

(xiii) following the occurrence of a Class B Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred;

(xiv) in or towards satisfaction of the Principal Amount Outstanding of the Class B Notes in full;

(xv) following the occurrence of a Class B Notes Interest Subordination Event or a Class C Notes Interest Subordination Event, in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes, *provided that* in any case (a) starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred and (b) starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) the Class C Notes Interest Subordination Event shall be deemed as not having occurred;

(xvi) in or towards satisfaction of the Principal Amount Outstanding of the Class C Notes in full;

(xvii) in or towards satisfaction of any amounts due and payable by the Issuer pursuant to the Subscription Agreements;

(xviii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any amounts (other than repayment of any Advance Indemnity and/or Limited Recourse Loan which will be repaid by the Issuer out of the Excluded Collections) due and payable by the Issuer:

(a) to each Originator pursuant to the Transfer Agreements, including consideration for any Erroneously Excluded Claims;

(b) to each Originator pursuant to the Warranty and Indemnity Agreements; and

(c) to each Originator pursuant to any other Transaction Document;

(xix) only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;

(xx) to pay interest due and payable on the Class J Notes;

(xxi) to pay interest under the Subordinated Loan;

(xxii) to repay principal under the Subordinated Loan;

(xxiii) in or towards satisfaction of the Principal Amount Outstanding of the Class J Notes in an amount not exceeding the Scheduled Class J Notes Repayment Amount;

(xxiv) to pay the Additional Return on the Class J Notes; and

(xxv) to pay any surplus to the Originators *pari passu* and *pro rata*,

provided, however, that should the Calculation Agent not receive the Servicer Report within the Quarterly Report Date, (A) it shall prepare the Payments Report by applying the Issuer Available Funds in an amount not higher than:

(a) the amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date (after application of the Pre-Enforcement Order of Priority on such Payment Date), *plus*

(b) the aggregate amount transferred from the Collection Accounts to the Transaction Account in the immediately preceding Collection Period (as promptly indicated by the Account Bank upon request of the Calculation Agent),

towards payment only of items from (i) to (viii), and (B) any amount that would otherwise have been payable under items from (ix) to (xxv) of the Pre-Enforcement Order of Priority, will not be included in the relevant Payments Report and shall not be payable on such Payment Date and shall be payable in accordance with the applicable Order of Priority (and to the extent of the Issuer Available Funds available) on each following Payment Date on which details for the relevant calculations will be timely provided to the Calculation Agent. It remains understood that, on the first Payment Date following receipt of the Servicing Report, the Calculation Agent shall prepare the Payments Report also taking into account those amounts not correctly applied on the preceding Payment Date.

4.2 Post-Enforcement Order of Priority

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to make or provide for the following payments, in the following order of priority (the "**Post-Enforcement Order of Priority**") (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) upon the occurrence of an Insolvency Event, in or towards satisfaction of any mandatory expenses relating to the insolvency proceedings in accordance with Italian insolvency law and thereafter, or upon the occurrence of any Trigger Event that is not an Insolvency Event, in or towards satisfaction of any and all taxes required to be paid by the Issuer, to the extent such mandatory expenses or taxes are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents;

(ii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of: **(a)** all costs, expenses and any other amounts due and payable by or on behalf of the Issuer in connection with the Transaction other than those payable to parties to the Intercreditor Agreement, to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents; **(b)** any other costs and expenses due and payable in relation to preserving the corporate existence of the Issuer, maintaining it in good standing and in compliance with the applicable legislation, in each case to the extent such costs and/or expenses are not met by utilising the amount standing to the credit of the Expenses Account or otherwise provided for pursuant to the Transaction Documents; **(c)** the fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders and the Back-up Servicer Facilitator; and **(d)** the Issuer Disbursement Amount;

(iii) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of the fees, costs and/or expenses of, and all other amounts due and payable to, each of the parties named below:

(a) the Cash Manager, the Paying Agent, the Account Bank, the Collection Account Bank and the Calculation Agent under the Cash Allocation, Management and Payments Agreement and the EMIR Reporting Agent under the EMIR Reporting Agreement;

(b) the Administrative Services Provider under the Administrative Services Agreement;

(c) the Corporate Services Provider under the Corporate Services Agreement;

(d) the Back-Up Servicer under the Back-Up Servicing Agreement, and

(e) (x) each of BN and BPVi as Servicer and BPVi as Master Servicer under the Servicing Agreement, provided that costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) do not exceed Euro 100,000 and (y) any successor of the Servicers and the Master Servicer (other than BN and BPVi) under the Servicing Agreement, provided that - unless otherwise agreed or renegotiated by the Issuer and such successor in accordance with the Servicing Agreement and the Back-Up Servicing Agreement – costs, expenses and any other amount (save for fees) to be paid under this item (iii)(e) do not exceed Euro 100,000;

(iv) to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payment or the Orders of Priority); (2) any amounts payable pursuant to the Collateral Account Priority of Payments, *provided that* only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to item (iv); and (3) any Subordinated Swap Counterparty Termination Payment;

(v) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class A Notes;

(vi) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class A Notes in full;

(vii) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class B Notes;

(viii) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class B Notes in full;

(ix) in or towards satisfaction, *pari passu* and *pro rata*, of interest due and payable on the Class C Notes;

(x) in or towards satisfaction, *pari passu* and *pro rata*, of the Principal Amount Outstanding of the Class C Notes in full;

(xi) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, to BPVi and BN as Servicers and BPVi as Master Servicer under the Servicing Agreement and to any successor thereto, costs, expenses and amounts due and payable pursuant to the Servicing Agreement (including the amounts due to the Servicers under clause 14.5 of the Servicing Agreement which have not been offset by the relevant Servicer), to the extent not paid under item (iii)(e) above;

(xii) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest Component of the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xiii) in or towards satisfaction, *pari passu* and *pro rata*, of the Interest on the Purchase Price due to each Originator pursuant to the relevant Transfer Agreement (to the extent not already paid on the Issue Date in accordance with the Transaction Documents);

(xiv) in or towards satisfaction of any amounts due and payable by the Issuer pursuant to the Subscription Agreements;

(xv) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof, of any amounts (other than repayment of any Advance Indemnity and/or Limited Recourse Loan which will be repaid by the Issuer out of the Excluded Collections) due and payable by the Issuer:

(a) to each Originator pursuant to the Transfer Agreements, including consideration for any Erroneously Excluded Claims;

(b) to each Originator pursuant to the Warranty and Indemnity Agreements; and

(c) to each Originator pursuant to any other Transaction Document;

(xvi) only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;

(xvii) to pay interest due and payable on the Class J Notes;

(xviii) to pay interest and repay principal under the Subordinated Loan;

(xix) in and towards satisfaction of the Principal Amount Outstanding of the Class J Notes, in an amount not exceeding the Scheduled Class J Notes Repayment Amount;

(xx) to pay the Additional Return on the Class J Notes; and

(xxi) to pay any surplus to the Originators *pari passu* and *pro rata*.

5. INTEREST

5.1 Payment Dates and Interest Periods

Each Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Notes is payable in Euro quarterly in arrears on the last day of February, May, August and November in each year (or if such day is not a Business Day, the immediately preceding Business Day) (each a "**Payment Date**"). The first Payment Date will be 31 May 2017 (the "**First Payment Date**"). The period from (and including) the Issue Date to (but excluding) the First Payment Date is referred to herein as the "**Initial Interest Period**" and each successive period from (and including) a Payment Date to (but excluding) the next Payment Date is referred to as an "**Interest Period**".

The Class J Notes bear, in addition to interest, Additional Return from (and including) the Issue Date.

Interest (and, in the case of the Class J Notes, Additional Return) shall cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the Final Maturity Date (as defined in Condition 6 (*Redemption, Purchase and Cancellation*)) of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to each Class of Notes until the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and notice to that effect is given in accordance with Condition 13 (*Notices*).

5.2 Rate of Interest

The rate of interest payable from time to time in respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes (each, a "**Rate of Interest**") will be determined by the Paying Agent on the Interest Determination Date (as defined below).

The Rate of Interest applicable to each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes for each Interest Period (other than the Initial Interest Period) shall be the higher of:

(A) the aggregate of:

(i) the Relevant Margin (as defined below); *plus*

(ii) (a) the Euro-zone inter-bank offered rate ("**Euribor**") for three month Euro deposits which appears on Reuters Screen EURIBOR01 or (aa) such other page as may replace Reuters Screen EURIBOR01 on that service for the purpose of displaying such information or (bb) 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 selected by the Paying Agent) as may replace the Reuters Screen EURIBOR01) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (rounded to four decimal places with the mid-point rounded upwards) (the "**Screen Rate**"); or

(b) if the Screen Rate is unavailable at such time for three month Euro deposits, then the rate for any relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Paying Agent at its request by each of the Reference Banks as the rate at which three month Euro deposits in a representative amount are offered by that Reference Bank to leading banks in the Euro-zone inter-bank market at or about 11.00 a.m. (Brussels time) on that date; or

(c) if on any such Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks (as defined in Condition 5.7 (*Reference*

Banks and Paying Agent) below) provide such offered quotations to the Calculation Agent the relevant rate shall be determined, in the manner specified in item (b) above, on the basis of the offered quotations of those Reference Banks providing such quotations; or

(d) if, on any Interest Determination Date, the Screen Rate is unavailable and only one of the Reference Banks provides the Paying Agent with an offered quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period when one of items (a) or (b) above shall have been applied

(the "**Three Month Euribor**");

provided that the rate of interest applicable on each of the Class B Notes and the Class C Notes shall not be higher than 4% per annum; and

(B) zero.

In the case of the Initial Interest Period, the Rate of Interest applicable to each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes for each Interest Period shall be the higher of:

(1) the aggregate of: (A) the Relevant Margin; and (B) the rate per annum obtained by linear interpolation of the Euribor for 2 months and 3 months deposits in Euro; and

(2) zero.

Interest in respect of any Interest Period or any other period shall be calculated on the basis of the actual number of days elapsed and a 360 day year. There shall be no maximum Rate of Interest.

For the purpose of these Conditions, the "**Relevant Margin**" shall be:

(i) with regard to the Class A Notes: 0.40% per annum;

(ii) with regard to the Class B Notes: 0.50% per annum;

(iii) with regard to the Class C Notes: 0.60% per annum; and

(iii) with regard to the Class J Notes: 0.00% per annum.

The Class J Notes bear, in addition to interest, Additional Return from (and including) the Issue Date.

5.3 Determination of Rates of Interest and Calculation of Interest Payments

The Paying Agent shall, on each Interest Determination Date, determine and notify to the Issuer, the Calculation Agent, the Swap Counterparty and the Representative of the Noteholders:

(i) the Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes;

(ii) the Euro amount of interest payable on each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes in respect of such Interest Period (the "**Interest Payment Amount**"). The Interest Payment Amount payable in respect of any Interest Period in respect of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due and paid on that Payment Date), multiplying the

product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up) plus any Interest Payment Amount in respect of previous Interest Periods that remains unpaid.

Unpaid interest due on the Notes shall accrue no interest.

5.4 Publication of the Rate of Interest and the Interest Payment Amount

The Paying Agent will, at the Issuer's expenses, cause the Rate of Interest and the Interest Payment Amount applicable to each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes for each Interest Period and the Payment Date in respect of such Interest Payment Amount to be notified promptly after determination to the Issuer, the Representative of the Noteholders, Monte Titoli S.p.A. and the Luxembourg Stock Exchange (if applicable), and will cause the same to be published in accordance with Condition 13 (*Notices*) on or as soon as possible after the relevant Interest Determination Date.

The Paying Agent will be entitled to recalculate any Interest Payment Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

5.5 Determination or Calculation by the Representative of the Noteholders

If the Calculation Agent does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount for each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes in accordance with the foregoing provisions of this Condition 5 (*Interest*), the Representative of the Noteholders shall:

(i) determine the Rate of Interest for each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes (with regard to the procedure described above); and/or

(ii) calculate the Interest Payment Amount for each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes in the manner specified in Condition 5.3 (*Determination of Rates of Interest and Calculation of Interest Payments*) above;

any such determination and/or calculation shall be binding on the Noteholders, the Issuer and any other party and the Representative of the Noteholders shall not be liable for any such determination and/or calculation.

5.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*) and Condition 6 (*Redemption, Purchase and Cancellation*), whether by the Reference Banks (as defined below) (or any of them), the Calculation Agent, the Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be binding on the Reference Banks, the Calculation Agent, the Issuer, the Cash Manager, the Paying Agent, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability of the Noteholders shall attach to the Reference Banks, the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

5.7 Reference Banks and Paying Agent

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three reference banks (the "**Reference Banks**") and a Paying Agent. The Reference Banks shall be three major banks in the Euro-zone inter-bank market selected by the Paying Agent with the prior written approval of the Issuer. Pursuant to the Cash Allocation, Management and Payments Agreement, the Paying Agent may not resign until a successor has been appointed in accordance with the procedures set forth therein. If a new Paying Agent is appointed, a notice will be published in accordance with Condition 13 (*Notices*).

6. REDEMPTION, PURCHASE AND CANCELLATION

6.1 Final Maturity Date

Unless previously redeemed in full as provided in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall, subject to the provisions in Condition 6.9 (*Limited Recourse*), redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Payment Date falling in November 2067 (the "**Final Maturity Date**").

If any Class of Notes cannot be redeemed in full on the Cancellation Date, as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, any amount outstanding whether in respect of interest, principal or other amounts in relation to the Notes shall be finally and definitely cancelled and waived.

6.2 Mandatory Pro Rata Redemption

6.2.1 On each Payment Date, the Issuer shall apply the Available Funds for Amortisation of the Notes of each Class on such Payment Date in or towards the mandatory redemption of the Notes of such Class (in whole or in part).

6.2.2 The principal amount redeemable in respect of each Note ("**Principal Payment**") shall be a *pro rata* share of the aggregate amount determined in accordance with this Condition 6.2 (*Mandatory Pro Rata Redemption*) to be available for redemption of the Notes of the same Class of such Note on such date, provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note and in respect of the Class J Notes, may not exceed the Scheduled Class J Notes Repayment Amount of the relevant Note.

6.3 Optional Redemption

On any Payment Date (prior to the delivery of a Trigger Notice) commencing on the Call Date (each an "**Optional Redemption Date**"), the Issuer may at its option, redeem

(i) the Notes in whole (but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date; or

(ii) with the prior consent of the Junior Noteholders, the Rated Notes only (or the Rated Notes in whole and the Junior Notes in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Any such redemption (an "**Optional Redemption**") shall be effected by the Issuer on giving not more than 45 and not less than 15 days' prior written notice to the Representative of the Noteholders, to the relevant Noteholders in accordance with Condition 13 (*Notices*) and to the Swap Counterparty, provided that the Issuer, prior to giving such notice, shall confirm to the Representative of the Noteholders that it will have the necessary funds, not subject to the interests of any other Person, to discharge all its outstanding liabilities in respect of the Notes to be redeemed and any amount ranking prior thereto or *pari passu* therewith pursuant to the Pre-Enforcement Order of Priority (and, in case of a redemption of the Rated Notes only, all amounts due under the Swap Agreement, including any termination payments due thereunder ranking below the Rated Notes).

The funds necessary for the Optional Redemption of the Notes may be obtained from the sale by the Issuer of all or part of the Portfolios to the Originators or third parties. In this respect, under the terms of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originators an option right to purchase, in the period starting from 45 days prior to each Optional Redemption Date and ending on the second Business Day before such Optional Redemption Date, the relevant Portfolio outstanding on the date indicated to such purpose by the Originators.

In any case, the effectiveness of the transfer of the Portfolios will be subject to the receipt by the Issuer of the relevant purchase price from the Originators (or any other purchaser) which will form part of the Issuer Available Funds on the relevant Payment Date.

The exercise of the Originators' option to purchase or, in case of other purchasers, the effectiveness of the relevant transfer, shall be conditional upon the delivery by the relevant Originator/other purchaser to the Issuer and to the Representative of the Noteholders of: (a) a certificate issued by the competent Register of Enterprises stating that no insolvency proceedings are pending against the relevant purchaser as of a date not earlier than 10 Business Days before the date of the purchase; (b) a solvency certificate signed by the legal representative or a director of the relevant purchaser dated the date of the purchase; and, except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also (c) a solvency certificate issued by the bankruptcy court (*tribunale fallimentare*) stating that no insolvency proceedings are pending against the relevant purchaser.

The sale of all or part of the Portfolios to the Originators pursuant to this Condition 6.3 will be regulated by Article 58 of the Consolidated Banking Act and shall be construed as a "*vendita a rischio e pericolo del compratore*" pursuant to Article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of Article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and to the maximum extent permitted by the Italian Law of any other guarantee on the transfer of the claim.

6.4 Redemption for Taxation

If, at any time prior to the delivery of a Trigger Notice, the Issuer **(A)** provides the Representative of the Noteholders with a legal opinion (in form and substance satisfactory to the Representative of the Noteholders) from counsel in the Issuer's jurisdiction opining that on the next Payment Date: (a) as a result of legislative or regulatory changes or official interpretations thereof by competent authorities, the Issuer (also through the Issuer's Agent) would be required to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Notes of any Class any amount for or on account of any present or future taxes, duties, assessments or governmental charges by the Republic of Italy or any political subdivision thereof or any authority thereof or therein, or (b) as a result of legislative or regulatory changes or official interpretations thereof by competent authorities, the Issuer (also through the Issuer's Agent) would incur increased costs or charges of a fiscal nature in respect of the Noteholders or the Issuer's assets in respect of the Securitisation which would materially affect any Class of Notes; and **(B)** certifies to the Representative of the Noteholders that the Issuer will have the necessary funds, not subject to the interest of any other Person, to discharge all of its outstanding liabilities in respect of the relevant Class of Notes and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with such Notes, plus all amounts due under the Swap Agreement (including any termination payments due thereunder), then the Issuer may redeem, on the next Payment Date, all (but not some only) of the Notes of such Class at their Principal Amount Outstanding together with accrued but unpaid interest up to and including the relevant Payment Date, having given not more than 45 and not less than 15 days' prior written notice to the Representative of the Noteholders, to the Swap Counterparty and to the Noteholders in accordance with Condition 13 (*Notices*).

