PROSPECTUS

2017 Popolare Bari SME S.r.l.

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

Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057
Issue Price: 100% per cent

Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057
Issue Price: 100% per cent

Euro 150,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due December 2057
Issue Price: 100% per cent

Euro 57,400,000 Series 2 Class M Asset Backed Floating Rate Notes due December 2057
Issue Price: 100% per cent

Euro 302,800,000 Series 1 Class B1 Variable Return Asset Backed Notes due December 2057
Issue Price: 100% per cent

Euro 49,000,000 Series 1 Class B2 Variable Return Asset Backed Notes due December 2057
Issue Price: 100% per cent

*This prospectus (the "**Prospectus**" or the "**Offering Circular**") contains information relating to the issue by 2017 Popolare Bari SME S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**") of the Notes (as defined below).*

*On 28 March 2017 (the "**Initial Issue Date**"), the Issuer issued Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 1 Class A1 Notes**") and two classes of junior notes for an aggregate amount of Euro 351,800,000 divided as follows: Euro 302,800,000 Series 1 Class B1 Variable Return Asset Backed Notes due December 2057 (the "**Class B1 Notes**" or the "**Series 1 Class B1 Notes**") and Euro 49,000,000 Series 1 Class B2 Variable Return Asset Backed Notes due December 2057 (the "**Class B2 Notes**" or "**Series 1 Class B2 Notes**" and, together with the Series 1 Class B1 Notes, the "**Junior Notes**"; the Junior Notes together with the "Series 1 Class A1 Notes", the "**Series 1 Notes**").*

*In addition, on 28 February 2018 (the "**Subsequent Issue Date**"), the Issuer will issue Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A1 Notes**" and together with the Series 1 Class A1 Notes, the "**Class A1 Notes**"), Euro 150,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A2 Notes**" or the "**Class A2 Notes**", and together with the Class A1 Notes the "**Class A Notes**" or the "**Senior Notes**"), and Euro 57,400,000 Series 2 Class M Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class M Notes**" or the "**Class M Notes**" or the "**Mezzanine Notes**" and together with the Senior Notes, the "**Rated Notes**"; the Class M Notes together with the Series 2 Class A1 Notes and the Series 2 Class A2 Notes, the "**Series 2 Notes**"; the Series 2 Notes together with the Series 1 Notes, the "**Notes**") .*

*The Junior Notes are not being offered pursuant to this Prospectus. This Prospectus is issued pursuant to article 2, paragraph 3, of Italian Law number 130 of 30 April 1999 ("**Law 130**" or also the "**Securitisation Law**") in connection with the issuance of the Notes. This Prospectus is a prospectus with regard to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (as amended, the "**Prospectus Directive**") including any implementing measure in Ireland.*

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

*The net proceeds of the offering of the Series 1 Notes have been mainly applied by the Issuer on the Initial Issue Date to fund the purchase of the initial portfolios of monetary claims (respectively, the "**Initial Portfolios**" and*

*the "**Initial Receivables**") arising under mortgage loans and unsecured loans granted to SMEs by Banca Popolare di Bari S.c.p.a. ("**BPB**") and Cassa di Risparmio di Orvieto S.p.a. ("**CRO**" and, together with BPB, the "**Originators**") and in any case in accordance with the provisions contained in the Transaction Documents and as described in the section headed "Use of Proceeds". The Initial Portfolios have been purchased by the Issuer under the terms of two transfer agreements entered into between the Issuer and each Originator pursuant to Law 130 on 17 March 2017, as amended on 24 March 2017 (each an "**Initial Transfer Agreement**" and, collectively, the "**Initial Transfer Agreements**").*

*The net proceeds of the offering of the Series 2 Notes will be mainly applied by the Issuer on the Subsequent Issue Date to fund the purchase of additional portfolios of monetary claims and other connected rights (the "**Subsequent Receivables**" and each a "**Subsequent Portfolio**") consisting of mortgage and unsecured loans granted to SMEs by the Originators and in any case in accordance with the provisions contained in the Transaction Documents and as described in the section headed "Use of Proceeds". The Subsequent Portfolios have been purchased by the Issuer under the terms of two transfer agreements entered into between the Issuer and each Originator pursuant to Law 130 on 22 January 2018 (each a "**Subsequent Transfer Agreement**" and, collectively, the "**Subsequent Transfer Agreements**"; the Subsequent Transfer Agreements together with the Initial Transfer Agreements, the "**Transfer Agreements**").*

*The Initial Portfolios and the Subsequent Portfolios are, collectively, referred to as the "**Portfolios**" and will constitue as a whole, upon issuance of the Series 2 Notes, the principal source of funds available to the Issuer for the payment of interest and Variable Return (if any) and the repayment of principal on the Notes.*

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 (c) other derivatives instruments, or synthetic securities. Each Portfolio has been assigned and transferred to the Issuer without recourse (pro soluto) against the relevant Originator in the case of a failure by any of the Debtors to pay amounts due under the Loan Agreements, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreements.