6.5 Note Principal Payments, Available Funds for Amortisation, Principal Amount Outstanding and Additional Return

On each Calculation Date, the Issuer shall ensure that the Calculation Agent determines:

(i) the Available Funds for Amortisation of the Notes of each Class;

(ii) the Principal Payment (if any) due on each Note on the next Payment Date;

(iii) the Principal Amount Outstanding of each Note and on each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes on the next Payment Date (after deducting any principal payment due to be made on that Payment Date); and

(iv) the Additional Return due and payable to the Class J Noteholders on the next Payment Date.

Each determination on behalf of the Issuer of any Available Funds for Amortisation available for the redemption of each Class of Notes, the Principal Payment on each Note, the Principal Amount Outstanding on each Note and on each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and the Additional Return of the Class J Notes shall in each case (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be final and binding on all Persons.

The Issuer will, no later than the second Business Day prior to each Payment Date, cause each determination of a Principal Payment on each Note (if any) and of the Principal Amount Outstanding on each Note and on each of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and the Additional Return of the Class J Notes to be notified forthwith by the Calculation Agent to the Representative of the Noteholders, Monte Titoli, the Paying Agent, the Luxembourg Stock Exchange and the Swap Counterparty and will cause a notice thereof to be distributed in accordance with Condition 13 (*Notices*). If no Principal Payment is due to be made on any Class of Notes on a Payment Date, a notice to this effect will be given by or on behalf of the Issuer to the Noteholders of such Class or Classes in accordance with Condition 13 (*Notices*).

If no Available Funds for Amortisation for the Notes of each Class, Principal Payment on each Note or Principal Amount Outstanding on each Note and on each of the Class A Notes, the Class B Notes, the Class C Notes or the Class J Notes or Additional Return of the Class J Notes is determined by the Calculation Agent in accordance with the preceding provisions of this Condition, such Available Funds for Amortisation, Principal Payment on each Note, Principal Amount Outstanding on each Note and on each of the Class A Notes, the Class B Notes, the Class C Notes and/or the Class J Notes and/or, as the case may be, Additional Return of the Class J Notes shall be determined by the Representative of the Noteholders in accordance with the provisions of this Condition 6 (*Redemption, Purchase and Cancellation*) and each such determination or calculation shall be binding on the Noteholders, the Issuer and any other party and the Representative of the Noteholders shall not be liable for any such determination and/or calculation.

6.6 Notice of Redemption

Any such notice as is referred to in Conditions 6.2 (*Mandatory Pro Rata Redemption*), 6.3 (*Optional Redemption*) and 6.4 (*Redemption for Taxation*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant Class or Classes in accordance with Condition 6 (*Redemption, Purchase and Cancellation*).

All notices referred to in the immediately preceding paragraph shall be delivered to the Luxembourg Stock Exchange, if so required by applicable law, and the Noteholders will be informed in accordance with Condition 13 (*Notices*).

6.7 No purchase by Issuer

The Issuer shall not purchase any of the Notes.

6.8 Cancellation

All Notes redeemed in full will be cancelled upon redemption and may not be re-sold or re-issued.

All Notes shall be in any case cancelled on the Cancellation Date.

6.9 Limited Recourse

Without prejudice to the right of the Representative of the Noteholders to serve to the Issuer a Trigger Notice pursuant to Condition 10(a) (*Non-Payment*), if at any time, prior to or following the delivery of a Trigger Notice, the aggregate funds available to the Issuer for application in or towards any payment obligation in accordance with the provisions of the relevant Order of

Priority on any Class of Notes are not sufficient to pay in full the aggregate amount which, but for the operation of this Condition 6.9 (*Limited Recourse*), would be due and payable on the Notes on the relevant date, then, the obligation of the Issuer to make any payment under the Notes shall be equal to the lesser of (a) the nominal amount of such payment and (b) the Issuer Available Funds which may be applied for the relevant purpose, in accordance with the applicable Order of Priority and the terms of the Intercreditor Agreement. As a consequence thereof, each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Order of Priority and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital. Any payment obligations of the Issuer under the Notes which has remained unpaid to the extent referred to above upon the Cancellation Date shall be deemed extinguished and the relevant claims irrevocably relinquished, waived and surrendered, by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.

6.10 Non-petition

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents against the Issuer and no Noteholder (other that the Representative of the Noteholders) shall be entitled to directly proceed against the Issuer to obtain any payment from the Issuer or to enforce the Security Documents or any other guarantee granted by the Issuer.

Unless two years plus one day have elapsed since the redemption in full of the Notes and of any other asset backed securities issued in the context of any further securitisations (as defined in Condition 3.11 (*Further Securitisation*)), no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of all Noteholders) shall take any steps to procure the appointment of an administrative receiver to cause a compulsory liquidation of the Issuer in respect of any of its liabilities whatsoever, or institute against, or join any other Person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law.

7. PAYMENTS

7.1 Payment of principal and interest in respect of the outstanding Notes and of Additional Return in respect of the Class J Notes will be credited, according to the instructions of Monte Titoli, by the Account Bank on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with such Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of the Notes or through Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") to the accounts with Euroclear and Clearstream of the beneficial owners of the Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

7.2 Payments of principal and interest in respect of the Notes and the payment of Additional Return on the Class J Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

7.3 If the due date for any payment of principal and/or interest (or any later date on which any Note could otherwise be presented for payment) is not a Business Day, the relevant Noteholder will not be entitled to payment of the relevant amount until the immediately succeeding Business Day unless such Business Day would fall in the next calendar month in which case payment will be made on the immediately preceding Business Day. Noteholders will not be entitled to any interest or other payment for any delay in receiving the amount due as a result of the due date thereof not being a Business Day.

7.4 The Issuer reserves the right, at any time to vary or terminate the appointment of any Paying Agent and to appoint another Paying Agent in accordance with the terms and conditions of

Cash Allocation, Management and Payments Agreement. The Issuer shall make certain that there is at least 30 days' prior written notice with respect to any replacement of any Paying Agent in accordance with Condition 13 (*Notices*).

8. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Law 239 Deduction or any other withholding or deduction required to be made by applicable law (including, for the avoidance of doubt, any withholding or deduction required pursuant to U.S. Foreign Account Tax Compliance Act, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto). Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

9. PRESCRIPTION

9.1 Claims against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

9.2 In this Condition 9 (*Prescription*), the "**Relevant Date**", in respect of a Note, is the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the monies payable in respect of all the Notes and accrued on or before that date has not been duly received by the Paying Agent or the Representative of the Noteholders on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

10. TRIGGER EVENTS

If any of the following events occur:

(a) Non-payment

(i) the Interest Payment Amount on the Class A Notes (and only after the repayment in full of the Rated Notes, on the Class J Notes) on a Payment Date is not paid in full on the due date or within a period of three Business Days; or

(ii) the Class A Notes or the Class B Notes or Class C Notes or the Junior Notes are not redeemed in full on the Final Maturity Date; or

(iii) the Interest Payment Amount (plus any Interest Payment Amount in respect of previous Interest Periods which has remained unpaid) on the Class B Notes or Class C Notes is not paid in full on the Final Maturity Date; or

(b) Breach of obligations

the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any payment obligation on the Notes under paragraph (a) (*Non-Payment*) above) or the Swap Guarantee Security Agreement and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy (in which case no notice will be required)), such default continues and remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Senior Noteholders; or

(c) Insolvency etc.

(i) an administrator, administrative receiver or liquidator of the Issuer is appointed over or in respect of the whole or any part of the undertaking, assets and/or revenues of the Issuer or the Issuer becomes subject to any bankruptcy,

liquidation, administration, insolvency, composition, reorganisation (among which, without limitation, "*fallimento*" and "*concordato preventivo*" within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings (or application for the commencement of any such proceeding) or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Issuer; or

(ii) proceedings are initiated against the Issuer under any applicable bankruptcy, liquidation, administration, insolvency, composition, reorganisation or similar laws and proceedings are not, in the sole opinion of the Representative of the Noteholders, being disputed in good faith; or

(iii) the Issuer takes any action for a readjustment 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 or is granted by a competent court a suspension in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for bankruptcy or suspension of payments; or

(d) Winding up etc.

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders or by an Extraordinary Resolution of the Noteholders; or

(e) Unlawfulness

it is or will become unlawful in any respect deemed by the Representative of the Noteholders to be material for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party or the Swap Guarantee Security Agreement,

(each a "**Trigger Event**"):

(i) if (x) the Trigger Event is an Insolvency Event under paragraph (c) above or a non payment of principal or interest on the Notes under paragraph (a) above; or (y) regardless as to which of the Trigger Event is, if instructed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, the Representative of the Noteholders shall,

(ii) if the Trigger Event is other than an Insolvency Event under paragraph (c) above or other than a non payment of principal or interest on the Notes under paragraph (a) above, the Representative of the Noteholders may, at its sole discretion,

serve a notice (the "**Trigger Notice**") on the Issuer (with copy to each of the Other Issuer Creditors, the Rating Agencies and the Swap Counterparty); and shall be entitled (to the extent not prohibited by any applicable law) to direct the sale of the Portfolios (in whole or in part), provided, however, that a sufficient amount shall be realised to allow discharge in full of all amounts owing to the holders of the Most Senior Class of Notes and amounts ranking in priority thereto or *pari passu* therewith and provided further that the following certificates are delivered by the purchaser: (a) a certificate issued by the competent Register of Enterprises stating that no insolvency proceedings are pending against the purchaser as of a date not earlier than 10 Business Days before the date of the purchase; (b) a solvency certificate signed by the legal representative or a director of the purchaser dated the date of the purchase; and, except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also (c) a solvency certificate issued by the bankruptcy court (*tribunale fallimentare*) stating that no insolvency proceedings are pending against the purchaser.

Upon the delivery by the Representative of the Noteholders of a Trigger Notice, the Notes shall forthwith become immediately due and repayable at their Principal Amount Outstanding together with interest accrued in accordance with the Post-Enforcement Order of Priority.

11. ENFORCEMENT

11.1 At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may and shall, if so requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon in accordance with the Intercreditor Agreement and the Rules of the Organisation of the Noteholders.

11.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Trigger Events*) or Condition 11 (*Enforcement*) by the Representative of the Noteholders shall (in the absence of wilful misconduct (*dolo*) or gross negligence (*colpa grave*)) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretion hereunder.

11.3 In the event that the Representative of the Noteholders takes action to enforce the rights of Noteholders of any Class in respect of the Portfolios and the other Issuer's Rights and after payment of all other claims ranking in priority to the Notes under the Conditions and the Intercreditor Agreement, if the remaining proceeds of such enforcement are insufficient to pay in full all principal and interest and other amounts howsoever due in respect of any Class of Notes and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer in respect of such Notes will be limited to the extent of their respective *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to such Noteholders under the relevant Class of Notes will be deemed discharged in full and any amount in respect of principal, interest, Additional Return or other amounts due under such Class of Notes will be finally and definitively cancelled.

12. APPOINTMENT AND REMOVAL OF THE REPRESENTATIVE OF THE NOTEHOLDERS

12.1 The Organisation of the Noteholders is established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until the Final Maturity Date or, if earlier, the repayment in full or cancellation of the Notes.

12.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders, appointed at the time of issue of the Notes pursuant to the Subscription Agreements, who is appointed by the initial subscribers of the Notes. Each subsequent Noteholder is deemed, by virtue of its acquisition of the relevant Notes, to accept such appointment.

12.3 The Rules of the Organisation of the Noteholders and the provisions governing the appointment of the Representative of the Noteholders provided for in the Subscription Agreements and in the Intercreditor Agreement contain provisions governing, *inter alia*, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and the termination of the appointment of the Representative of the Noteholders.

12.4 In addition, the Rules of the Organisation of Noteholders contain, *inter alia*, provisions for (a) convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by an Extraordinary Resolution of Noteholders of a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents; and (b) the Representative of the Noteholders to agree, without being required to obtain the consent of the Noteholders, to certain modifications of, or waivers or authorisations of any breach or proposed breach of the Notes (including these Conditions) or any of the Transaction Documents. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Representative of the Noteholders agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

12.5 Each Noteholder is deemed to acknowledge and accept the following:

(a) the Representative of the Noteholders has been appointed, under Article 1726 and Article 1723(2) of the Italian Civil Code, as the representative of the Noteholders to exercise their respective rights and to act as their agent in relation to the Intercreditor Agreement and the Security Documents;

(b) the Representative of the Noteholders has been appointed, subject to and following the delivery of a Trigger Notice, to receive as their collection agent (*mandatario all'incasso*), in their name and on their behalf all payments to be made by the Issuer pursuant to the applicable Order of Priority as set forth in the Conditions and the Intercreditor Agreement and to apply all cash deriving from time to time from the subject matter of the Security Documents, as well as all proceeds upon the enforcement thereof in accordance with the Post-Enforcement Order of Priority;

(c) the Representative of the Noteholders will exercise its rights and powers and perform its duties and obligations hereunder and under the Transaction Documents in accordance with the terms of its appointment as the Representative of the Noteholders pursuant to these Conditions, the Rules of the Organisation of the Noteholders, the Subscription Agreements and other Transaction Documents and will benefit from any terms and conditions in its favour set forth herein and therein, requesting and obtaining, if necessary or appropriate, direction from meetings of the Noteholders;

(d) the Representative of the Noteholders is not obliged to exercise any discretion or powers pursuant to any Transaction Documents until it has been first indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur as a result of so acting;

(e) the Representative of the Noteholders shall have all the rights, powers and duties conferred upon it pursuant to the Conditions, the Rules of the Organisation of the Noteholders, the Intercreditor Agreement, the Security Documents and the other Transaction Documents and shall have the benefit of all provisions (including, but not limited to, relief from responsibility and limitation of responsibility provisions) set out in the Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is or it will become a party, for itself and on behalf of the Noteholders.

13. NOTICES

13.1 So long as the Notes are held by Monte Titoli on behalf of the beneficial owners thereof, notices to the Noteholders may be given through the systems of Monte Titoli. In addition, so long as the Rated Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any notice regarding the Notes of such Class to such Noteholders shall be deemed to have been duly given if published on the website of the Luxembourg Stock Exchange (www.bourse.lu) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been

given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.

13.2 In addition, so long as the Rated Notes are listed on the Official List of the Luxembourg Stock Exchange, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the Transparency Directive.

13.3 The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its sole opinion, such other method is reasonable with regard to prevailing market practices and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

14. GOVERNING LAW

14.1 The Notes and all non-contractual obligations arising out or in connection with them are governed by and shall be construed in accordance with Italian law.

14.2 The Courts of Milan, Italy shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

14.3 All the Transaction Documents and all non-contractual obligations arising out or in connection with them are governed by and shall be construed in accordance with Italian law with the exception of the English Deed of Charge, the EMIR Reporting Agreement and the Swap Agreement, which are governed by English law.

EXHIBIT 1

RULES OF THE ORGANISATION OF THE NOTEHOLDERS

TITLE I
GENERAL PROVISIONS

Article 1
(General)

The Organisation of the Noteholders is created automatically by the issue and by the subscription for the Notes, and shall remain in force and in effect until the Final Maturity Date or full repayment or cancellation of the Notes (if earlier).

The contents of these Rules are deemed to form integral part of each Note.

Article 2
(Definitions)

All terms and expressions which have defined meanings in the Conditions shall have the same meanings in these Rules, unless the context requires otherwise or unless otherwise stated. In addition, in these Rules, the following expressions (notwithstanding any different meanings ascribed to them in the Conditions) have the following meanings:

"**Agent**" means the Paying Agent (being as of the Issue Date, BNP Paribas Securities Services, Milan Branch) and its permitted successors or assigns from time to time or any other person for the time being acting as paying agent.

"**Basic Terms Modification**" means:

(a) a modification of the Final Maturity Date of the relevant Class of Notes;

(b) a modification that would have the effect of postponing any date for payment of interest or principal on the relevant Class of Notes;

(c) a modification which would have the effect of reducing or cancelling the amount of principal repayable in respect of the relevant Class of Notes or the rate of interest applicable in respect of the relevant Class of Notes or any other modification of the methods of calculating the amounts payable in respect of the Notes;

(d) a modification which would have the effect of altering the majority of votes required to pass a specific resolution of the relevant Class of Notes or the quorum required to validly hold any meeting of the Noteholders of the relevant Class of Notes;

(e) a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of redemption or priority of the relevant Class of Notes;

(f) a modification which would have the effect of altering the authorisation or consent by the Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;

(g) a modification which would have the effect of substituting any Person for the Issuer (or any previous substitute) as principal obligor under the Notes;

(h) a modification which would have the effect of sanctioning any scheme or proposal for the exchange or substitution or sale of any of the Notes or of any Class of Notes for, or the cancellation of any of the Notes or any Class of Notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes,

bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;

(i) the appointment and removal of the Representative of the Noteholders; and/or

(j) an amendment of this definition.

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

(a) certifying that certain specified Notes (the "**Blocked Notes**") have been blocked in an account with a clearing system, and will not be released until a specified time after the conclusion of the Meeting;

(b) certifying that the holder of each Blocked Note or a duly authorised Person on its behalf has instructed the relevant Monte Titoli Account Holder that the votes attributable to such Blocked Note are to be cast in a particular way on each resolution to be put to the Meeting and that, during the period of 48 hours before the time fixed for the Meeting, such instructions may not be amended or revoked;

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

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

"**Board of Directors**" means the board of directors of the Issuer.

"**Business**" means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting.

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 of these Rules.

"**Class A Noteholders**" means the holders of the Class A Notes.

"**Class B Noteholders**" means the holders of the Class B Notes.

"**Class C Noteholders**" means the holders of the Class C Notes.

"**Class J Noteholders**" means the holders of the Class J Notes.

"**Class of Notes**" means the Class A Notes or the Class B Notes or the Class C Notes or the Class J Notes, as the case may be.

"**Conditions**" means the terms and conditions of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes, and any reference to a numbered relevant "**Condition**" is to the corresponding numbered provision thereof.

"**Extraordinary Resolution**" means a resolution of a Meeting of the holders of the relevant Class of Notes, duly convened and held in accordance with the provisions contained in these Rules.

"**Issuer**" means Berica ABS 5 S.r.l.

"**Junior Noteholders**" means the Class J Noteholders.

"**Junior Notes**" means Class J Notes.

"**Meeting**" means a meeting of the Noteholders or of the holders of a Class of Notes (whether originally convened or resumed following an adjournment).

"**Mezzanine Noteholders**" means the Class B Noteholders and the Class C Noteholders.

"**Mezzanine Notes**" means Class B Notes and Class C Notes.

"**Notes**" and "**Noteholders**" shall mean:

(a) in connection with a Meeting of Class A Noteholders, the Class A Notes and the Class A Noteholders respectively

(b) in connection with a Meeting of Class B Noteholders, the Class B Notes and the Class B Noteholders respectively;

(c) in connection with a Meeting of Class C Noteholders, the Class C Notes and the Class C Noteholders respectively;

(d) in connection with a Meeting of Class J Noteholders, the Class J Notes and the Class J Noteholders respectively;

and otherwise, in the case of a joint Meeting of the Noteholders of more than one Class of Notes, any or all of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and any or all of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders.

"**Proxy**" means, with respect to a Meeting, written instructions issued by the account holder which authorise a designated physical person to vote according to such instructions with respect to the Blocked Notes; the signature of the person issuing such instructions shall be authenticated by the Monte Titoli Account Holder which releases the related Voting Certificate or by a public official.

"**Proxy Holder**" means, in relation to any Meeting, a person appointed to vote under a Block Voting Instruction.

"**Relevant Fraction**" means the quorum necessary to validly hold a meeting which shall be:

(a) one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes in relation to all Business other than voting on an Extraordinary Resolution;

(b) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes (in case of a meeting of a particular Class of the Notes), or two-thirds of the Principal Amount Outstanding of the outstanding Notes of such Classes (in case of a meeting of a joint meeting of more than one Class of Notes); and

(c) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to the holders of each relevant Class of Notes), three-quarters of the Principal Amount Outstanding of the outstanding Notes in each relevant Class of Notes,

provided, however, that, in the case of a Meeting which has resumed after adjournment for lack of a quorum, it means:

(a) for all Business other than the voting on an Extraordinary Resolution relating to a Basic Terms Modification, more than one-third of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes or, in the case of a joint Meeting of more than one Class of Notes, those Classes represented or held by Voters actually present at the Meeting; and

(b) for voting on any Extraordinary Resolution relating to a Basic Terms Modification (which must be proposed separately to the holders of each relevant Class of Notes), more than fifty per cent. (50%) of the Principal Amount Outstanding of the outstanding Notes in each relevant Class of Notes,

and further provided that, in order to avoid conflict of interest that may arise as a result of the Originators having multiple roles in the Securitisation, those Rated Notes which are for the time being held by the Originators shall (unless and until ceasing to be so held) be deemed not to remain "outstanding" for the purposes of the right to vote at any Meeting of Noteholders duly convened by the Representative of the Notehoders in accordance with the Conditions and these Rules to transact one of the following Business:

(i) the revocation of each of the Originators in their capacity as Master Servicer and/or Servicers;

(ii) the delivery of a Trigger Notice upon the occurrence of a Trigger Event in accordance with Condition 10 (Trigger Events);

(iii) the direction of the sale of the Portfolios after the delivery of a Trigger Notice upon occurrence of a Trigger Event in accordance with Condition 10 (Trigger Events);

(iv) the enforcement of any of the Issuer's Rights against any of the Originators in any role under the Securitisation;

(v) Business related to any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, may exist a conflict of interest between the Senior Noteholders or the Mezzanine Noteholders (in such capacity) and the Originators in any role under the Securitisation.

It remains understood that the above restriction on voting rights does not apply in case the then outstanding Rated Notes are entirely held by the Originators.

"**Rules**" means these Rules of the Organisation of the Noteholders;

"**Senior Noteholders**" means the Class A Noteholders.

"**Senior Notes**" means Class A Notes.

"**Specified Office**" means the registered office of the Agent located at, as of the Issue Date, Piazza Lina Bo Bardi 3, Milan, Italy.

"**Transaction Documents**" shall have the meaning ascribed to it in the Conditions and shall be deemed to include, for the purposes of these Rules, the Swap Guarantee Security Agreement.

"**Voter**" means, in relation to any Meeting, the holder of a Blocked Note.

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by a Monte Titoli Account Holder and dated in which it is stated:

(a) that the Blocked Notes have been blocked in an account with a clearing system and will not be released until the conclusion of the Meeting; and

(b) 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 the relevant fraction of the Noteholders who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

"**24 hours**" means a period of 24 hours including all or part of a day upon which banks are open for business in the place where the Meeting is to be held and in the place where the 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.

Article 3
(Organisation purpose)

Each Noteholder, as a consequence of the subscription or purchase of the relevant Note, is a member of the Organisation of Noteholders.

The purpose of the Organisation of the Noteholders is to coordinate the exercise of the rights of the Noteholders and, more generally, the taking of any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference as the case may be, to the Class A Noteholders and/or the Class B Noteholders and/or the Class C Noteholders and/or the

Class J Noteholders or, where the context requires, a reference to the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders collectively.

TITLE II
THE MEETING OF NOTEHOLDERS

Article 4
(General)

Any resolution passed at a Meeting 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, and:

(a) any resolution passed at a Meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders and the Class J Noteholders;

(b) 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 C Noteholders and the Class J Noteholders;

(c) any resolution passed at a Meeting of the Class C Noteholders duly convened and held as aforesaid shall also be binding upon all the Class J Noteholders.

and, in each case above, all the relevant Classes of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly considered by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Agent (with a copy to the Board of Directors, the Representative of the Noteholders and the Rating Agencies) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) and the provisions of these Rules shall apply mutatis mutandis thereto.

The following provisions shall apply where outstanding Notes belong to more than one Class of Notes:

(a) Business that in the opinion of the Representative of the Noteholders affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

(b) Business that in the opinion of the Representative of the Noteholders affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion;

(c) Business which in the opinion of the Representative of the Noteholders affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class; and

(d) Business relating to Basic Terms Modifications shall be transacted at separate Meetings of the Noteholders of each Class of Notes.

Article 5
(Issue of Voting Certificates and Block Voting Instructions)

Noteholders may obtain a Voting Certificate from the relevant Monte Titoli Account Holder or require the Agent to issue a Block Voting Instruction, providing to the Agent, where appropriate, evidence that the Notes are so blocked. Noteholders may obtain such evidence by requesting their Monte Titoli Account Holders to release a certificate in accordance with Article 21 and following of the regulation issued on 22 February 2008 by CONSOB and the Bank of Italy (as subsequently amended and supplemented). So long as a Voting Certificate or Block Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Block Voting Instruction) shall be deemed to be the holder of the Blocked Notes to which it relates for all purposes in connection with the Meeting. A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

Article 6
(Validity of Block Voting Instructions)

A Block Voting Instruction shall be valid only if it is deposited at the Specified Office of the Agent, or at some other place approved by the Agent, at least 24 hours before the time fixed for a Meeting 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 Agent 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 Agent shall not be obliged to investigate the validity of any Block Voting Instruction or the authority of any Proxy.

Article 7
(Convening of Meeting)

The Board of Directors and the Representative of the Noteholders may convene a Meeting at any time, and shall be obliged to do so, subject to the Representative of the Noteholders being indemnified and/or secured to its satisfaction, upon the request in writing of Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes of the Class of Notes or Classes in respect of which the Meeting is being convened.

Whenever the Board of Directors intends to convene any such Meeting, it shall immediately give written notice to the Representative of the Noteholders of the day, time and place thereof and of the nature of the Business to be transacted thereat. Every such Meeting shall be held at such place as the Issuer or the Representative of the Noteholders may designate or approve.

Article 8
(Notice)

At least 21 days' prior 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 by the Issuer to the relevant Noteholders and the Agent (with a copy to the Board of Directors and to the Representative of the Noteholders) and published in accordance with Condition 13 (*Notices*) at least 15 days before the date of the Meeting. The notice shall set forth the full text of any resolutions to be proposed and shall state that the Notes may be deposited with, or to the order of, the relevant Monte Titoli Account Holder for the purpose of obtaining Voting Certificates or appointing Proxies not later than 48 hours before the time fixed for the Meeting.

In the absence of such formalities, a Meeting shall nonetheless be deemed to have been validly convened if the entire Principal Amount Outstanding of the Notes of the relevant Class of Notes is represented thereat and the Issuer and the Representative of the Noteholders are present at the Meeting.

Article 9
(Chairman of the Meeting)

The Meeting shall be chaired by an individual (who shall not be a Noteholder) appointed in writing by the person(s) who has/have convened the meeting. If (i) no such appointment is made; (ii) the individual appointed is not present within 15 minutes after the time fixed for the Meeting; or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, those present shall elect one of themselves to take the chair failing which, the Board of Directors may appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman ascertains that the Meeting has been duly convened and validly constituted, leads and moderates the debate, and defines the terms for voting. The Chairman manages the Business of the Meeting and monitors the fairness of the Meeting's proceedings.

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

Article 10
(Quorum)

The quorum at any Meeting (*quorum costitutivo*) shall be one or more Voters representing or holding not less than the Relevant Fraction.

The majority required for passing any resolution (*quorum deliberativo*) of a Meeting shall be equal to (i) in respect to all Business other than voting on an Extraordinary Resolution, more than 50 per cent. of the votes cast at poll, and (ii) in respect to an Extraordinary Resolution, more than 75 per cent. of the votes cast at poll.

Article 11
(Adjournment for want of quorum)

If within 30 minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and at such place as the Chairman determines; provided, however, that no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment. Notice shall be published in accordance with Condition 13 (*Notices*) of the relevant Class of Notes at least 8 days before the date of the meeting.

Article 12
(Adjourned Meeting)

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, provided that no Business shall be transacted at any adjourned Meeting except Business that might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13
(Notice following adjournment)

Article 8 shall apply to any Meeting that is to be resumed after adjournment save that:

(a) 8 days' prior notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and

(b) the notice shall specifically set forth the quorum requirements that will apply when the Meeting resumes.

It shall not be necessary to give notice of the resumption of a Meeting that has been adjourned for any other reason.

Article 14
(Participation)

The following may attend and speak at a Meeting:

(a) Voters;

(b) members of the Board of Directors or other representatives of the Issuer and the Agent;

(c) the financial advisers to the Issuer;

(d) the legal counsel to the Issuer, the Representative of the Noteholders and the Agent;

(e) the Representative of the Noteholders; and

(f) such other person as may be resolved by the Meeting.

Article 15
(Poll)

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than ten (10) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other Business as the Chairman directs.

Article 16
(Votes)

Every Voter shall have one vote in respect of each Euro 1,000 in aggregate Principal Amount Outstanding of the Note(s) represented or held by such Voter.

In the case of a voting tie the Chairman shall have a casting vote.

Unless the terms of any Block Voting Instruction state otherwise, a Voter shall not be obliged to exercise all the votes to which he is entitled or to cast all the votes which he exercises in the same manner.

Article 17
(Vote by Proxies)

Any vote by a Proxy in accordance with the relevant Block Voting Instruction shall be valid even if such Block Voting Instruction or any instruction pursuant to which it was given has been amended or revoked, provided that the Agent has been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Block Voting Instruction in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment, except for any appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum. Any person appointed to vote at such a Meeting must be re-appointed under a Block Voting Instruction to vote at the Meeting when it is resumed.

Article 18
(Exclusive Powers of the Meeting)

The Meeting shall have exclusive powers on the following matters:

(a) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions (without prejudice to the power of the Representative of the Noteholders to agree to modifications without consulting the Noteholders pursuant to Article 27 of these Rules) or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes (which is not a Basic Term Modification). For the avoidance of doubt, the renegotiation with any successor Servicer or Master Servicer of the amount of the relevant fees and other amounts due shall not constitute a modification, abrogation, variation

or compromise of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes; and

(b) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents.

Article 19
(Powers exercisable by Extraordinary Resolution)

The following powers shall be exercisable by the Meeting exclusively by way of Extraordinary Resolution:

(a) to approve any Basic Term Modifications;

(b) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other Person whether such rights shall arise under these Rules, the Notes or otherwise (without prejudice to the power of the Representative of the Noteholders to agree to modifications without consulting the Noteholders pursuant to Article 27 of these Rules);

(c) power to assent to any alteration of the provisions contained in these Rules, the Notes or any Class of Notes, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement or any other Transaction Document that shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto (without prejudice to the power of the Representative of the Noteholders to agree to modifications without consulting the Noteholders pursuant to Article 27 of these Rules);

(d) without prejudice to the power of the Representative of the Noteholders to agree to modifications without consulting the Noteholders pursuant to Article 27 of these Rules, power to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes and to sanction the release of the Issuer;

(e) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these Rules, the Notes, any Class of Notes or any other Transaction Document;

(f) power to give any authority, direction or sanction that under the provisions of these Rules or the Notes or any Class of Notes, is required to be given by Extraordinary Resolution;

(g) to authorise the Representative of the Noteholders to deliver a Trigger Notice, as a consequence of a Trigger Event, under Condition 10 (*Trigger Events*), save where no such authorisation by Noteholders' resolution is needed;

(h) power to authorise and sanction or ratify the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents;

(i) following the delivery of a Trigger Notice, power to resolve on the sale of one or more Claim(s) comprised in the Portfolios if instructions are sought by the Representative of the Noteholders pursuant to Article 30 of these Rules;

(j) power to authorise (or object to) individual actions or remedies by Noteholders under Article 23;

(k) power to sanction a Basic Terms Modification; and

(l) power to resolve on any other matter relating to the Notes or the Securitisation submitted to it by the Representative of the Noteholders where such resolution is required under the Transaction Documents to be given by Extraordinary Resolution,

provided that:

(a) 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);

(b) 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 (to the extent that there are Class A Notes then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that there are Class A Notes then outstanding);

(c) no Extraordinary Resolution of the Class C Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that there are Class A Notes then outstanding) and the interest of the Class B Noteholders (to the extent that there are Class B Notes the outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that there are Class A Notes then outstanding) or it is sanctioned by an Extraordinary Resolution of the Class B Notes (to the extend that there are Class B Notes then outstanding) ; and

(c) 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 and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding).

Article 20
(Challenge of Resolution)

Each Noteholder who was absent and/or dissenting can challenge Resolutions which are not passed in conformity with the provisions of these Rules.

Article 21
(Minutes)

Minutes shall be made of all resolutions and proceedings at each Meeting. The Chairman shall sign the minutes, which shall be prima facie evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been summarised and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

Article 22
(Written Resolution)

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

Article 23
(Individual Actions and Remedies)

The right of each Noteholder to bring individual actions or take other individual remedies to enforce his/her rights under the Notes will be subject to a Meeting not passing an Extraordinary Resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

(a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders in writing of his/her intention;

(b) the Representative of the Noteholders will, without delay, call for the Meeting, in accordance with these Rules;

(c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed);

(d) if the Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for lack of a quorum, the Noteholder will not be prevented from taking such individual action or remedy; and

(e) if the Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of a quorum, and if the relevant Noteholder is a Junior Noteholder, then the Representative of the Noteholders will, within 15 Business Days, call for a Meeting of the Senior Noteholders and if such Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by such Meeting for want of a quorum, then the relevant Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes unless a Meeting of Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this Article 23 and Article 4 above.

In any case:

(a) no Noteholders shall, whether before or after service of a Trigger Notice, bring, take or join in any action or proceeding which could cause the Issuer's subjection to any insolvency or reorganisation proceedings until two years and one day shall have passed from the date on which the Notes (and any other notes issued by the Issuer in the context of further securitisations) shall have been redeemed in full or cancelled; and

(b) the proceeds of any individual action or remedy shall in any case have to be redistributed in accordance with the applicable Order of Priority.

TITLE III
THE REPRESENTATIVE OF THE NOTEHOLDERS

Article 24
(Appointment, Removal and Remuneration)

The appointment of the Representative of the Noteholders takes place at a Meeting in accordance with the provisions of this Article 24. As regards the appointment of the first representative of the noteholders, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders by subscribing respectively for the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and paying the relevant subscription price in accordance with the provisions of the Subscription Agreements recognize the appointment of 130 Finance S.r.l. as Representative of the Noteholders.

Simultaneously with the issue and delivery of the Notes, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders, pursuant to the terms of the Subscription Agreements, will confirm the appointment of 130 Finance S.r.l. as Representative of the Noteholders and 130 Finance S.r.l. will accept such appointment.