*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 (as defined below) 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 in the Conditions) 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 6 (Priority of Payments) and the Intercreditor Agreement (the "**Priority of Payments**"). All payments will be made out of the Issuer Available Funds in accordance with the Pre-Trigger Notice Priority of Payments, while the Single Portfolio Available Funds (as defined in the Conditions) shall be applied in accordance with the Single Portfolio Priority of Payments set forth in Condition 6 (Priority of Payments) only to register, for Originators' accounting purposes, the actual contribution of the relevant Portfolio to such payments.*

If the Notes cannot be redeemed in full on the Final Maturity Date (as defined below) following the application of all funds available, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, the Issuer will have no other funds available to it to be paid to the Noteholders. 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 will be subject to mandatory redemption in whole or in part on each Payment Date. Unless previously redeemed in accordance with their applicable terms and conditions (the "**Conditions**"), the Notes will be redeemed on the Payment Date falling in December 2057 (the "**Final Maturity Date**"). The Notes of each Class will be redeemed in the manner specified in Condition 8 (Redemption, Purchase and Cancellation). Before the Final Maturity Date, the Notes may be redeemed at the option of the Issuer at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption under Condition 8.4 (Redemption for Taxation) and Condition 8.3 (Optional Redemption).*

Interest on the Rated Notes accrues from the relevant Issue Date on a daily basis in Euro. Interest on the Rated Notes (i) has been paid on the Payment Dates falling on June 2017, September 2017 and December 2017 and thereafter will be paid quarterly in arrears on each Payment Date (as defined below) in relation to the Series 1

*Notes, and (ii) shall be payable on the Payment Date falling on March 2018, in relation to the Series 2 Notes (each of the Payment Dates falling on June 2017 and March 2018 a "**First Payment Date**" with reference respectively to the Series 1 Notes and the Series 2 Notes) and thereafter quarterly in arrears on each Payment Date (as defined below).*

*The rate of interest applicable to the Rated 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**") i) with reference to the Series 1 Notes has began on (and including) the Initial Issue Date and ended on (but excluding) the relevant First Payment Date and (ii) with reference to the Series 2 Notes shall begin on (and including) the Subsequent Issue Date and shall end on (but excluding) the relevant First Payment Date,) shall be the higher of (A) zero (0) and (B) the aggregate of:*

(a) Three Month EURIBOR (or in the case of the Initial Interest Period related to the Class A2 Notes and Class M Notes, the linear interpolation between the Euribor for one and two months deposits in Euro), as determined and defined in accordance with Condition 7 (Interest-Variable Return); plus

(b) the following relevant margins:

- *in relation to the Series 1 Class A1 Notes (i) 1.35% per annum until and including the Interest Period ending on the Payment Date falling on December 2017 (excluded); (ii) 1.35% per annum starting from (and including) the Payment Date falling on December 2017 and ending on the Subsequent Issue Date (excluded); (iii) 0.40% per annum starting from (and including) the Subsequent Issue Date and ending on (but excluding) the Payment Date falling on March 2018 and (iv) 0.40% per annum starting from and including the Interest Period starting from the Payment Date falling on March 2018 (included) and any Interest Period thereafter;*
- *in relation to the Series 2 Class A1 Notes: 0.39% per annum;*
- *in relation to the Series 2 Class A2 Notes: 0.52% per annum;*
- *in relation to the Series 2 Class M Notes: 0.70% per annum.*

On each Payment Date a Class B1 Variable Return and a Class B2 Variable Return (each as defined below) may or may not be payable, respectively on the Class B1 Notes and the Class B2 Notes.

*For the purposes of above, "**Payment Date**" means the 28th day of each of the following months: March, June, September and December in each year (or if such day is not a Business Day, the immediately succeeding Business Day).*

All payments of principal on the Notes and interest on the Rated Notes and Variable Return on the Class B Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Italian Legislative Decree number 239 of 1 April 1996, as 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. For further details see the section entitled "Taxation in the Republic of Italy".