The Issuer acknowledges and accepts the appointment of 130 Finance S.r.l. as Representative of the Noteholders and:

- each initial holder of the Class A Notes, and each subsequent holder of the Class A Notes, as well as,
- each initial holder of the Class B Notes, and each subsequent holder of the Class B Notes, as well as,
- each initial holder of the Class C Notes, and each subsequent holder of the Class C Notes, as well as,
- each initial holder of the Class J Notes and each subsequent holder of the Class J Notes,

by reason of purchase and holding the Class A Notes, or the Class B Notes, or the Class C Notes, or the Class J Notes, as the case may be, will recognise the Representative of the Noteholders as its representative and is deemed to be bound by the terms and conditions of the Transaction Documents signed by the Representative of the Noteholders as if such holder of the Class A Notes or the Class B Notes or the Class C Notes or the Class J Notes was a signatory thereto.

Each initial holder of the Class A Notes, and each subsequent holder of the Class A Notes, as well as, each initial holder of the Class B Notes, and each subsequent holder of the Class B Notes, as well as, each initial holder of the Class C Notes, and each subsequent holder of the Class C Notes, and each initial holder of the Class J Notes, and each subsequent holder of the Class J Notes, by reason of purchase and holding the Class A Notes:

(i) confer to the Representative of the Noteholders all powers, rights and authority, to act as representative of the holders of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes, as the case may be, and in such capacity to make all decisions, calculations and determinations, take all steps and actions, institute all legal proceedings, execute all agreements, instruments and documents which might be necessary or which it might deem advisable to protect the interests of the holders of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes, as the case may be, in connection with the issue of the Class A Notes the Class B Notes, the Class C Notes and the Class J Notes, as the case may be in accordance with these Rules; and

(ii) appoint, under article 1726 and article 1723(2) of the Italian Civil Code, the Representative of the Noteholders to exercise their respective rights and to act as their agent in relation to the Intercreditor Agreement and the Security Documents.

The Representative of the Noteholders shall be:

(a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through a branch situated in a European Union country; or

(b) a company or financial institution registered under Article 107 of the Consolidated Banking Act or, following the implementation of the provisions for the cancellation of such register, a company or financial institutions registered under Article 106 of the Consolidated 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.

The Representative of the Noteholders shall be appointed for unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance by the substitute Representative of the Noteholders designated among the entities indicated in (a), (b) and (c) above of (i) the relevant appointment; and (ii) the provisions of the Intercreditor Agreement and of any other Transaction Documents to which the Representative of the Noteholders is party, and the powers and authority of Representative of the Noteholders whose appointment has been terminated

shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes.

Directors, auditors, employees of the Issuer and those who fall within the conditions indicated in Article 2382 and Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

In case of merger of the Representative of the Noteholders into another entity, the resulting entity shall assume automatically the role of Representative of the Noteholders. The Representative of the Noteholders may moreover assign its role to any other company belonging to its same company group in the context of a demerger or of a transfer of all or of substantial part of its business concern. The Representative of the Noteholders shall inform the Noteholders in the manner described in Condition 13 (*Notices*) and the Rating Agencies of any such merger or demerger or transfer at least 15 calendar days within the date on which it has taken place; provided that any successor entity shall satisfy the conditions of this Article 24.

The Issuer shall pay to the Representative of the Noteholders an up front fee and an annual fee for its services as Representative of the Noteholders as from the date hereof, such fee as agreed between the parties in a separate fee letter. For the avoidance of doubt, such up front and annual fee is inclusive of (i) the annual remuneration of 130 Finance S.r.l. as representative of the holders of the Notes, and (ii) of the annual remuneration for its role as security trustee or agent under the English Deed of Charge, and (iii) for all activities performed by it pursuant to the Transaction Documents.

In the event of the Representative of the Noteholders considering it expedient or necessary or being requested by the Issuer to undertake duties which the Representative of the Noteholders and the Issuer agree to be of an exceptional nature (in particular, following a Trigger Event) or otherwise outside the scope of the normal duties of the Representative of the Noteholders as contemplated in this Rules, the Issuer shall pay to the Representative of the Noteholders such additional remuneration as shall be agreed between them. If the Representative of the Noteholders and the Issuer fail to agree upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Representative of the Noteholders as contemplated in this Rules, or upon such additional remuneration, then such matter shall be determined (at the Issuer's expense) by an investment bank (acting as an expert and not as an arbitrator) selected by the Representative of the Noteholders and approved by the Issuer or, failing such approval within thirty (30) calendar days, nominated (on the application of either the Issuer or the Representative of the Noteholders) by a third investment bank (the expenses involved in such nomination and the fees of such investment banks being payable by the Issuer) and the determination of any such investment bank shall be final and binding upon the Representative of the Noteholders and the Issuer.

The above fees and remuneration shall be payable out of the Issuer Available Funds in accordance with the applicable Order of Priority up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions.

Article 25
(Duties and Powers)

The Representative of the Noteholders is the legal representative of the Noteholders.

The Representative of the Noteholders is responsible for implementing the decisions of the Meeting and for protecting the interest of the Noteholders 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 to obtain instructions and authorisation from Noteholders of the relevant Class of Notes or Classes on actions to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders.

The Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders recognize that the Representative of the Noteholders shall have all the necessary powers

and authority to make all decisions, calculations and determinations, take all steps and actions, institute all legal proceedings, execute all agreements, instruments and documents which might be necessary or which it might deem advisable in connection with the issue of the Notes, and in particular (but not limited to) to execute and deliver the Transaction Documents to which respectively the holders of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes are or will be a party. Each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class J Noteholders recognise, pursuant to article 1395 of the Italian Civil Code ("*contratto con se stesso*"), that the Representative of the Noteholders is authorized to deliver and execute any Transaction Documents to which it is and the holders of the Class A Notes, the Class B Notes, the Class C Notes or the Class J Notes, as the case may be, are parties.

The Representative of the Noteholders may also, whenever it considers it expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any Person(s) all or any of its aforesaid powers and authority or discretion. 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 with respect to the interests of the Noteholders, provided that: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 24 herein; and (b) the sub-agent, sub-contractor or representative shall undertake to perform the obligations of the Representative of the Noteholders in respect of which it has been appointed.

The Representative of the Noteholders shall be bound to supervise the actions of such delegate or sub-delegate and shall in any case be responsible for any loss incurred as a consequence of any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall act in accordance with the provisions of Article 1176, second paragraph of the Italian Civil Code.

The Representative of the Noteholders shall be authorised to represent the Noteholders in judicial proceedings, including in proceedings involving the Issuer in creditors' agreement (concordato preventivo), forced liquidation (fallimento) or similar insolvency proceedings.

Article 26
(Resignation of the Representative of the Noteholders)

The Representative of the Noteholders may resign at any time upon giving not less than 3 calendar months' written notice to the Issuer and the Rating Agencies without giving any reason therefor and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting has appointed a new representative of the Noteholders. If a new representative of the Noteholders is not appointed by the Meeting 90 days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, provided that any such successor, in the name and on behalf of the Issuer and convening a fee not higher than the fee that the resigning Representative of the Noteholders agreed with the Issuer, shall satisfy the conditions of Article 24 above.

Article 27
(Exoneration of the Representative of the Noteholders)

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the Transaction Documents.

Without limiting the generality of the foregoing, the Representative of the Noteholders shall not be:

(a) under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event or such other event, condition or act, has occurred;

(b) under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to these Rules or the Transaction Documents of their obligations hereunder and thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each other party to these Rules or any Transaction Document is observing and performing all their respective obligations contained herein and therein;

(c) under any obligation to give notice to any Person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;

(d) responsible for or for investigating the legality, validity, enforceability, admissibility in evidence, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created 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; (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (iii) the suitability, adequacy or sufficiency of any collection procedures in relation to the Portfolios; (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolios; (v) any accounts, books, records or files maintained by the Issuer or the Servicers or any other person or entity (whether or not a party to the Transaction Documents) in respect of the Portfolios; or (vi) the accuracy, adequacy or sufficiency of any security granted over the Portfolios, the Claims or any such other security;

(e) 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) responsible for the maintenance of the rating of the Rated Notes by the Rating Agencies or any other credit or rating agency or any other Person;

(g) responsible for or for investigating any matter that 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 other Transaction Document;

(h) bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Portfolios or any part thereof whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of remedy or not;

(i) liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;

(j) under any obligation to insure or to procure the insurance of the Claims or any part thereof or any deeds, documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense, liability or the like which was suffered as a result of the lack of or inadequacy of such insurance;

(k) obliged to regard the consequences of any modification of these Rules or any of the Transaction Documents for the Noteholders or any relevant Persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;

(l) under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other Person in connection with the Conditions, these Rules and any other Transaction Documents and none of the Noteholders, the Other Issuer Creditors or any other party shall be entitled to take any action to obtain from

the Representative of the Noteholders any such information (unless and to the extent ordered so to do by a court of competent jurisdiction);

(m) bound to take any steps or institute any proceedings after a Trigger Notice is served upon the Issuer following the occurrence of a Trigger Event, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Documents or any rights under the Intercreditor Agreement unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;

(n) be responsible for, nor shall it have any liability with respect to any loss or damage or reduced profit arising from the management and sale of all or any part of the Claims or from any exercise or non-exercise by it of any power, authority or discretion conferred on it in relation to such Claims (including any security granted over such Claims) or otherwise unless such loss or damage is caused by wilful misconduct (dolo) or gross negligence (colpa grave); and

(o) be responsible for reviewing, verifying or investigating any report relating to the Claims or the Notes provided by any person or (except as otherwise provided in the Conditions or the Transaction Documents) making or verifying any determination or calculation in respect of the Claims, the Notes or any Transaction Document or for investigating or verifying the contents of any auditor's report or certificate, and the Representative of the Noteholders is entitled to rely on such report or certificate.

The Representative of the Noteholders may:

(a) agree to amendments or modifications to these Rules or to any of the Transaction Documents which:

(1) in the sole opinion of the Representative of the Noteholders it is expedient to make or may be proper to make or in order to correct a manifest error or an error of a formal, minor or technical nature, (including renegotiation with any successor Servicer or Master Servicer of the amount of the relevant fees and other amounts due in accordance with the Servicing Agreement and Back-Up Servicing Agreement), provided that no such amendment or modification shall be made which is or may be, in the sole opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders, or

(2) are requested by the Issuer in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it in relation to the Swap Agreement under EMIR, subject to receipt by the Representative of the Noteholders of a certificate of the Issuer certifying to the Representative of the Noteholders that the requested amendments to be made are solely for the purpose of enabling the Issuer and/or the Swap Counterparty to satisfy requirements which apply to them in relation to the Swap Agreement under EMIR,

provided that no such amendment or modification may be made on any matter reserved to the exclusive powers of the Meeting in contravention of any express direction by an Extraordinary Resolution. Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter;

(b) act on the advice or a certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker, credit or rating agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of fraud (frode), gross negligence (colpa grave) or wilful misconduct (dolo) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission or email and, in the absence of fraud (frode), gross negligence (colpa

grave) or wilful misconduct (dolo) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission or email, notwithstanding any error contained therein or the non-authenticity of the same;

(c) call for and shall be at liberty to accept as sufficient evidence of any fact or matter, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate;

(d) except as expressly otherwise provided herein, have absolute discretion as to the exercise, the non exercise or refraining from exercising any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its fraud (frode), gross negligence (colpa grave) or wilful misconduct (dolo);

(e) hold or leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer, financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute, and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;

(f) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder or in respect of which the Representative of the Noteholders' consent is required or in respect of which the Noteholders are entitled to instruct the Representative of the Noteholders, the Representative of the Noteholders is entitled to convene a Meeting in order to obtain from them instructions as to how the Representative of the Noteholders should exercise such discretion or act or whether the Representative of the Noteholders should give such consent provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action or exercising any discretion, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action or exercising any discretion, and shall not be obliged to take such action or exercise any discretion unless it shall have been indemnified and/or protected to its satisfaction against all liabilities to which it may thereby become liable or which it may incur by taking such action or exercising any discretion;

(g) in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting upon any resolution purporting to have been passed at any Meeting in respect of which minutes have been drawn up and signed, or any resolution purporting to have been adopted by means of a Written Resolution, notwithstanding that subsequent to so acting, it transpires that the Meeting was not duly convened or constituted, such resolution (including, for the avoidance of doubt, Written Resolution) was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders;

(h) call for, accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or

throughout any particular period any particular Person is, was, or will be, shown in its records as entitled to a particular number of Notes;

(i) certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders, and any such certificate or opinion shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant Person;

(j) determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents 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; and

(k) assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer.

The Representative of the Noteholders shall be entitled to call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement or any Other Issuer Creditor in respect of any matter and circumstance (unless having direct knowledge thereof) for which a certificate is expressly provided for hereunder or any other Transaction Document and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.

In determining whether a proposed action will materially and adversely affect the Issuer's ability to pay interest and to repay principal in respect of each Class of Notes in a timely manner, the Representative of the Noteholders will, along with any other relevant factors, have regard as to whether the Rating Agencies, having been informed of such proposed action, has notified to the Issuer that the then current rating of the Rated Notes will be adversely affected as a result of such proposed action.

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained herein, or in other Transaction Documents, such consent or approval may be given retroactively.

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or 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 discretion, and the Representative of the Noteholders may refrain from taking any action if it has reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability which it may incur as a result of such action.

Any powers conferred upon the Representative of the Noteholders herein or by the Transaction Documents shall be in addition to any powers which may from time to time be vested in the Representative of the Noteholders by law.

Save as expressly otherwise provided in these Rules or any Transaction Document, the Representative of the Noteholders shall have absolute discretion as to the exercise of its powers, authorities and discretions vested in it (the exercise of which as between the Representative of the Noteholders and the Noteholders and the Other Issuer Creditors shall be conclusive and binding on such Noteholders and the Other Issuer Creditors) and shall not be responsible for any loss which may result from their exercise or non-exercise unless such loss is a result of its gross negligence (colpa grave) or wilful misconduct (dolo).

The Representative of the Noteholders as between itself, the Noteholders and the Other Issuer Creditors may determine all questions and doubts arising in relation to any of the provisions of these Rules including, without limitation, whether or not an event or action is materially prejudicial to the Noteholders. Every such determination, whether or not relating in whole or in part to the acts or

proceedings of the Representative of the Noteholders, shall be conclusive in the absence of manifest error and shall bind the Representative of the Noteholders, the Noteholders and the Other Issuer Creditors. Without limiting the generality of the foregoing, the Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any other Transaction Document is capable of remedy and/or is materially prejudicial to the interests of, or would materially adversely effect, the Noteholders.

In connection with the exercise by it of any of its powers, authorities, duties and discretions under these Rules (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Representative of the Noteholders shall have regard to the interests of the Noteholders as a class and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Representative of the Noteholders shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Representative of the Noteholders or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Representative of the Noteholders shall be free to enter into any further business relationship with the Issuer, the Originators or any other party to the Transaction Documents.

Article 28
(Security Documents)

The Representative of the Noteholders is entitled to exercise all the rights granted by the Issuer in favour of the Noteholders under the Security Documents. The beneficiaries of the Security Documents are referred to herein as the "**Secured Parties**".

The Representative of the Noteholders, acting on behalf of the Secured Parties, may:

(a) appoint and entrust the Issuer to collect, in the Secured Parties' interest and on their behalf, any amounts deriving from the pledged claims and rights; and

(b) instruct, jointly with the Issuer, the relevant debtors of the pledged claims to make any payments to be made thereunder to an Account.

The Secured Parties have irrevocably waived any right that they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Security Documents except in accordance with the provisions thereunder and hereunder and the Intercreditor Agreement.

Article 29
(Indemnity)

It is hereby acknowledged and agreed that the Issuer has covenanted and undertaken under the Subscription Agreements to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demand (including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or by any Persons to whom the Representative of the Noteholders has duly delegated any power, authority or discretion, in relation to the preparation and execution of, the exercise, non exercise or purported exercise of its powers, authority and discretion and performance of its duties under and in any other manner in relation to, the Conditions, these Rules or the other Transaction Documents, including but not limited to duly documented and reasonable legal and travelling expenses and any duly documented stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant the

Transaction Documents, against the Issuer or any other Person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of negligence (colpa) or wilful misconduct (dolo) of the Representative of the Noteholders.

TITLE IV
THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE

Article 30
(Powers)

It is hereby acknowledged that, upon delivery of a Trigger Notice, the Representative of the Noteholders shall, pursuant to the Intercreditor Agreement, be entitled, in its capacity as the legal representative of the Organisation of the Noteholders, also in the interest and for the benefit of the Other Issuer Creditors, pursuant to Article 1723 of the Italian Civil Code, to exercise certain rights in relation to the Issuer's Rights, including, without limitation, the right to give directions and instructions to the relevant parties to the Transaction Documents and the right to direct the sale of the Portfolios, in whole or in part. In connection with any proposed sale of one or more Claim(s) comprised in the Portfolios, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting in accordance with the provisions set forth in these Rules to resolve on the proposed sale.

TITLE V
GOVERNING LAW AND JURISDICTION

Article 31

These Rules and all non-contractual obligations arising out or in connection with them are governed by, and will be construed in accordance with, the laws of Italy.

The Courts of Milan, Italy shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes.

SELECTED ASPECTS OF ITALIAN LAW

The following is a description of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.

The Securitisation Law

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 claims, 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 in respect of the claims are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction. 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**") and Italian Law Decree no. 91 of 24 June 2014 ("*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l'efficientamento energetico dell'edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normative europea*") converted with amendments into Law No. 116 of 11 August 2014, ("**Law 116/2014**") introduced certain amendments to the Securitisation Law to the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law.

In particular, the following main changes have been introduced by such laws in respect of the Securitisation Law:

1. the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned claims 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 (even if partial) has been paid;
2. payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law;
3. the assignment of receivables owed by public entities made under the Securitisation Law will now be subject only to the formalities contemplated by the Securitisation Law (*i.e.*, the 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 no other formalities shall apply; and
4. where the Notes issued by the special purpose vehicle are subscribed by qualified investors, the underwriter can also be a sole investor.
5. if the servicer, the sub-servicer or the depositary bank, with which the accounts for the deposit of the collections received from the assigned debtors of securitisation transactions have been opened, becomes subject to insolvency proceedings, the amounts credited on such accounts will be immediately and fully returned to the special purpose vehicle in accordance with the

provisions of the relevant agreement and without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan;

6. securitisation companies established under the Securitisation Law are allowed to grant direct financings to entities which are not individuals or so called micro-companies, subject to certain conditions;

7. certain consequential changes are made to the Securitisation Law to reflect such new possibility;

8. the segregation principle set out in the second paragraph of article 3 of the Securitisation Law is widened to include any right arising in favour of the securitisation company in the context of the relevant securitisation transaction, the relevant collections and the financial assets acquired with such collections.

The Assignment

The assignment of the claims under the Securitisation Law is governed by Article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provisions, which has been strengthened by Article 4 of the Securitisation Law, the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication of the relevant notice in the Official Gazette and registration of the transfer in the companies' register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor.

Upon compliance with the formalities set forth by the Securitisation Law, the assignment becomes enforceable against:

(a) the assigned debtors and any creditors of the originator who have not, prior to the date of publication of the notice of assignment in the Official Gazette and registration of the assignment in the companies' register where the assignee is enrolled, commenced enforcement proceedings in respect of the relevant claims;

(b) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to Article 67 of the Bankruptcy Law; and (ii) the liquidator of the originator (provided that the originator has not been subjected to insolvency proceeding prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled); and

(c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the companies' register where the assignee is enrolled.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned claims will automatically be transferred to and perfected with the same priority in favour of the company which has purchased the claims, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration of the assignment in the companies' register where the assignee is enrolled, no legal action may be brought against the claims assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant claims and to meet the costs of the transaction.

Notice of the assignment of the Claims pursuant to the Transfer Agreements was published in the Official Gazette No. 21 of 18 February 2017 and registered with the Register of Enterprises of Milan on 20 February 2017.

Assignments executed under the Securitisation Law are subject to revocation upon bankruptcy under Article 67 of the Bankruptcy Law but only in the event that the securitisation transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where paragraph 1 of Article 67 of the Bankruptcy Law applies, within six months of the adjudication of bankruptcy.

Ring Fencing of the Assets

Pursuant to operation of Article 3 of the Securitisation Law, the assets relating to each securitisation transaction are segregated, by operation of law, for all purposes from all other assets of the company which purchases the claims (including, for the avoidance of doubt, any other portfolio purchased by the company pursuant to the Securitisation Law). Prior to and on a winding up of such a company, such assets (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will only be available to holders of the notes issued to finance the acquisition of the relevant claims and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

In addition to the above, it should be noted that, pursuant to the amendments recently introduced to the Securitisation Law by Law 9/2014 and Law 116/2014, it has been provided for that *inter alia*:

(i) the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 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, may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation and to pay the expenses to be borne in connection with the securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and

(ii) in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors 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 apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan. Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

Claw-Back of the sale of the Claims

The sale of the Portfolios by the Originators to the Issuer may be clawed back by a receiver of the relevant Originator under Article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the relevant Originator was insolvent when the assignment was entered into and was executed within three months of the admission of the relevant Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraphs 1(1), 1(2) and 1(3) of Article 67 of the Bankruptcy Law apply, within six months of the admission to compulsory liquidation.

Payments made by the debtors to the Issuer

Pursuant to Article 4 of the Securitisation Law (as recently amended by Law 9/2014 and Law 116/2014) the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action pursuant to Article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the six months or one year suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation (*liquidazione coatta amministrativa*) may be subject to claw-back action according to Article 67 of the Bankruptcy Law. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

In addition to the above, in the event of insolvency of a Borrower (to the extent the same is subject to the Bankruptcy Law), the relevant payments or prepayments under a Mortgage Loan Agreement may be declared ineffective pursuant to Articles 65 or 67 of the Bankruptcy Law.

The Securitisation Law, as recently amended, expressly provides that **(i)** the claw-back provisions set forth under Article 67 of the Bankruptcy Law do not apply to payments made by assigned debtors to the Issuer in respect of the securitised Claims and **(ii)** the payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law.

Mutui Fondiari

The Mortgage Loans include *inter alia* mortgage loans qualifying as *mutui fondiari*. In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation (*credito fondiario*) which provides for a number of rights in favour of the mortgage lender that are not provided for by general legislation.

Agreements relating to *mutui fondiari* executed before 1 January 1994 are regulated by the Italian legislation on *credito fondiario* in force prior to that date, which permitted only credit institutions having special license to grant *mutui fondiari*. All other credit institutions were not permitted to conduct mortgage lending business. As of 1 January 1994, under the new legislative framework under the Consolidated Banking Act, all banks having a general banking license became qualified to enter into *mutui fondiari* agreements. The new legislation applies only to *mutui fondiari* agreements executed, and foreclosure proceedings commenced, on or after 1 January 1994.

With respect to the legislative framework under the Consolidated Banking Act, certain provisions under the *mutuo fondiario*'s legislation entitle the lender to commence or continue foreclosure proceedings also after the declaration of insolvency (*fallimento*) of the affected debtor, to receive repayment from the price paid for a mortgaged property at auction up to the price corresponding to the *mutui fondiari* debt directly from the purchaser (without having to await disbursement by the court) and to an assignment of any rentals earned by the mortgaged property, net of administration expenses and taxes.

With respect to the borrowers, such *mutuo fondiario*'s legislation provides that: (a) the borrower is entitled to a thirty calendar day grace period on payments of instalments; delays in payment of instalments of not over one hundred and eighty days may justify termination of the mortgage loan only starting from the eighth (also non consecutive) unpaid instalment; and (b) each time the borrower has repaid one fifth of its original debt, it is entitled to a corresponding reduction of the amount covered by the mortgage; to the extent that a mortgage loan is secured by mortgages on more than one asset, the borrower is entitled to the release of one or more assets from the mortgage to the extent it is able to prove that the remaining assets would be sufficient to ensure a loan to value of at least 120% (or, according to an interpretation, the original loan to value, if higher).

Foreclosure Proceedings

Mortgages may be "voluntary" ("*ipoteche volontarie*") if granted by a borrower or a third party guarantor by way of a deed or "judicial" ("*ipoteche giudiziarie*") if registered in the appropriate land registry ("*Conservatoria dei Registri Immobiliari*") following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

A mortgage lender (whose claim is secured by a mortgage whether "voluntary" or "judicial") may commence foreclosure proceedings by seeking a court order or injunction for payment in the form of an enforcement order ("*titolo esecutivo"*) from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain an enforcement order (titolo esecutivo) from the court. A writ of execution ("*atto di precetto"*) is notified to the debtor together with either the enforcement order ("*titolo esecutivo"*) or the loan agreement, as the case may be.

Within ten days of filing, but not later than ninety days from the date on which notice of the writ of execution ("*atto di precetto"*) is served, the mortgage lender may request the attachment of the mortgaged property.

The property will be attached by a court order, which must then be filed with the appropriate land registry ("*Conservatoria dei Registri Immobiliari"*). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender. Not earlier than ten days and not later than ninety days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the debtor to the attachment.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral (i.e. land registry) certificates ("*certificati catastali"*), which usually take some time to obtain. Law No. 302 should reduce the duration of the foreclosure proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

If the court decides to proceed with an auction ("*vendita con incanto"*) of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the foreclosure proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the foreclosure proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of foreclosure proceedings beginning with the court order or injunction of payment until 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.

***Mutui Fondiari* Enforcement Proceedings**

Almost all the Mortgage Loans comprised in the Portfolios are "*mutui fondiari*". Enforcement proceedings in respect of "*mutui fondiari*" commenced after 1 January 1994 are currently regulated by Article 38 *et seq.* of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of "*mutui fondiari*" is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondiario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to Article 58 of the Consolidated Banking Act, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a "*mutuo fondiario*" loan.

Enforcement proceedings for "*mutui fondiari*" commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the "*mutuo fondiario*" lender rights and privileges that are not provided for by the Consolidated Banking Act with respect to enforcement proceedings on "*mutui fondiari*" commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the "*mutuo fondiario*" provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the "*mutuo fondiario*" agreement without having to have a further expert appraisal.

The impact of Law No. 302

Italian Law No. 302 of 3 August 1998, Italian Law No. 80 of 15 May 2005, Italian Law No. 263 of 28 December 2005 and the Italian Code of Civil Procedure as amended thereby have introduced certain rules according to which some of the activities to be carried on in a foreclosure procedure may be entrusted to a notary public, lawyers or chartered accountants duly registered with the relevant register as kept and updated from time to time by the chairman of the competent court (*Presidente del Tribunale*).

In particular, if requested by a creditor, the notary public may issue a notarial certificate attesting the results of the searches with the "*catasto*" and with the appropriate land registry (*Conservatoria dei Registri Immobiliari*). Such notarial certificate replaces several documents that are usually required to be attached to the motion for the auction and reduces the timing normally required to obtain the documentation from the relevant public offices. Moreover, if appointed by the foreclosure judge, the notary public may execute the sale by auction by: (a) determining the value of the property; (b) deciding on the offers received after the auction and concerning the payment of the relevant price; (c) initiating further auctions or transfer; (d) executing certain formal documents relating to the registration and filing with the land registry of the transfer decree prepared by the same notary public and issued by the foreclosure judge; and (e) preparing the proceeds' distribution plan and forwarding the same to the foreclosure judge.

With regard to the above, the involvement of a notary public by the foreclosure judge is permitted when: (a) the foreclosure judge has not yet decided on the motion for an auction; (b) a sale without auction has not been performed successfully and the foreclosure judge after consultation with the

creditors decides to proceed with an auction; and (c) a possible receivership has ceased and the foreclosure judge decides to proceed with a sale by auction. On the other hand, the involvement of a notary public does not seem to be possible both when a decree providing for the sale without auction has already been issued and when an auction before the foreclosure judge has already been fixed. If the auction is concluded without a sale, it is possible that the foreclosure judge may delegate the power to execute further auctions to the notary public.

Priority of Interest Claims

Pursuant to Article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of: (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years; and (ii) the interest accrued at the legal rate (currently 0.5%) from the end of the calendar year in which the initial stage of the enforcement proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Cancellation of mortgages

Art. 40-*bis* of the Consolidated Banking Act and Law decree No. 7 of 31 January 2007 (the "**Bersani Decree**") as converted into law by Law No. 40 of 2 April 2007, as applicable, set out certain provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

Insolvency proceedings

A company or individual qualifying as commercial entrepreneur (*imprenditore che esercita un'attività commerciale*) under Article 1 of the Bankruptcy Law may be subject to insolvency proceedings (*procedure concorsuali*). Insolvency proceedings (*procedure concorsuali*) 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 (companies or individuals) that are in state of insolvency (*stato di insolvenza*) pursuant to Article 5 of the Bankruptcy Law. 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 fulfil 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 court-appointed receiver (*curatore fallimentare*), and the creditors' claims have been approved, the sale of the borrower'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 that is in a crisis situation (*stato di crisi*) may propose, pursuant to Articles 160 and following of the Bankruptcy Law, 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.

Pursuant to the newly introduced Italian Law 27 January 2012, No. 3 (*Disposizioni in materia di usura e di estorsione, nonchè di composizione delle crisi da sovraindebitamento*), a debtor who is not eligible to be adjudicated bankrupt under the Bankruptcy Law is entitled to file to the competent court a restructuring plan, to be approved by its creditors representing at least 60% of the outstanding debts, in order to request, among others, up to a one-year suspension of the payments of the outstanding debts and a rescheduling of any other payments.

Recent Amendment to Enforcement and Bankruptcy Proceedings

On June 30, 2016, the Italian Parliament approved Law no. 119 ("**Conversion Law**"), which converts law decree no. 59/2016, published on the Official Gazette no. 102, on May 3, 2016 introducing "*urgent provisions relating to the enforcement and insolvency proceedings, as well as in favor of investors of banks subject to winding up*" ("**Law Decree**"). The Conversion Law has been published on the Official Gazette no. 153 dated July 2, 2016 and entered into force on July 3, 2016. The Conversion Law confirmed almost in full the content of the Law Decree, with certain amendments and integrations. The Law Decree has been adopted with the aim of improving the efficiency of the civil justice system and the insolvency proceedings, with particular regard to the safeguard and the valorization of credits recovery. The main relevant changes introduced by the Law Decree and by the Conversion Law relate to:

1. the enforcement proceedings regulated by the Italian Code of Civil Procedure;

2. the insolvency proceedings regulated by the Bankruptcy Law.

For some of the changes introduced by the Law Decree, especially in relation to forced expropriation issues, a transitory period is provided. More in particular, the Law Decree provides that certain provisions shall apply:

- only to enforcement proceedings commenced after the entry into force of the Conversion Law;

- also to enforcement proceedings already pending, but only to the extent that the enforcement acts subject to the provisions amended by the Law Decree shall be carried out once a certain period of time has elapsed (which varies between 30 and 90 days) following the entry into force of the Conversion Law.

The Law Decree demonstrates the attention paid to enterprises and investors in relation to the difficulties that, for a long time, have been affecting the civil justice system. Two significant bills concerning the civil process and the insolvency proceedings system are in any case subject to the parliamentary scrutiny and may introduce more important changes in such context, and in accordance with the improvements already adopted.

However, the guidelines of the reform project are the following:

- to optimize the overall functioning of the judicial offices with a progressive implementation of their computerization - especially with respect to the enforcement proceedings some case the duty) to perform procedural steps by digital means;

- to ensure more transparency to investors and economic subjects in relation to relevant information concerning their debtors, if such debtors are parties to enforcement or insolvency proceedings or if they made recourse to other instruments aimed at the management of the business crisis;

- to reduce the duration of recovery proceedings, both individual and insolvency ones, and consequently to fasten the timing of credit recovery, through the restriction of the terms of certain procedural steps (e.g., introduction of a term for the opposition against the enforcement, introduction of a limit in the number of sales attempts in the context of expropriation procedures concerning movable assets together with the introduction of a time limit for their performance, etc.), the disempowering of the specious initiatives of the debtors and the optimization of the negotiation of the pledged assets;

- to increase the instruments aimed at safeguarding the creditors providing more flexible securities which allow a faster credit recovery and, in some cases, without the need to make recourse to the judicial authorities.

With respect to the provisions concerning the use of digital instruments, their actual application will require the adoption of ministerial implementing provisions. As of today, the timing for the actual entry into functioning of such systems remains unknown.

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.

Tax Treatment of the Rated Notes

1. Income Tax

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of Law130, Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated ("**Law 239**") and Law Decree No. 66 of 24 April 2014 converted into Law No. 89 of 23 June 2014 ("**Decree 66/2014**"), payments of interest and other proceeds in respect of the Rated Notes:

(i) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the 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 26 per cent. in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; and (iii) Italian resident public and private entities, other than companies; any of them engaged in an entrepreneurial activity – to the extent permitted by law – to which the 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 the Ministerial Decree of 4 September 1996 (pursuant to Article 1-*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), 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 26 per cent. 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 an annual substitute tax levied at the rate of 26 per cent. (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued

on the 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; or (iii) entrepreneurial income tax (*imposta sul reddito di impresa*, ("**IRI**")); 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 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Italian resident pension funds are subject to a 20 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, of individual income tax and of entrepreneurial 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 the 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 26 per cent.. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding 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.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the 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 the 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 the 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. 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 the 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 the 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 26 per cent., 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 26 per cent. *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the 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 the 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 the Ministerial Decree of 4 September 1996 (pursuant to Article 1-*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), 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 the 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

With Legislative Decree 5 August 2015, no. 128, the Italian Government introduced a new definition of "abuse of law or tax avoidance" ("*abuso del diritto o elusione fiscale*") that replaces all definitions and doctrines previously developed by the Italian tax authorities and endorsed by case law. Under the new definition, abuse of law occurs when one or more transactions, formally compliant with tax law, instead are lacking economic substance and are essentially aimed at obtaining undue tax advantages. There is no abuse of law when a transaction is justified by sound and material non-tax reasons, including managerial and organizational ones, aimed at improving the structure or the functionality of the business. 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. 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.

6. 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

Pursuant to the Class A Notes and Mezzanine Notes Subscription Agreement entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators, the Arrangers and the Representative of the Noteholders, the Initial Noteholders have agreed to subscribe the Class A Notes and the Mezzanine Notes and will pay to the Issuer the relevant Issue Price on the Closing Date and have appointed the Representative of the Noteholders to act as the representative of the Class A Noteholders and the Mezzanine Noteholders, subject to the conditions set out therein.

Pursuant to the Junior Notes Subscription Agreement (such agreement together with the Class A Notes and Mezzanine Notes Subscription Agreement, the "**Subscription Agreements**") entered into on or about the Signing Date between the Issuer, the Initial Noteholders, the Originators and the Representative of the Noteholders, the Initial Noteholders have agreed to subscribe the Junior Notes and will pay to the Issuer the relevant Issue Price on the Closing Date and have appointed the Representative of the Noteholders to act as the representative of the Junior Noteholders, subject to the conditions set out therein.

Under the Subscription Agreements, each of the Originators, as Initial Noteholders, have undertaken not to sell, transfer, reoffer or otherwise dispose of the Notes nor to use the Notes, in full or in part, as collateral in repurchase transactions and/or in connection with liquidity and/or open market operations with the European Central Bank or other qualified investors, until the date on which the 2016 financial results, as approved by the Board of Directors of BPVi, are made publicly available.