*The Notes will be held in dematerialized form on behalf of the Noteholders as of the relevant 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 will at all times be evidenced by book-entries in accordance with the provisions of article 83-bis of Italian Legislative Decree number 58 of 24 February 1998 and with the Regulation jointly issued by Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy on 22 February 2008, as amended from time to time.*

Calculations as to the expected average life of the Class A Notes and the Class M Notes can be made based on certain assumptions as set out in the section "Weighted Average Life of the Rated Notes and Relevant Assumptions", including, but not limited to, the level of the prepayment of the Receivables. However, there is no certainty either that the assumptions made will materialise or that the Class A Notes or the Class M Notes will receive their full principal outstanding and all the interest accrued thereon and ultimately the obligations of the Issuer to pay principal and interest on the Class A Notes and the Class M Notes could be reduced as a result of losses incurred in respect of the Portfolios.

*The Rated Notes are expected to be assigned, on the Subsequent Issue Date, the following ratings: (i) Class A1 Notes "Aa2 (sf)" by Moody's Investors Service Ltd ("**Moody's**") and "AAA (sf)" by DBRS Ratings Limited ("**DBRS**"), (ii) Class A2 Notes "Aa2 (sf)" by Moody's and "AA (high) (sf)" by DBRS, and (iii) Class M Notes "Baa2 (sf)" by Moody's and "A (low) (sf)" by DBRS. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation. As of the date hereof, Moody's Investors Service Ltd and DBRS Ratings Limited are established in the European Union and are registered under Regulation (EC) number 1060/2009 on credit rating agencies (the "**CRA Regulation**"), as it appears from the most updated list published by the European Securities and Markets Authority on the webpage 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 Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and/or sold only outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See the section headed "Subscription and Sale".*

*The Issuer is 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)(1) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer has been 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) in reliance on the loan securitization exemption under the Volcker Rule.*

The Class A2 Notes will, upon issue on the Subsequent Issue Date, be subscribed by the European Investment Bank, whereas the Series 2 Class A1 Notes and the Class M Notes will, upon issue on the Subsequent Issue Date, be subscribed by BPB.

*Each of the Originators intend to retain the Junior Notes subscribed by each of them and has undertaken, under the Notes Subscription Agreements and the Intercreditor Agreement, 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) number 575/2013 (the "**CRR**"), option (1)(d) of article 51 of the Commission Delegated Regulation (EU) number 231/2013 of 19 December 2012 (the "**AIFM Regulation**") and option 2(d) of article 254 of Regulation (EU) number 35/2015 (the "**Solvency II Regulation**"). As at the Subsequent Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes).*

***MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET** - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.*

***PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.*

The content of any website or webpage mentioned in this Prospectus does not form part of this Prospectus.

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

All capitalised words and expressions herein shall, unless the context otherwise requires, have the same meanings as those set out in the Conditions, or if not contained therein, in the Transaction Documents, as amended from time to time.

Dated 27 February 2018

Arrangers

J.P. Morgan and Société Générale

None of the Issuer, the Representative of the Noteholders, the Arrangers, the European Investment Bank or any other party to any of the Transaction Documents (as defined below) or any other person, other than the Originators, has undertaken or will undertake any investigations, searches or other actions to verify details of the Receivables sold by the Originators to the Issuer, nor have the Issuer, the Representative of the Noteholders, the Arrangers, the European Investment Bank or any other party to any of the Transaction Documents or any other person, other than the Originators, 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 debtor in respect of the Receivables.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), such information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information which is material in the context of the issuance of the Notes and offering of the Rated 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 Originators have provided the information under the sections headed "The Portfolios", "The Originators and the Servicer" and the "Collection Policy and Recovery Procedures" and, together with the Issuer, any other information contained in this Prospectus relating to themselves and the Portfolios and accept responsibility for the information contained in those sections. To the best of the knowledge of the Originators (which have taken all reasonable care to ensure that such is the case), the information and data in relation to which each of them is responsible as described above are true and accurate in all material respects, are not misleading, are in accordance with the facts and does not omit anything likely to affect the import of such information and data.

Securitisation Services S.p.A. has provided the information under the section headed "The Calculation Agent, the Representative of the Noteholders and the Corporate Services Provider" and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge of Securitisation Services S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and accurate in all material respects, is not misleading, is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Securitisation Services S.p.A. has not, however, been involved in the preparation of, and does 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, together with the Issuer, accepts responsibility for the information contained in that section related to itself. To the best of the knowledge of the Back-Up Servicer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, the Back-Up Servicer 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 Transaction Bank, the Paying Agent and the Cash Manager" and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge of BNP Paribas Securities Services (which has taken all reasonable care to ensure that such is the case), such information is true and accurate in all material respects, is not misleading, is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, BNP Paribas Securities Services has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

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

None of the Arrangers or the European Investment Bank 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 will be direct, secured, limited recourse obligations solely of the Issuer. By operation of Italian law, the Issuer's rights, title and interest in and to the Portfolios, to all amounts deriving therefrom and the other Segregated Assets (as defined below) will be segregated from all other assets of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by the Originators (in any capacity), the quotaholder of the Issuer, the Arrangers, the European Investment Bank and any Other Issuer Creditor (as defined below). Furthermore, no person and none of such parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