In addition to the above, under the Subscription Agreements, both BPVi and BN will undertake that they will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation. Please refer to section headed "*Regulatory Capital Requirements*".

The Subscription Agreements are subject to a number of conditions precedent and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") 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.

Each of the Originators has represented and agreed that it has not offered or sold the Notes, and will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all Notes except in accordance with Rule 903 of the Regulation S promulgated under the Securities Act. None of the Arrangers, nor the Originators, nor their respective Affiliates, nor any person acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

The Notes covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(iii), (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the completion of the distribution of Securities as

determined and certified by the Initial Noteholsers, except in either case in accordance with Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

REPUBLIC OF ITALY

Each of the Issuer and the Originators, under the Subscription Agreements, acknowledges that no action has been 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.

Pursuant to the Subscription Agreements, each of the Issuer and the Originators has acknowledged that no application has been made by the Issuer to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Accordingly, each of the Issuer and the Originators, under the Subscription Agreements, represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, this Prospectus nor any other offering material relating to Notes other than to professional investors ("*investitori qualificati*"), as defined on the basis of the Directive 2003/71/EC (Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading), pursuant to Article 100, paragraph 1, letter (a), of Italian legislative decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**") or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or CONSOB regulation No. 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Class J Notes may not be offered to individuals or entities not being professional investors in accordance with the Securitisation Law. Additionally the Class J Notes may not be offered to any investor qualifying as "*cliente al dettaglio*" pursuant to CONSOB regulation No. 16190/2007.

Each of the Issuer and the Originators, under the Subscription Agreements, represents and agrees that any offer by it of the Notes of the relevant Class or Classes in the Republic of Italy shall be made only by banks, investment firms or financial companies permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

In connection with the subsequent distribution of the Notes in the Republic of Italy, Article 100-*bis* of the Consolidated Financial Act requires to comply also on the secondary market with the public offering rules and disclosure requirements set forth under the Consolidated Financial Act and relevant CONSOB implementing regulations, unless the above subsequent distribution is exempted from those rules and requirements according to the Consolidated Financial Act and relevant CONSOB implementing regulations.

FRANCE

Each of the Issuer and the Originators, under the Subscription Agreements, represents and agrees that this Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the "**AMF**") and therefore has not been approved by, or

registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed by it 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 Originators, under the Subscription Agreements, will also represent and agree in connection with the initial distribution of the Notes by it that:

(i) there has not been and there will be no offer or sale, directly or indirectly, of the Notes by it 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);

(ii) 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, L. 533-16 and L. 533-20 of the *Code monétaire et financier* (together the "**Investors**").

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

UNITED KINGDOM

Each of the Issuer and the Initial Noteholders represented under the Subscription Agreements 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 Initial Noteholders as initial holders of the Notes) shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, they will not, directly or indirectly, offer, sell or deliver of any Notes or distribute or publish any prospectus, form of application, prospectus (including the Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken by them 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**"), under the Subscription Agreements 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 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), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

GENERAL INFORMATION

Clearing Systems

The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

Class A Notes: ISIN: IT0005224966 - Common Code 154308741

Class B Notes: ISIN: IT0005243321 - Common Code 157232843

Class C Notes: ISIN: IT0005243354 - Common Code 157232886

Class J Notes: ISIN: IT0005224990 - Common Code 154308890.

Funds Available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections made in respect of the Claims thereunder.

Listing and Admission to Trading

Application has been made by the Issuer to the Luxembourg Stock Exchange for the Rated Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, in accordance with Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004. No application has been made to list the Class J Notes on any stock exchange.

The estimated aggregate fees and expenses in relation to the admission to listing on the Official List and to trading on the Regulated Market of the Luxembourg Stock Exchange of the Rated Notes are Euro 25,800 (inclusive of any applicable value added tax) which will be paid up-front on or about the Issue Date.

The Issuer has undertaken to maintain a Luxembourg Listing Agent so long as the Rated Notes are listed on the Luxembourg Stock Exchange and the Rules of the Luxembourg Stock Exchange so require.

Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes and the execution of the Transaction Documents have been authorised by two quotaholder's resolutions of the Issuer dated, respectively, 29 November 2016 and 17 February 2017.

Documents related to the Transaction

As long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents may be inspected during normal business hours at the specified office of the Luxembourg Listing Agent and as long as the Rated Notes are outstanding, copies of the following documents may be inspected during normal business hours at the specified office of the Representative of the Noteholders:

1. Deed of incorporation and by-laws of the Issuer;
2. Annual financial statements of the Issuer;
3. the Investors Report, which has a quarterly frequency, setting forth the performance of the Portfolios and amounts paid, payable and/or unpaid on the Notes in respect to each Payment Date prepared by the Calculation Agent;
4. Transfer Agreements;
5. Warranty and Indemnity Agreements;

6. Servicing Agreement;
7. Administrative Services Agreement;
8. Corporate Services Agreement;
9. Back-Up Servicing Agreement;
10. Intercreditor Agreement;
11. Cash Allocation, Management and Payments Agreement;
12. English Deed of Charge;
13. Quotaholder Agreement;
14. Swap Agreement;
15. Swap Guarantee Security Agreement;
16. Subordinated Loan Agreement;
17. Master Definitions Agreement;
18. Monte Titoli Mandate Agreement; and
19. this Prospectus.

This Prospectus will be also available on the Luxembourg Stock Exchange's website www.bourse.lu. (for the avoidance of doubt, such website does not constitute part of this Prospectus).

Financial statements

At the date of this Prospectus, no external auditors have been appointed by the Issuer. However, independent auditors will be appointed by the Issuer upon the issuance of the Notes in accordance with applicable law and regulation. Notice of such appointment will be given to the Noteholders in accordance with Condition 13 (*Notices*).

The Issuer's accounting reference date is 31 December in each year. The Issuer was incorporated on 9 September 2016, with the first financial year ending on 31 December 2016. No interim financial statements will be produced by the Issuer. The financial statements of the Issuer as at 31 December 2016 will be available no later than 30 June 2017.

Litigation

Since the relevant incorporation, the Issuer has not been involved in any litigation, arbitration or administrative or governmental proceedings which may have, or may have had in the recent past, significant effects on the Issuer's financial position or profitability and, as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

No Material Adverse Change

There has been no material adverse change in the financial position or general affairs or prospects of the Issuer since the date of its incorporation.

Post Issuance Reporting

The date of the first Servicer Report is the Quarterly Report Date falling in May 2017. Each of the Servicer Reports will be made available to the Noteholders via BPVi's internet website currently located at http://www.popolarevicenza.it/bpvi-web/home/chiSiamo/documentiSocietari/cartolarizzazioni.html. The BPVi'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.

Each Investors Report will be made available to the Noteholders and to the Swap Counterparty on a quarterly basis at the offices of the Paying Agent and via the Calculation Agent's internet website currently located at Piazza Lina Bo Bardi, 3, 20124, Milan. It is not intended that the Investors Report

will be made available to the Noteholders in any other format, save in certain limited circumstances with the Calculation Agent's agreement. The Calculation Agent's 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. Each Investors Report will contain, *inter alia*:

(i) a glossary of the defined terms used therein; and

(ii) performance information in respect of the Portfolios.

Borrowings

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.

Information available in internet

The websites referred to in this Prospectus and the information contained in such web-sites do not form part of this Prospectus. Neither the Issuer nor any of the parties listed under this Prospectus take responsibility for the further information available in the websites referred to in this Prospectus.

Costs and expenses

The Issuer estimates that its aggregate ongoing expenses in relation to the Transaction, excluding payments due under the Servicing Agreement, amount to approximately Euro 135,000 *per annum* (including any applicable value added tax).

The initial costs of the Transaction are estimated to be approximately Euro 918,000 (excluding any applicable value added tax).

No Re-Securitisation or Synthetic Securitisation in relation to the Transaction

The Transaction is not a Re-Securitisation or a Synthetic Securitisation.

GLOSSARY OF TERMS

The following terms are used throughout this Prospectus. In addition, other relevant terms are defined in the Rules of Organisation of the Noteholders attached as Exhibit 1 to the Conditions and in the section headed "Taxation in the Republic of Italy". Prospective investors are referred to the above sections for such additional definitions.

These and other terms used in this Prospectus are subject to, and in some cases are summaries of, the definitions of such terms set forth in the Transaction Documents, as they may be amended from time to time. Certain terms derive from the transaction documents that have been executed in the Italian language. To the extent that these terms have been translated into the English language, in the event of any discrepancy between the definitions of such terms as set forth in the Italian language transaction documents and as set forth herein, the definitions contained in such Italian language transaction documents shall prevail.

"**Accounts**" means the Account Bank Accounts and the Collection Account Bank Accounts and "**Account**" means each of them.

"**Account Bank**" means BNP Paribas Securities Services, Milan Branch in its capacity as account bank and custodian, or its permitted successors or assigns from time to time or any other person for the time being acting as account bank and custodian pursuant to the Cash Allocation, Management and Payments Agreement.

"**Account Bank Accounts**" means collectively the Investment Accounts, the Collateral Account, the Transaction Account, the Cash Reserve Account, the Swap Reserve Account and the Distribution Account opened with the Account Bank and any other bank account which is now held or may in the future be opened by the Issuer pursuant to the terms of the Cash Allocation, Management and Payments Agreement .

"**Account Banks**" means collectively the Collection Account Bank and the Account Bank.

"**Additional Return**" means, on each Payment Date until the Payment Date (inclusive) on which the Junior Notes have been or will be redeemed in full, an amount equal to the Issuer Available Funds available on such Payment Date after the payments of items from (i) to (xxiii) (inclusive) of the Pre-Enforcement Order of Priority or items from (i) to (xix) (inclusive) of the Post-Enforcement Order of Priority.

"**Administrative Services Agreement**" means the administrative services agreement entered into on 30 November 2016, as subsequently amended, between the Issuer and the Administrative Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof.

"**Administrative Services Provider**" means BPVi, in its capacity as administrative services provider, or its permitted successors or assigns from time to time or any other person for the time being acting as administrative services provider pursuant to the Administrative Services Agreement.

"**Advance Indemnity**" means such amount advanced by the Originators to the Issuer pursuant to Clause 3.5(c) of the Warranty and Indemnity Agreements.

"**Agents"** means collectively the Calculation Agent, the Paying Agent, the Cash Manager, the Account Banks and the Back-Up Servicer Facilitator, and "**Agent**" means each of them as the context may require.

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

"**AIFM Regulation**" means the Commission Delegated Regulation (EU) no. 231/2013, as the same may be amended from time to time.

"**Arrangers**" means BPVi and J.P. Morgan.

"**Article 405**" means the article 405 of the CRR.

"**Available Funds for Amortisation**" means on each Payment Date, the available funds reserved for the amortisation of the Notes of each Class to be applied towards redemption of the Notes in accordance with Condition 6.2 (*Mandatory Pro Rata Redemption*), which shall equal:

(A) in respect of the Class A Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xi) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (v) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the then Principal Amount Outstanding of the Class A Notes;

(B) in respect of the Class B Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xiii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (vii) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the then Principal Amount Outstanding of the Class B Notes;

(C) in respect of the Class C Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xv) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (ix) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the then Principal Amount Outstanding of the Class C Notes;

(D) in respect of the Class J Notes, the amount of the Issuer Available Funds available after payment of item from (i) to (xxii) (inclusive) of the Pre-Enforcement Order of Priority or, following the delivery of a Trigger Notice, item from (i) to (xviii) of the Post-Enforcement Order of Priority, *provided that* it shall not exceed the Scheduled Class J Notes Repayment Amount.

"**Back-Up Servicer**" means Zenith, in its capacity as back-up servicer, or its permitted successors or assigns from time to time or any other person for the time being acting as back-up servicer.

"**Back-Up Servicing Agreement**" means the back-up servicing agreement entered into on or about the Signing Date between, *inter alios*, the Issuer and the Back-Up Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof.

"**Back-up Servicer Facilitator**" means 130 Finance S.r.l., in its capacity as back-up servicer facilitator, or its permitted successors or assigns from time to time or any other person for the time being acting as back-up servicer facilitator pursuant to the Cash Allocation, Management and Payments Agreement.

"**Bankruptcy Law**" means the Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented.

"**Bankruptcy Proceedings**" means any bankruptcy or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: *fallimento, concordato preventivo* and *liquidazione coatta amministrativa*.

"**BN Claims**" means the monetary claims and connected rights arising under the BN Mortgage Loan Agreements in respect of the BN Mortgage Loans.

"**BN Collection Account**" means a Euro denominated account in the name of the Issuer opened with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**BN Criteria**" means the criteria on the basis of which BN has selected the BN Portfolio as set forth in Exhibit "A" to the BN Transfer Agreement.

"**BN Insolvency Event**" means the admission of BN to any compulsory liquidation (*liquidazione coatta amministrativa*) or any other applicable insolvency or bankruptcy procedures.

"**BN Mortgage Loan**" means the loan, secured by a mortgage, granted to a Borrower and meeting the BN Criteria, the BN Claim in respect of which have been transferred by BN to the Issuer pursuant to the BN Transfer Agreement and "**BN Mortgage Loans**" means all of them.

"**BN Mortgage Loan Agreement**" means the agreement by which a BN Mortgage Loan has been granted.

"**BN Portfolio**" means the portfolio of BN Claims purchased by the Issuer from BN pursuant to the terms of the BN Transfer Agreement.

"**BN Transfer Agreement**" means the receivables purchase agreement entered into on 30 November 2016, as subsequently amended, between BN and the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**BN Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 30 November 2016, as subsequently amended, between BN and the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

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

"**BPVi Claims**" means the monetary claims and connected rights arising under the BPVi Mortgage Loan Agreements in respect of the BPVi Mortgage Loans.

"**BPVi Collection Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**BPVi Criteria**" means the criteria on the basis of which BPVi has selected the BPVi Portfolio as set forth in Exhibit "A" to the BPVi Transfer Agreement.

"**BPVi Mortgage Loan**" means the loan, secured by a mortgage, granted to a Borrower and meeting the BPVi Criteria, the BPVi Claim in respect of which have been transferred by BPVi to the Issuer pursuant to the BPVi Transfer Agreement and "**BPVi Mortgage Loans**" means all of them.

"**BPVi Mortgage Loan Agreement**" means the agreement by which a BPVi Mortgage Loan has been granted.

"**BPVi Portfolio**" means the portfolio of BPVi Claims purchased by the Issuer from BPVi pursuant to the terms of the BPVi Transfer Agreement.

"**BPVi Transfer Agreement**" means the receivables purchase agreement entered into on 30 November 2016, as subsequently amended, between BPVi and the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**BPVi Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 30 November 2016, as subsequently amended, between BPVi and the Issuer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Business Day**" means a day (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, Luxembourg and London and, if on that day a payment in or a purchase of Euro is to be made, which is also a TARGET Day.

"**Calculation Agent**" means BNP Paribas Securities Services, Milan Branch, in its capacity as calculation agent, or its permitted successors or assigns from time to time or any other person for the

time being acting as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Calculation Date**" means the third Business Day before each Payment Date.

"**Call Date**" means the Payment Date which falls in November 2026.

"**Cancellation Date**" means the earlier date of (i) following the completion of any proceedings for the collection and/or recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale of the Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Payment Date falling on the first anniversary of the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

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

"**Cash Accounts**" means the Collection Accounts, the Transaction Account, the Cash Reserve Account, the Swap Reserve Account, the Distribution Account, the Cash Investment Account, the Collateral Account, the Expenses Account and the Quota Capital Account.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement dated the Signing Date among, *inter alia*, the Issuer, the Representative of the Noteholders, the Cash Manager, the Collection Account Bank, the Paying Agent, the Calculation Agent, the Servicers, the Master Servicer, the Back-Up Servicer Facilitator and the Swap Counterparty, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof.

"**Cash Investment Account**" means a Euro denominated cash account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Manager**" means BPVi, in its capacity as cash manager, or its permitted successors or assigns from time to time or any other person for the time being acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Account**" means the Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Amount**" means Euro 17,010,000.

"**Claims**" means collectively the BPVi Claims and the BN Claims.

"**Class**" means the Class A Notes or the Class B Notes or the Class C Notes or the Class J Notes, as the case may be.

"**Class A and Mezzanine Notes Subscription Agreement**" means the subscription agreement in relation to the Senior Notes and the Mezzanine Notes entered on or about the Signing Date between, *inter alios*, BPVi, BN, the Representative of the Noteholders and the Issuer, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

"**Class A Noteholders**" means the holder(s) of the Class A Notes.

"**Class A Notes**" the Euro 507,200,000 Class A Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class B Noteholders**" means the holder(s) of the Class B Notes.

"**Class B Notes**" means the Euro 39,200,000 Class B Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class B Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 16%, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (included) the Class B Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class C Noteholders**" means the holder(s) of the Class C Notes.

"**Class C Notes**" means the Euro 20,600,000 Class C Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Class C Notes Interest Subordination Event**" means the event which occurs when the Cumulative Default Ratio, as of a Collection Date, is equal to or higher than 12%, *provided that* in any case starting from the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full (included) the Class C Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class J Noteholders**" means the holder(s) of the Class J Notes.

"**Class J Notes**" means the Euro 51,519,000 Class J Residential Mortgage Backed Floating Rate Notes due November 2067.

"**Clearstream**" means Clearstream Banking S.A., located at 42 Avenue JF Kennedy L-1855 Luxembourg.

"**Collateral Account Priority of Payments**" means the order of priority contained in clause 10.2 of the Intercreditor Agreement.

"**Collateral Account**" means the account (for deposits denominated in Euro opened in the name of the Issuer with the Account Bank in accordance with the provisions of the Cash Allocation, Management and Payments Agreement into which the Issuer shall pay (a) any collateral consisting of cash received from the Swap Counterparty pursuant to the Swap Agreement; (b) any interest or distributions on the cash credited in this Collateral Account; (c) any Replacement Swap Premium received by the Issuer from a replacement swap counterparty and (d) any termination payment received by the Issuer from the outgoing Swap Counterparty.

"**Collateral Amount**" means any amounts from time to time standing to the credit of the Collateral Account, being amounts paid into such account by the Swap Counterparty in accordance with the Credit Support Annex, together with interest and other amounts accrued thereon.

"**Collateral Guarantees**" means any personal security (except for those personal securities that as of the Economic Effective Date secure, or before such date secured, the relevant Claims and the other claims of the relevant Originator (*fideiussioni omnibus)*, but including, for avoidance of doubt, the *fideiussioni omnibus* which as of the Economic Effective Date secure, or before such date secured, solely the relevant Claims) or real property security, different from a mortgage, granted by a Borrower, by a Guarantor or by any other individual or legal person in order to secure the Claims.

"**Collateral Portfolio**" means, on any given date, the aggregate of the Claims comprised in the Portfolios, excluding the Defaulted Claims.

"**Collection Account Bank**" means BPVi in its capacity as collection account bank, or its permitted successors and assigns from time to time or any other person for the time being acting as collection account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Collection Account Bank Accounts**" means the Collection Accounts, the Expenses Account and the Quota Capital Account.

"**Collection Accounts**" means the BN Collection Account and the BPVi Collection Account.

"**Collection Date**" means the first calendar day of each November, February, May and August of each year.

"**Collection Period**" means each period commencing on (and including) a Collection Date and ending on (but excluding) the next Collection Date, and in the case of the first Collection Period, commencing on (and including) the Economic Effective Date and ending on (but excluding) 1 May 2017.

"**Collections**" means any amount received from each Servicer in relation to the Claims, including but not limited to, principal, interest, costs or expenses in relation to the Claims or as compensation for damages to Real Estate Assets and any other amount received from any Servicer or any other third party in relation to the Claims.

"**Conditions**" means the terms and conditions of the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes and any reference to a numbered relevant "**Condition**" is to the corresponding numbered provision thereof.

"**Consolidated Banking Act**" means the Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented.

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about the Signing Date between the Issuer and the Corporate Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof.

"**Corporate Services Provider**" means Zenith, in its capacity as corporate services provider, or its permitted successors or assigns from time to time or any other person for the time being acting as corporate services provider pursuant to the Corporate Services Agreement.

"**CRA Regulation**" means the 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.

"**Credit Support Annex**" means the 1995 ISDA Credit Support Annex supplementing and forming part of the Swap Agreement.

"**Credit and Collection Policies**" means the credit and collection policies set forth in Exhibit A to the Servicing Agreement.

"**Cumulative Default Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Amount, as of the day on which they have become Defaulted Claims, of the Claims arising under those Mortgage Loans that have become Defaulted Claims during the period from the Economic Effective Date to the last day of such Collection Period; and (ii) the Outstanding Amount, as of the Economic Effective Date, of all the Claims comprised in the Portfolios.

"**Defaulted Claims**" means all claims deriving from any Mortgage Loan that (i) has (a) in respect of Mortgage Loans with monthly instalments, 12 or more Delinquent Instalments; (b) in respect of Mortgage Loans with quarterly instalments, 4 or more Delinquent Instalments; and (c) in respect of Mortgage Loans with semi-annual instalments, 2 or more Delinquent Instalments; or (ii) have been classified as "*in sofferenza*" (non-performing) in accordance with the Bank of Italy regulations, and "**Defaulted Mortgage Loans**" shall be construed accordingly.

"**Delinquent Instalments**" means any instalment of a Mortgage Loan that is due and payable but unpaid or not paid in full within 30 days after the due date.

"**Distribution Account**" means a Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Managements and Payments Agreement.

"**Dodd-Frank Act**" means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**Economic Effective Date**" means 1 December 2016 (00.01 Milan time).

"**Eligible Institution**" means 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 debt obligations (or whose

obligations under the Transaction Documents to which it is a party are guaranteed 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 unsecured and unsubordinated debt obligations) are rated at least as follows:

(a) at least "F1" by Fitch as a short-term rating and "A" by Fitch as a long term rating, and

(b) at least "Baa1" by Moody's as a long term rating,

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

"**Eligible Investments**" means:

(i) euro-denominated senior (unsubordinated) debt securities in dematerialized form, bank account or euro-denominated senior debt deposit (excluding, for the avoidance of doubt, time deposits) or other debt instruments, provided that, in all cases (i) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the fourth Business Day following the Collection Period in respect of which such Eligible Investments were made; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; (iii) in the case of bank account or deposit, such bank account or deposit are held in the name of the Issuer with an Eligible Institution in Italy, England or Wales or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with any other Eligible Institution (and in any case are not held through a sub-custodian) and (iv) the debt securities or other debt instruments are issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(A) with respect to Fitch, (1) to the extent such Eligible Investment has a maturity not exceeding 30 calendar days: a long term rating of at least "A" and a short term rating of at least "F1"; or (2) to the extent such Eligible Investment has a maturity exceeding 30 calendar days but not exceeding the immediately subsequent Payment Date after the relevant investment is made: (i) a long term rating of at least "AA-" and a short term rating of at least "F1+"; and

(B) with respect to Moody's, A3; or

(ii) any other investment that does not adversely affect the current ratings of the Rated Notes,

provided that, in no case shall such investment be made, in whole or in part, actually or potentially, in (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivatives instruments, or synthetic securities or similar claims; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral, *further provided that* in case of downgrade below the rating allowed with respect to Moody's or Fitch, as the case may be, the Issuer shall (i) in case of Eligible Investments being securities, sell the securities, if it could be achieved without a loss, otherwise the relevant security shall be allowed to mature, and (ii) in case of Eligible Investments being deposits, transfer within 30 days the deposits to another account opened with an Eligible Institution in England or Wales or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with any other Eligible Institution.

"**EMIR**" means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

"**EMIR Reporting Agent**" means J.P. Morgan Securities plc or any other person from time to time acting as EMIR reporting agent.

"**English Deed of Charge**" means the deed of charge governed by English law and executed by the Issuer and the Representative of the Noteholders on or about the Signing Date.

"**Erroneously Excluded Claim**" means any Claim which met the relevant Criteria but was erroneously excluded from Exhibit C to the relevant Transfer Agreement.

"**Erroneously Included Claim**" means any Claim which did not meet the relevant Criteria and was erroneously included in Exhibit C to the relevant Transfer Agreement.

"**ESMA**" means European Securities and Markets Authority.

"**ESMA Website**" means 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).

"**Euribor**" means the Euro-zone inter-bank offered rate.

"**Euroclear**" means Euroclear Bank SA/NV, located at 1, Boulevard du Roi Albert II B - 1210 Brussels (Belgium), as operator of the Euroclear system.

"**Euro-zone**" means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992).

"**Excluded Collections**" means any amounts collected in connection with the Claims in respect of which the Originators have: (i) paid an Advance Indemnity, if and to the extent that such collections are in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity; or (ii) granted a Limited Recourse Loan (provided that aforementioned amounts collected in connection with any such Claim are excluded from the Issuer Available Funds only up to an amount equivalent to the corresponding Advance Indemnity or, as the case may be, Limited Recourse Loan, plus interest thereon).

"**Expenses Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Final Maturity Date**" means the Payment Date falling in November 2067.

"**Final Redemption Date**" means the earlier to occur between: (i) the date when any amount payable on the Claims will have been paid, and (ii) the date when all the Claims then outstanding will have been entirely written off or sold by the Issuer.

"**First Payment Date**" means 31 May 2017.

"**Fitch**" means FITCH ITALIA – Società Italiana per Il Rating S.p.A. and its subsidiaries and any successor or successors thereto. FITCH ITALIA – Società Italiana per Il Rating S.p.A. is established in the European Union and was registered on 31 October 2011 in accordance with the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which Fitch belongs has a market share of 16.56%.

"**Guarantor**" means any Person, entity or subject, other than a Borrower or a Mortgagor, who has granted a guarantee or a security in favour of the relevant Originator, to secure the payment or repayment of any amounts due in respect of a Claim, and its successors or assigns from time to time.

"**Initial Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Payment Date.

"**Initial Principal Amount**" means the principal amount of the Notes of the relevant Class on the Issue Date.

"**Initial Noteholders**" means BPVi and BN.

"**Insolvency Event**" means, in respect of the Issuer, any of the events set forth in Condition 10 (*Trigger Events*), sub-paragraphs (c) (i), (ii) or (iii).

"**Instalment**" means, with respect to each Mortgage Loan Agreement, each instalment due from the relevant Borrower thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Intercreditor Agreement**" means the agreement dated the Signing Date between the Issuer, the Representative of the Noteholders (for itself and on behalf of the Noteholders) and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Interest Instalment**" means the interest component of each Instalment.

"**Interest Component of the Purchase Price**" means an amount equal to Euro 70,486.01 in respect of the BPVi Portfolio and an amount equal to Euro 13,639.84 in respect of the BN Portfolio, being the interest accrued but not yet payable as well as the interest accrued and unpaid in respect of the Claims, in each case, as of the Economic Effective Date plus default interest (*interessi di mora*) accrued as of the Economic Effective Date and expenses incurred in relation to the recovery thereof.

"**Interest Determination Date**" means the second Business Day before each Payment Date in respect of the Interest Period commencing on that date (and, in respect of the Initial Interest Period, two Business Days prior to the Issue Date).

"**Interest on the Purchase Price**" means an amount equal to Euro 125,942.29 in respect of the BPVi Portfolio and an amount equal to Euro 28,687.12 in respect of the BN Portfolio, being the amount of interest due and payable on the Principal Component of the Purchase Price from the Economic Effective Date to the Issue Date at the rate of Euribor for one-month deposits in Euro plus 0.10%.

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

"**Interest Period**" means each period commencing on (and including) a Payment Date and ending on (but excluding) the next Payment Date and, in the case of the Initial Interest Period**,** commencing on (and include) the Issue Date and ending on (but excluding) the First Payment Date.

"**Investment Accounts**" means collectively the Cash Investment Account and the Securities Investment Account.

"**Investors Report**" has the meaning ascribed to such term in the Cash Allocation, Management and Payments Agreement.

"**Investors' Report Date**" means the date falling not later than 5 (five) Business Days after each Payment Date.

"**Issue Date**" means 1° March 2017.

"**Issue Price**" means, in respect of each Class of Notes, 100% of their respective Initial Principal Amount.

"**Issuer**" means Berica ABS 5 S.r.l.

"**Issuer Available Funds**" on each Payment Date, shall comprise, without double-counting:

(a) all sums received by the Issuer from or in respect of the Claims during the Collection Period immediately preceding such Payment Date, including all amounts deriving from recoveries of any Defaulted Claims and any prepayment penalties received but excluding any amounts collected in connection with the Claims in respect of which the Originators have**:** (i) paid an advance indemnity pursuant to clause 3.5(c) of the Warranty and Indemnity Agreements (an "**Advance Indemnity**"), if and to the extent that such collections are in respect of the amount claimed (or counterclaimed) that gave rise to the Advance Indemnity; or (ii) granted a limited

recourse loan pursuant to clause 4 of the Warranty and Indemnity Agreements (a "**Limited Recourse Loan**") (provided that aforementioned amounts collected in connection with any such Claim are excluded from the Issuer Available Funds only up to an amount equivalent to the corresponding Advance Indemnity or, as the case may be, Limited Recourse Loan, plus interest thereon, such amounts are hereinafter referred to as the "**Excluded Collections**");

(b) all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts, any termination payment required to be made under the Swap Agreement and any collateral payable or transferable (as the case may be) under the Credit Support Annex (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority);

(c) (i) all amounts received by the Issuer from the Originators pursuant to the Transfer Agreements and the Warranty and Indemnity Agreements during the Collection Period immediately preceding such Payment Date; plus (ii) all amounts received by the Issuer immediately before such Payment Date from the Originators pursuant to the Transfer Agreements in respect of the Erroneously Included Claims;

(d) (i) with reference to the First Payment Date only, the Cash Reserve Amount as at the Issue Date, and (ii) on each Payment Date falling thereafter, the amount standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after application of the Pre-Enforcement Order of Priority on such Payment Date;

(e) interest paid on and credited to (i) the Cash Investment Account, the Cash Reserve Account and the Transaction Account on the last Business Day of the Collection Period immediately preceding such Payment Date, and (iii) the other Cash Accounts (other than the Collateral Account) in the Collection Period immediately preceding such Payment Date;

(f) any profit and interest generated by the Eligible Investments (excluding those generated by the Eligible Investments purchased by way of the amounts deriving from the Swap Reserve Account) and credited to the Cash Investment Account until the fourth Business Day succeeding the Collection Date immediately preceding such Payment Date;

(g) any Swap Collateral Account Surplus paid into the Distribution Account in accordance with the Collateral Account Priority of Payments;

(h) any other amount, not included in the foregoing items of this definition received by the Issuer and deposited in (a) the Collection Accounts during the Collection Period immediately preceding such Payment Date and/or (b) in the Transaction Account until close of business of the fifth Business Day immediately succeeding the Collection Date immediately preceding such Payment Date (including, for the avoidance of doubt, amounts credited to the Transaction Account on the immediately preceding Payment Date);

(i) all amounts received during the Collection Period immediately preceding such Payment Date from the sale of all or part of the Portfolios, should such sale occur (provided that any amounts received from the sale of the Portfolios in case of Optional Redemption pursuant to Condition 6.3 (*Optional Redemption*) or Redemption for Taxation pursuant to Condition 6.4 (*Redemption for Taxation*) shall form part of the Issuer Available Funds on the Payment Date immediately following such sale), and of the proceeds (if any) from the enforcement of the other Issuer's Rights; and

(j) on any Payment Date, an amount equal to the Swap Fixed Amount which will be transferred from the Swap Reserve Account to the Distribution Account;

(k) on the date on which the Swap Agreement terminates, the balance of the Swap Reserve Account will be transferred from the Swap Reserve Account to the Distribution Account,

less, with respect to the First Payment Date only, any sums utilised on or about the Issue Date, in accordance with the Transaction Documents, to pay the Purchase Price of the Claims (net of the component that is paid out of the proceeds of the subscription of the Notes in accordance with the Transaction Documents), the Interest on the Purchase Price of the Claims and the upfront costs and expenses of the Securitisation.

"**Issuer Disbursement Amount**" means (i) on the Issue Date, Euro 100,000; and (ii) on any other Payment Date, the difference between Euro 100,000 and the amount standing to the credit of the Expenses Account on the last day of the Collection Period immediately preceding such Payment Date.

"**Issuer's Rights**" means any monetary right arising out in favour of the Issuer against the Borrowers and any other monetary right arising out in favour of the Issuer in the context of the Transaction, including the Collections and the Eligible Investments acquired with the Collections.

"**Italian Civil Code**" means the Royal decree (*Regio decreto*) No. 262, 16 March 1942 as subsequently amended and supplemented.

"**Junior Noteholder(s)**" means the holder(s) of a Junior Note or Junior Notes.

"**Junior Notes**" means the Class J Notes.

"**Junior Notes Conditions**" means the terms and conditions of the Junior Notes.

"**Junior Notes Subscription Agreement**" means the subscription agreement in relation to the Junior Notes entered on or about the Signing Date between, *inter alios*, BPVi, BN, the Representative of the Noteholders and the Issuer, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

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

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

"**Law 9/2014**" means Law No. 9 of 21 February 2014 (conversion with amendments into law of the 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*")) as from time to time amended and/or supplemented (also by way of implementing rules or interpretations of the Bank of Italy or any other competent authorities).

"**Law 239**" means the Legislative Decree No. 239 of 1 April 1996, as subsequently amended and supplemented and, in particular, as amended by Law Decree of 13 August 2011, converted into Law No 148 of 14 September 2011.

"**Law 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Law 239.

"**Legal Effective Date**" means 16 February 2017 (00.01 Milan time).

"**Limited Recourse Loan**" means the limited recourse loan granted by the Originator to the Issuer pursuant to clause 4 of the relevant Warranty and Indemnity Agreement.

"**Local Business Day**" means a day on which the bank(s) to and from which funds are to be transferred are open for business.

"**Luxembourg Listing Agent**" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as Luxembourg listing agent, and its permitted successors or assigns from time to time or any other person for the time being acting as Luxembourg listing agent.

"**Master Agreement**" means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), between the Issuer and the Swap Counterparty.

"**Master Definitions Agreement**" means the master definitions agreement dated the Signing Date among all the parties to each of the Transaction Documents, in which the definitions of certain terms used in the Transaction Documents are set forth, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Master Servicer**" means BPVi or its permitted successors or assigns from time to time or any other person for the time being acting as Master Servicer pursuant to the Servicing Agreement.

"**Mezzanine Noteholder(s)**" means the holder(s) of a Mezzanine Note or Mezzanine Notes.

"**Mezzanine Notes**" means the Class B Notes and the Class C Notes.

"**Monte Titoli**" means Monte Titoli S.p.A, which registered office is located at Piazza degli Affari, 6, 20123 Milano (Italy).

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

"**Monte Titoli Mandate Agreement**" means the agreement between the Issuer and Monte Titoli, pursuant to which Monte Titoli has agreed to provide certain services in relation to the Notes on behalf of the Issuer.

"**Moody's**" means Moody's Investors Ltd. Moody's Investors Service Ltd is established in the European Union, has been registered in compliance with the requirements of the CRA Regulation, and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which Moody's belongs has a market share of 31.29%.