*Both before and after a winding-up of the Issuer, the Issuer's rights, title and interest in and to the Portfolios, to all amounts deriving therefrom and to the other Segregated Assets will be available exclusively for the purposes of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios (the "***Transaction***") and to the corporate existence and good standing of the Issuer. The "***Other Issuer Creditors***" are the Originators, the Servicer, the Back-Up Servicer, the Representative of the Noteholders, the Class A2 Notes Subscriber, the Transaction Bank, the Paying Agent, the Corporate Services Provider, the Cash Manager, the Calculation Agent and the Stichting Corporate Services Provider. The Noteholders will agree that the Issuer Available Funds (as defined below in the Conditions) will be applied by the Issuer in accordance with the orders of priority of application of the Issuer Available Funds set forth in the Intercreditor Agreement and the Conditions (the "***Priority of Payments***").*

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

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

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and

regulations. No action has or will be taken which would allow an offering (nor an "offerta al pubblico di prodotti finanziari") of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Prospectus nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see "Subscription and Sale".

The Issuer is of the view that it is not now, and immediately following the issuance of the Series 2 Notes and the application of the proceeds thereof, it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holdings Company Act of 1956, as amended, commonly known as the "Volcker Rule". See "Risk Factors - Volcker Rule".

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See the section entitled "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 PROSPECTUS OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF 2017 POPOLARE BARI SME S.R.L. (THE "ISSUER"). IN PARTICULAR, NOTHING IN THIS PROSPECTUS CONSTITUTES AN OFFER OF SECURITIES OF THE ISSUER FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THIS PROSPECTUS MAY NOT BE FORWARDED, DISTRIBUTED, PUBLISHED OR DISCLOSED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU ("MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC

("IMD"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "PROSPECTUS DIRECTIVE"). CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

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

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

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

*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.*

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 Debtors*", *"Risk of Losses Associated with Debtors"* 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 European Investment Bank, the Arrangers, the Representative of the Noteholders, the Quotaholder, the Cash Manager, the Calculation Agent, the Paying Agent, the Listing Agent, the Transaction Bank, the Back-Up Servicer, the Corporate Services Provider, the Servicer, the Originators, the Stichting Corporate Services Provider. 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 did not, as of the Issue Date, and does not, as the Subsequent Issue Date, have any significant assets other than the Portfolios and the other Issuer's Rights. In addition for so long as any amounts remain outstanding in respect of the Notes, the Issuer has undertaken to carry out further securitisation transactions only in accordance with Condition 5 (*Covenants*). The assets relating to each further securitisation transaction carried out by the Issuer in accordance with Condition 5 (*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 Issuer's rights under the Transaction 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 Servicer and the recovery made on its behalf by the Servicer with respect to the Portfolios, 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 until the date falling on the later of (i) one year and one day (or, in the event of prepayment or early cancellation of the Notes, two years and one day) after the date on which the Notes have been redeemed in full or cancelled in accordance with the Conditions and (ii) one year and one day (or, in the event of prepayment or early cancellation of the notes, two years and one day) after the date on which any notes issued in the context of any Further Securitisation undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions.

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 Debtors. The Issuer is also subject to the risk of, among other things, default in payments by the Debtors and the failure by the Servicer 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 Senior Notes, these risks are mitigated by the liquidity and credit support provided by the establishment of the Cash Reserve and, with respect to the Rated Notes, the excess spread and the credit support provided through the subordination of the Junior Notes.

The amounts standing to the credit of the Cash Reserve Account after replenishment in accordance with the Pre-Trigger Notice Priority of Payments may not be sufficient to make up any shortfalls in the amounts required to pay interest on the Senior Notes in accordance with the relevant Priority of Payments.

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 Senior 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 BPB, CRO 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 Servicer's ability to service the Portfolios and ability to recover the amounts due in respect of the defaulted claims. It is not certain that the Servicer will duly perform at all times its obligations under the Servicing Agreement and that a suitable alternative Servicer could be available to service the Portfolios if BPB becomes insolvent or its 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 Servicer, the collections then held by the 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 "*Receivables of unsecured creditors of the Issuer*" below).

In order to reduce such risk, under the Servicing Agreement the Servicer has undertaken to transfer to the Collection and Recoveries Account the Collections related to the Receivables 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 Servicer, the Issuer (or the substitute servicer on behalf of the Issuer) will have to issue new payment instructions to the Debtors to pay directly to the Issuer. The Issuer is subject to the risk that monies paid by the Debtors 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 "*Receivables 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 Warranty and Indemnity Agreement. In addition, in such case, any payments made by such Originator as indemnity under the Warranty and Indemnity Agreement, or as indemnity for renegotiation of the Receivables under the Servicing Agreement or as repurchase price of the Receivables 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 Receivables 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 Servicer, (or any permitted successors or assignees appointed under the Servicing 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 and the Servicer, 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 Servicer 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 Servicer, (ii) to indemnify the Issuer under the Warranty and Indemnity Agreements and the Notes Subscription Agreements and (iii) the relevant obligations to make the payments due to the Issuer in order to adjust the Receivables purchase price (i.e. to take into account the additional payment or the reimbursement to be made for any such Receivable) in the event that, following the entering into of the Transfer Agreements, it appears that one or more Receivables listed under the schedule A thereto do not meet the Criteria as at the relevant 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 Warranty and Indemnity Agreements and the Notes Subscription Agreements, or as an indemnity for the renegotiation of the Receivables under the Servicing Agreement or as repurchase price of the Receivables, 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 Receivables to the Issuer).

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

To mitigate the risk above, on or about the Issue Date, the Issuer, BPB, CRO and the Back-up Servicer entered into the Back-up Servicing Agreement, as amended on or about the Subsequent Issue Date, pursuant to which the Back-up Servicer has agreed, upon termination of the appointment of BPB as Servicer, to replace the 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 the 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, within 1 (one) Business Day from the relevant receipt the Collections in the Collection and Recoveries Account. Furthermore, in case of termination of its appointment pursuant to the Servicing Agreement, the Servicer has undertaken to notify the Debtors to pay any amount due in respect of the Receivables directly into the Collection and Recoveries Account. However, there is no assurance that the Servicer will timely issue the new payment instructions and the Collections paid by the Debtors 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, the Servicer"*).

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 Transfer 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. 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 by the Cash Manager (as directed by the Servicer) through the Investment Account. 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 and/or any other party will be responsible for any loss or shortfall deriving therefrom.

Servicing of the Portfolios

Pursuant to the Servicing Agreement, the BPB Portfolio and CRO Portfolio are serviced by BPB. The Servicer will carry out the administration, collection and enforcement (as the case may be) of the Portfolios in accordance with the Servicing Agreement and the Credit and Collection Policies. 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, the Servicer shall be able to freely implement any amendment to the Credit and Collection Policies which falls within the following cathegories: (i) non material amendments, (ii) amendments necessary to comply with laws and regulations from time to time applicable, (iii) amendments which are exclusively meant to improve the timely collection and recovery on the Receivables, or (iv) amendments that the Servicer intends to carry out in relation to its or its group commercial strategy and deems it necessary to the extent they do not prejudice the Transaction in any way. In such a case, the Servicer shall promplty give notice of any of the above amendments to the extent they provide for a material amendment to the Issuer, the Representative of the Noteholders and the Rating Agencies and such amendments will enter into force not earlier than 5 Business Days after such notice. Any different amendments to the Credit and Collection Policies is subject to the prior consent of the Issuer and the Representative of the Noteholders and the prior notice to 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 Servicer 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 Servicer will promptly forward all amounts collected from Debtors in respect of the Receivables to the Issuer in respect of a particular Quarterly 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 Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Back-Up Servicer, the Calculation Agent, the Representative of the Noteholders, the Corporate Services Provider and the Rating Agencies on each Quarterly Servicing Report Date the Quarterly Servicer's Report in the form set forth in the Servicing Agreement. Such reports shall provide information regarding, inter alia, the amounts collected in relation to each Portfolio, the regulatory capital requirements and the Servicer's activity during the preceding Quarterly Collection Period.

In addition, under the Servicing Agreement, the Servicer has the power to renegotiate the 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 BPB as Servicer under the Servicing Agreement, the performance of the BPB'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. 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 Servicer can no longer perform its agreed function (in the event a replacement back-up servicer has not been appointed upon termination of the Back-Up Servicer or failing the Back-Up Servicer to assume performance of the services provided under the Servicing Agreement) 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 terminated 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 Receivables. 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 provided under the Servicing Agreement 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 Receivables and ultimately could adversely affect payments of interest and principal on the Notes.

Receivables 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 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 obliged pursuant to the Bank of Italy regulations to open and to keep separate accounts in relation to each securitisation transaction; and (ii) the Servicer 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 the Cash Allocation, Managements 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 Servicer – 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*.

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.