"**Mortgagor**" means any Person, either a Borrower or a third party, who has granted a mortgage in favour of the relevant Originator, to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Mortgage Loan Agreements**" means collectively the BPVi Mortgage Loan Agreements and the BN Mortgage Loan Agreements.

"**Mortgage Loans**" means the BPVi Mortgage Loans and the BN Mortgage Loans.

"**Most Senior Class of Notes**" means the Class A Notes or, upon redemption in full of the Class A Notes, the Class B Notes or, upon redemption in full of the Class A Notes and the Class B Notes, the Class C Notes or, upon redemption in full of the Class A Notes, the Class B Notes and the Class C Notes, the Class J Notes.

"**Net Cumulative Default Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between: (i) the Outstanding Amount, as of the day on which they have become Defaulted Claims, of the Claims arising under those Mortgage Loans that have become Defaulted Claims during the period from the Economic Effective Date to the last day of such Collection Period less the amount of all the sums recovered in relation to such Defaulted Claims during the period between the date on which have become Defaulted Claims and the last day of such Collection Period; and (ii) the Outstanding Amount of all the Claims comprised in the Portfolios as of the Economic Effective Date.

"**Noteholders**" means the holders of the Class A Notes, the holders of the Class B Notes, the holders of the Class C Notes and the holders of the Class J Notes.

"**Notes**" means the Class A Notes, the Class B Notes, the Class C Notes and the Class J Notes.

"**Optional Redemption**" has the meaning ascribed to such term under Condition 6.3 (*Optional Redemption*).

"**Optional Redemption Date**" has the meaning ascribed to such term under Condition 6.3 (*Optional Redemption*).

"**Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Originators**" means BPVi and BN.

"**Originator's Group**" means each relevant Originator together with (i) its holding company; (ii) its subsidiary; and (iii) any other affiliate company as set out in the published accounts of any such company, but excluding entities that are in the business of investing in securities and whose investment decisions are taken independently of, and at arms length from, the relevant Originator.

"**Other Issuer Creditors**" means the Representative of the Noteholders for itself, the Administrative Services Provider, the Corporate Services Provider, the Servicers, the Master Servicer, the Back-Up Servicer, the Calculation Agent, the Account Bank, the Collection Account Bank, the Cash Manager, the Back-Up Servicer Facilitator, the Paying Agent, the Originators, the Swap Counterparty, the EMIR Reporting Agent and the Subordinated Loan Provider together with any other creditor of the Issuer in the context of the Securitisation following its accession to the Intercreditor Agreement.

"**Outstanding Amount**" means, on any relevant date with reference to a Mortgage Loan, the sum of (i) the Outstanding Principal and (ii) the aggregate amount outstanding of the principal component of all instalments of such Mortgage Loan that are due and payable but not paid as of such date.

"**Outstanding Principal**" means, on any relevant date with reference to a Mortgage Loan, the aggregate amount outstanding of the principal component of all instalments of such Mortgage Loan that are not yet due as of such date.

"**Paying Agent**" means BNP Paribas Securities Services, Milan Branch, in its capacity as the paying agent and its permitted successors or assigns from time to time or any other person for the time being acting as paying agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Payment Date**" means the last day of February, May, August and November in each year or, if such day is not a Business Day, the immediately preceding Business Day.

"**Payments Report**" means the payments report to be made by the Calculation Agent on each Calculation Date pursuant to the Cash Allocation, Management and Payments Agreement.

"**Person(s)**" means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint-stock partnership or company joint venture, governmental entity, unincorporated organisation or other entity or association.

"**Portfolios**" means the BPVi Portfolio and BN Portfolio.

"**Portfolio Arrears Ratio**" means, with reference to each Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Amount of the Claims arising under Mortgage Loans with one or more Delinquent Instalment(s) but that are not Defaulted Claims, and (ii) the Outstanding Amount of the Collateral Portfolio, in each case, as of the last day of such Collection Period.

"**Post-Enforcement Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date following the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Pre-Enforcement Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Principal Amount Outstanding**" means, on each day:

(a) in relation to each Class of Notes, the aggregate principal amount outstanding of all Notes in such Class; and

(b) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of all Principal Payments (as defined in Condition 6.2 (*Mandatory Pro Rata Redemption*)) on that Note that have been repaid on or prior to that date.

"**Principal Component of the Purchase Price**" means the aggregate Outstanding Amount of the Claims as of the Economic Effective Date.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Payment**" has the meaning ascribed to such term under Condition 6.2 (*Mandatory Pro Rata Redemption*).

"**Prospectus**" means this prospectus.

"**Prospectus Directive"** means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area.

"**Purchase Price**" means the purchase price of the relevant Claims payable to each Originator pursuant to each Transfer Agreement, being the aggregate of the Principal Component of the Purchase Price and the Interest Component of the Purchase Price.

"**Quarterly Report Date**" means the 20th calendar day of each of February, May, August and November of each year or, if such day is not a Business Day, the immediately succeeding Business Day.

"**Quota Capital Account**" means a Euro denominated account opened in the name of the Issuer with the Collection Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Quotaholder**" means Special Purpose Entity Management S.r.l.

"**Quotaholder Agreement**" means a Quotaholder agreement entered into on or about the Signing Date between, *inter alia*, the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental hereof or any agreement in replacement thereof.

"**Rate of Interest**" has the meaning ascribed to such term in Condition 5.2.

"**Rated Notes**" means the Senior Notes and the Mezzanine Notes.

"**Rating Agencies**" means Fitch and Moody's.

"**Re-Securitisation**" means a securitisation of a pool of underlying exposures where at least one of the underlying exposures is a securitised exposure.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure a Claim.

"**Reference Banks**" means three major banks in the Euro-zone inter-bank market selected by the Paying Agent in accordance with the Conditions.

"**Regulation S**" means Regulation S promulgated under the Securities Act.

"**Relevant Margin**" has the meaning ascribed to such term in Condition 5.2.

"Replacement Swap Premium" means the amount payable by the Issuer to a replacement swap counterparty or by a replacement swap counterparty to the Issuer (as the case may be) in order to enter into a replacement swap agreement to replace or novate the Swap Agreement.

"**Representative of the Noteholders**" means 130 Finance S.r.l. and its permitted successors or assigns from time to time.

"**Rules of the Organisation of the Noteholders**" means the Rules of the Organisation of the Noteholders attached as Exhibit 1 to the Conditions, as from time to time modified in accordance with

the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Schedule**" means the Schedule supplementing and forming part of the Master Agreement.

"**Scheduled Class J Notes Repayment Amount**" means:

(A) on each Payment Date different from those described under letter (B) below, an amount (if any) equal to the lower between **(i)** (x) before the delivery of a Trigger Notice, the Issuer Available Funds remaining after payment of items (i) to (xxii) of the Pre-Enforcement Order of Priority; and (y) after the delivery of a Trigger Notice, the Issuer Available Funds remaining after payment of items (i) to (xviii) of the Post-Enforcement Order of Priority; and **(ii)** an amount which would ensure that the Principal Amount Outstanding of the Class J Notes after such Payment Date is equal to 10% of the Initial Principal Amount of the Class J Notes;

(B) on the earlier of (a) the Final Maturity Date and (b) the Payment Date following the Final Redemption Date (and any Payment Date thereafter), the then Principal Amount Outstanding of the Class J Notes.

"**Scheduled Maximum Notional Amount**" has, in respect of each Swap Transaction, the meaning ascribed to such term in the Swap Confirmation evidencing such Swap Transaction.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Securities Investment Account**" means a Euro denominated securities account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Securitisation**" means the securitisation of the Portfolios made by the Issuer through the issuance of the Notes, pursuant to Articles 1 and 5 of the Securitisation Law.

"**Securitisation Law**" means the Italian Law No. 130 of 30 April 1999, as amended, supplemented and implemented from time to time.

"**Security Documents**" mean collectively the Swap Guarantee Security Agreement and the English Deed of Charge.

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

"**Senior Noteholder(s)**" means the holder(s) of a Senior Note or Senior Notes.

"**Senior Notes**" means the Class A Notes.

"**Senior Swap Counterparty Termination Payment**" means any termination payment, other than that part of a Subordinated Swap Counterparty Termination Payment that is greater that the Swap Fixed Termination Amount, required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

"**Servicers**" means BPVi (in relation to BPVi Portfolio) and BN (in relation to BN Portfolio).

"**Servicing Agreement**" means the servicing agreement entered into on 30 November 2016, as subsequently amended, between the Issuer, the Servicers and the Master Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Servicer Report**" means the servicer report which the Master Servicer undertakes to prepare and submit on each Quarterly Report Date pursuant to the Servicing Agreement.

"**Signing Date**" means 27 February 2017.

"**Solvency II Directive**" means the Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance.

"**Solvency II Regulation**" means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive**.**

"**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).

"**Stock Exchange**" means the Luxembourg Stock Exchange.

"**Subordinated Loan**" means the amount of Euro 25,455,000, granted by the Subordinated Loan Provider to the Issuer pursuant to the Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means the agreement entered into on or about the Signing Date between the Issuer and the Subordinated Loan Provider, as from time to time modified in accordance with the provisions therein contained including any agreement or other document expressed to be supplemental thereto or any agreement in replacement thereof.

"**Subordinated Loan Provider**" means BPVi, in its capacity as subordinated loan provider, or its permitted successors or assigns from time to time or any other person for the time being acting as Subordinated Loan Provider pursuant to the Subordinated Loan Agreement.

"**Subordinated Swap Counterparty Termination Payment**" means any termination payment required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement upon a termination of the Swap Agreement in respect of which the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement) following the occurrence of a Swap Counterparty Rating Event or is the sole Defaulting Party (as defined in the Swap Agreement) to the extent not already paid pursuant to item (iv) of the Priority of Payments.

"**Subscription Agreement**" mens, without difference between them, both the Class A and Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"**Swap Agreement**" means, collectively, the Master Agreement, the Schedule, the Credit Support Annex and each Swap Confirmation which may be entered into between the Issuer and the Swap Counterparty.

"**Swap Collateral Account Surplus**" has the meaning ascribed to such term in clause 10.2 (*Swap Collateral*) of the Intercreditor Agreement.

"**Swap Confirmation**" means each swap confirmation evidencing a Swap Transaction.

"**Swap Counterparty**" means J.P. Morgan Securities plc, in its capacity as swap counterparty, or its permitted successors or assigns from time to time or any other person for the time being acting as Swap Counterparty pursuant to the Swap Agreement.

"**Swap Counterparty Rating Event**" means the failure of the Swap Counterparty or its guarantor, as applicable, to satisfy the rating requirements specified in Part 6(1) (*Ratings Downgrade Provisions*) of the Schedule.

"**Swap Fixed Amount**" means, on a Calculation Date the aggregate amount due by the Issuer on the immediately following Payment Date (disregarding the netting mechanism under the Swap

Agreement) as Fixed Amounts A, Fixed Amounts B and Party B Fixed Termination Amount (each such term as defined in the relevant Swap Agreement) under each of the Swap Transactions, as communicated to the Calculation Agent and the Issuer by the Swap Counterparty on or prior to such Calculation Date.

"**Swap Fixed Termination Amount**" means any amount due by the Issuer in connection with the termination of the Swap Agreement pursuant to Part G (Additional Payment Provisions) of each of the Swap Transactions, disregarding the close-out netting mechanism under the Swap Agreement.

"**Swap Guarantee Security Agreement**" means the New York law security entered into on or about the Signing Date between the Issuer and the Representative of the Noteholders (as security agent), as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Swap Guarantor**" means JPMorgan Chase Bank, N.A. or any other person from time to time acting as swap guarantor.

"**Swap Outstanding Principal Amount**" has, in respect of each Swap Transaction, the meaning ascribed to such term in the Swap Confirmation evidencing such Swap Transaction.

"**Swap Reserve Account**" means the Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Swap Reserve Amount**" means Euro 8,345,000.

"**Swap Tax Credit Amount**" means any tax credit payable by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

"**Swap Transaction**" means each swap transaction entered into pursuant to the Swap Agreement.

"**Synthetic Securitisation**" means a securitisation of a pool of underlying assets where risk transfer is achieved through the use of credit derivatives or other similar financial instruments and there is no sale or granting of a security interest in the underlying assets.

"**Target Cash Reserve Amount**" means:

(A) on each Payment Date (in which the Pre-Enforcement Order of Priority is applied) until (but excluding) the earlier of:

(I) the Payment Date falling in May 2020;

(II) the Payment Date on which the Principal Amount Outstanding of the Class A Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority; and

(III) the Payment Date falling immediately after the Final Redemption Date,

an amount equal to the Cash Reserve Amount;

(B) starting from (and including) the Payment Date falling in May 2020 and until (but excluding) the earlier of:

(I) the Payment Date on which the Principal Amount Outstanding of the Senior Notes is lower than the difference between (a) the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items (i) to (vii) of the Pre-Enforcement Order of Priority having been made, and (b) amounts due and payable on such Payment Date under items (ix), (x) and (xi) of the Pre-Enforcement Order of Priority;

(II) the Payment Date falling immediately after the Final Redemption Date; and

(III) the Final Maturity Date,

(such earlier date, the "**Cash Reserve Reference Payment Date**"),

an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date,

provided that, starting from the Payment Date immediately following the Collection Date (if any) in which the Cumulative Default Ratio is equal to or higher than 5% ("**Cash Reserve Reference Collection Date**"), the Target Cash Reserve Amount on such Payment Date and on any Payment Date thereafter until (but excluding) the earlier of (i) the Payment Date falling in August 2022 and (ii) the Cash Reserve Reference Payment Date (excluded), shall be equal to the Target Cash Reserve Amount applicable on the Payment Date immediately preceding the Cash Reserve Reference Collection Date (or, in case of the First Payment Date, to the Cash Reserve Amount);

(C) starting from (and including) the Payment Date falling in August 2022 and until (but excluding) the Cash Reserve Reference Payment Date, an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Order of Priority on that date and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date, and

(D) on the Cash Reserve Reference Payment Date and on each Payment Date thereafter, zero.

"**TARGET Day**" means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was kaunchedon 19 November 2007, as amended, is open for the settlement of payments in Euro.

"**Three Month Euribor**" has the meaning ascribed to it in Condition 5.2 (*Rate of Interest*).

"**Transaction**" means the Securitisation.

"**Transaction Account**" means a Euro denominated account opened in the name of the Issuer with the Account Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Allocation, Management and Payments Agreement.

"**Transaction Documents**" means the Intercreditor Agreement, the Transfer Agreements, the Warranty and Indemnity Agreements, the Administrative Services Agreement, the Corporate Services Agreement, the Servicing Agreement, the Swap Agreement, the Class A Notes and Mezzanine Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Cash Allocation, Management and Payments Agreement, the English Deed of Charge, the Subordinated Loan Agreement, the Monte Titoli Mandate Agreement, the Master Definitions Agreement, the Quotaholder Agreement, the Back-Up Servicing Agreement, the EMIR Reporting Agreement and the Conditions, each as subsequently amended and supplemented.

"**Transfer Agreements**" means the BPVi Transfer Agreement and the BN Transfer Agreement.

"**Transparency Directive**" means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

"**Trigger Event**" means any of the events described in Condition 10 *(Trigger Events).*

"**Trigger Notice**" means the notice described in Condition 10 *(Trigger Events).*

"**Valuation Date**" means h. 23:59 of 31 October 2016.

"**Volcker Rule**" means the restriction under the Dodd-Frank Act which restricts the ability of banking entities to sponsor or invest in private equity or hedge funds or to engage in certain proprietary trading

activities involving securities, derivatives, commodity futures, and options on those instruments for their own account.

"**Warranty and Indemnity Agreements**" means the BPVi Warranty and Indemnity Agreement and the BN Warranty and Indemnity Agreement.

"**Zenith**" means Zenith Service S.p.A.

THE ISSUER

Berica ABS 5 S.r.l.
Via Alessandro Pestalozza, 12/14
20131 Milan
Italy

ORIGINATOR, SERVICER, MASTER SERVICER, ADMINISTRATIVE SERVICES PROVIDER, COLLECTION ACCOUNT BANK, SUBORDINATED LOAN PROVIDER and CASH MANAGER

Banca Popolare di Vicenza S.P.A.
Via Battaglione Framarin, 18
36100 Vicenza
Italy

ORIGINATOR and SERVICER

Banca Nuova S.p.A.
Via Giacomo Cusmano, 56
90141 Palermo
Italy

BACK-UP SERVICER and CORPORATE SERVICES PROVIDER

Zenith Service S.p.A.
Via Alessandro Pestalozza, 12/14
20131 Milan
Italy

BACK-UP SERVICER FACILITATOR and REPRESENTATIVE OF THE NOTEHOLDERS

130 Finance S.r.l.
Via Dante, 4
20121 Milan
Italy

LUXEMBOURG LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy L-2085
Luxembourg

ACCOUNT BANK, CALCULATION AGENTand PAYING AGENT

BNP Paribas Securities Services, Milan Branch
Piazza Lina Bo Bardi, 3
20124 Milan
Italy

ARRANGERS

Banca Popolare di Vicenza S.P.A.
Via Battaglione Framarin, 18
36100 Vicenza
Italy

J.P. Morgan Securities plc
25 Bank Street, Canary Wharf
London, E14 5JP
United Kingdom

LEGAL ADVISERS

To the Arrangers

As to Italian Law

Orrick, Herrington & Sutcliffe
Piazza della Croce Rossa, 2
00161 Rome
Italy

As to English Law

Orrick, Herrington & Sutcliffe
Corso Matteotti, 10
20121 Milan
Italy

To the Originators

As to Italian Law

BonelliErede
Via Vittoria Colonna, 39
00193 Roma
Italy