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 5.12 (*Covenants - Further Securitisations*). According to such condition, it is a condition precedent, *inter alia*, to any such securitisation that the Rating Agencies have been notified in writing of the Issuer's intention to carry out a Further Securitisation. See Condition 5 (*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 obligations of the Issuer to pay interest on the Notes and Variable Return on the Class B Notes both prior and following the delivery of a Trigger Notice, (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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) on the Class B Notes; (ii) the Class M 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 M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) but subordinated to the payment of interest on the Class A Notes, provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes; and (iii) the Class B 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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes and the repayment of principal on the Class B Notes.

In respect of the obligations of the Issuer to repay principal on the Notes both prior and following the delivery of a Trigger Notice, (i) the Class A1 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class

M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes; (ii) the Class A2 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the repayment of principal on the Class A1 Notes, payment of interest on the Class A Notes and the payment of interest on the Class M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes; (iii) the Class M Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes and the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class M Notes and the repayment of principal on the Class A Notes; and (iv) the Class B Notes will rank pari passu without preference or priority amongst themselves and in priority to the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class M Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class M 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 Priority of Payments. 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 Loans and on the actual date of exercise (if any) of the optional redemption rights of the Issuer pursuant to Condition 8.3 (*Optional Redemption*) or Condition 8.4 (*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 Loans, the exercise by the Originators of their faculty to partially repurchase the Receivables and/or by the Servicer to renegotiate the terms and conditions of the 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 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 Debtors voluntarily or as a result of enforcement proceedings under the relevant Loans, as well as the receipt of proceeds from the insurance policies assisting the Receivables.

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 "*Weighted Average Life of the Rated Notes and Relevant Assumptions*". However, the actual characteristics and performance of the 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 Irish Stock Exchange plc for the Rated Notes to be listed on the official list of the Irish Stock Exchange plc and to be admitted to trading on the regulated market of the Irish Stock Exchange plc, 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 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 asset 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 asset backed securities and resulted in the secondary market for asset 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 asset backed securities into the secondary market. The price of credit protection on asset 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 asset 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

Receivables 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. BPB is, in addition to being an Originator, also Servicer and an initial subscriber of part of the Notes; CRO is, in addition to being an Originator, also an initial subscriber of part of the Notes; Securitisation Service S.p.A. is, in addition to being the Representative of the Noteholders, the Corporate Services Provider and the Calculation Agent; and BNP is, in addition to being the Transaction Bank, the Paying Agent and the Cash Manager. 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 Debtors other than the Receivables. 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 Debtors and other parties. In such relationships the aforementioned parties are not obliged to take into account the interests of the Noteholders. In addition, BPB and CRO in their capacity as, present or future, holders of any Notes, may exercise the relevant 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 Class M 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 3 – "*Purpose of the Organisation*" of the Rules of the Organisation of the Noteholders).

Interest rate risk

The Receivables 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 or floored 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 Portfolio and an increase in the level of Three Month Euribor could adversely impact the ability of the Issuer to make payments on the Rated Notes.

Potential Reform of Euribor Determinations

Financial market reference rates and their calculation and determination procedures have come under close public scrutiny in recent years. Starting in 2009, authorities in jurisdictions such as the European Union, the United States, Japan and others investigated cases of alleged misconduct around the rate-setting of LIBOR, Euribor and other reference rates. A number of initiatives to reform reference rate setting have been launched as a consequence by the regulatory and supervisory communities as well as the financial markets. These include the Final Report of ESMA-EBA on Principles for Benchmark-Setting Processes in the European Union published in June 2013 and the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"), which entered into force on 30 June 2016.

The Benchmark Regulation applies to "contributors", "administrators" and "users of" benchmarks (such as Euribor and Libor) in the EU, and, among other things, (i) requires benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of benchmarks of unauthorised administrators.

Potential impacts of the Benchmark Regulation and other initiatives on the determination of Euribor in the future could be an increase of costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements, changes in the rules or methodologies used in certain benchmarks or the disappearance of certain benchmarks. It is, however, not possible to ascertain as at the date of this Prospectus how such changes may impact the determination of Euribor for the purposes of the Rated Notes, whether this will result in an increase or decrease in Euribor rates or whether such changes will have an adverse impact on the liquidity or the market value of the Rated Notes.

Limited Enforcement Rights

The protection and exercise of the Noteholders' rights against the Issuer and the security under the Notes is one of the duties of the Representative of the Noteholders.

The 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, as regards the exercise and performance of all its powers, authorities, duties and discretion, to have regard to the interests of all Class of Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders (i) there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders; or (ii) there is a conflict between the interests of the holders of different Classes, the Representative of the Noteholders will consider only the interests of the holders of the Most Senior Class of Notes then

outstanding; or (iii) there is a conflict between the interests of the Other Issuer Creditors, then the Representative of the Noteholders shall have regard to the interests of whichever of the Other Issuer Creditors ranks higher in the Order of Priority for the payment of the amounts therein specified.

Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interests of 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 (i) in full of all amounts owing to the holders of the Notes or, (ii) with the prior consent of the Junior Noteholdes, in full of the Rated Notes and in part of the Junior 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 Junior 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 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 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 3 – "*Purpose of the Organisation*" of the Rules of the Organisation of the Noteholders).

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 Rated Notes and (ii) 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 defined below). 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 on credit rating agencies (the "**CRA Regulation**").

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 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 Servicer, the Originators, 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

No independent investigation in relation to the Portfolios

None of the Issuer, the Arrangers, the European Investment Bank nor 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 Loan Agreements, the Mortgages and the origination procedures of the Receivables) sold by the Originators to the Issuer or to establish the creditworthiness of any Debtor.

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

The Issuer will rely instead on the representations and warranties given by the Originators in the Warranty and Indemnity Agreement and in the Transfer Agreements. Each Originator has, pursuant to the 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 Receivables; (ii) the validity, effectiveness and proper execution of the 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 Loan Agreements. Please see the section headed "*Description of the Transaction Documents*".

The indemnification obligations undertaken by each Originator under the Warranty and Indemnity Agreement are unsecured Receivables of the Issuer and no assurance can be given that BPB or CRO can or will pay the relevant amounts if and when due.

Mutui Fondiari

The Portfolios comprise certain 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*".

Loans' Performance

Each Portfolio is comprised of performing commercial 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 Debtors will not default under the Loans and that they will continue to perform their relevant payment

obligations. Debtors may default on their obligations due under the 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 Debtors, and could ultimately have an adverse impact on their ability to repay the 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 Debtors 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 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 Debtor 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 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 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 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 Receivables. 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 Debtors

General economic conditions and other factors have an impact on the ability of the Debtors to repay the Loans. Loss of earnings, illness, 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 Debtors, which may lead to a reduction in Loans payments by such Debtors and could reduce the Issuer's ability to service payments on the Notes.

The Loans have been entered into, inter alia, with Debtors who may fall within the scope of the application of the Italian Bankruptcy Law and as such may be subject to insolvency proceedings (procedure concorsuali) under the Bankruptcy Law.

In the event of insolvency of a Debtor (to the extent the same is subject to the Italian Bankruptcy Law), the relevant payments or prepayments under a Loan Agreement may be declared ineffective pursuant to Articles 65 or 67 of the Italian 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 Italian Bankruptcy Law do not apply to payments made by Debtors to the Issuer in respect of the securitised Receivables and (ii) prepayments made by Debtors under securitised Receivables are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Italian 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 Italian 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 Debtor 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 Debtor 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 27 June 2017). 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.

On 29 December 2000, the Italian Government issued law decree No. 394 ("*Interpretazione autentica della legge 7 marzo 1996, n. 108*") (the "**Decree 394/2000**"), turned into Law No. 24 of 28 February 2001 ("*Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo* 1996, *n. 108, recante disposizioni in*

materia di usura"), which clarified the uncertainty over the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rates applicable at the time the relevant loan agreement or such other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000. The Italian Constitutional Court (*Corte Costituzionale*) has rejected, with decision no. 29/2002 (deposited on 25th February 2002), a constitutional exception raised by the Court of Benevento concerning Article 1, paragraph 1, of the Usury Law. In so doing, the Constitutional Court has confirmed the constitutional validity of the provisions of the Usury Law which holds that the interest rates may be deemed to be void due to usury only if they infringe the Usury Law at the time they are agreed upon between the borrower and the lender and not as at the time such rates are actually paid by the borrower.

Certain decisions of the Italian Supreme Court (*Corte di Cassazione*) have applied the above principle and have, therefore, deemed lawful (also from a civil law perspective) interest rates which were compliant with the Usury Rates as at the time of the execution of the financing agreements but exceeded such threshold thereafter. On the other hand, according to other decisions of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter. Furthermore, those court precedents have also stated that default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rate. That interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. On 3 July 2013, also the Bank of Italy has confirmed in an official document that default interest rates should be taken into account for the purposes of the Usury Rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable Usury Rates against which the former must be compared.

To solve such a contrast between different Italian Supreme Court (*Corte di Cassazione*) decisions, a recent decision by the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 24675 dated 18 July 2017) finally stated that interest rates which were compliant with the Usury Rates as at the time of the execution of the financing agreements but exceeded such threshold thereafter, are lawful also from a civil law perspective falling outside of the scope of the Usury Law. In this respect, due to the recent date of this last decision, it remains unclear how such decision will be applied by the merit courts.

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

Prospective Noteholders should note that, whilst each Originator has undertaken in the 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 Loans as result of breach of any Law (including the Usury law or 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 Loan being found to be in contravention with the Usury Law, thus allowing the relevant debtor 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 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 the Republic of Italy of a notice of the sale of each Portfolio by the Originators to the Issuer (respectively published on the Official Gazette No. 35, Part 2, on 23 March 2017 and on the Official Gazette No. 10, Part 2 on 25 January 2018) and the registration of such sales with the competent Register of Enterprises of Treviso-Belluno (such registrations were respectively made on 17 March 2017 and on 7 February 2018) 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 Debtor in the case of the Debtor'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 Agreement, 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 and the Subsequent 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.

Rights of set-off and other rights of Debtors

Under general principles of Italian law, a borrower 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 counter claims have arisen before the publication of the notice of the assignment of the Receivables 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 Debtors 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.

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 Loans might materially increase; such event might have an impact on the yield to maturity of the Notes.

Convention between the Ministry of Economy and Finance, ABI and associations of the representative of the companies

In a macroeconomic context where the economic condition of the Italian small and medium enterprises' sector was affected by the financial crisis and experienced increasing levels of loan defaults starting from the end of 2008, in order to introduce measures aimed at supporting companies struck by the financial crisis, on the 3rd of August 2009, the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies signed a convention about the temporary suspension of small and middle-sized companies debts to the banking system in order to help companies struck by the financial crisis (the "**PMI Convention**").

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

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

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended. ABI has clarified on one hand that securitised claims have not been expressly excluded from the object of the PMI Convention and that assigning banks have to do any reasonable effort to satisfy the requests for Suspension also in respect of the securitized claims.

On 28 February 2012 the ABI and the Ministry of Economy and Finance entered into a new convention (the "**New PMI Convention**") providing for, inter alia: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the Suspension. The suspension applies on the condition that the instalments (A) are

timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the possibility for small and middle-sized companies that have not already requested a Suspension to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of two years for unsecured loans and of three years for mortgage loans.

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

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

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013.On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan). On 30 December 2014, ABI and the associations of the representative of the companies agreed to extend the validity period of the July 2013 PMI Convention from 1 July 2013 until 30 March 2015 and to enter into a new convention by the same date. On 31 March 2015, ABI and the associations of the representative of the companies entered into a new convention (the "**2015 PMI Convention**"). The 2015 PMI Convention comprises three different programs:

"*Imprese in Ripresa*" program which regards the extensions and the suspension of the loan agreement given to small and medium enterprises;

"*Imprese di Sviluppo*" program which regards the financing of new projects carried out by the small and medium enterprises; and

"*Imprese e PA*" program which regards the disinvestment of claims to be paid by the Public Administration to the small and medium enterprises

"*Imprese in Ripresa*" program allows the small and middle-sized companies to require, inter alia: (i) a 12-month suspension of payments of instalments in respect of the principal of medium and long-term loans; and (ii) the extension of the final maturity of the loan agreements. In general, the loans which may benefit of the provisions of the 2015 PMI Convention are the loans which (a) were outstanding as at the date of the entering to of the 2015 PMI Convention; and (b) did not benefit from the suspension or extension of the duration in the 24-months period prior to the date of the request of suspension or extension, except for the easing of terms generally applying by operation of law.

In particular:

the suspension under the 2015 PMI Convention applies on the condition that the instalments: (A) are timely paid; or (B) in case of late (or partial) payments, the relevant instalment has not been outstanding for more than 90 days from the date of the relevant request; and

the extension under the 2015 PMI Convention applies on the condition that such extension could not exceed three years for unsecured loans and four years for mortgage loans.

As further condition, in order to benefit either from the suspension or the extension of duration, middle-sized companies shall have, as at the date of the request, no positions which could be classified as unlikely to pay ("*inadempienze probabili*") and restructured ("*ristrutturate*"). The 2015 PMI Convention initially had a validity period ending on 31 December 2017, without prejudice to the rights of the parties to withdraw by 31 December of each year. On 13 December 2017, ABI and the associations of the representative of the companies agreed to extend the validity of the 2015 PMI Convention from 31 December 2017 to 31 July 2018

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

The Originators have acceded to the 2015 PMI Convention.

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 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 Agreement each Originator has represented that all the 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 Loan.

Historical Information

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

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. However as a result of the view taken by the scholars and by the Italian tax authority in Circular No. 8/E of 6 February 2003, 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 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.

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.

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.

Registration tax on transfer of receivables

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. On the contrary, if the transfer of claims has a "financial purpose" and is effected for consideration, as described above, the transaction qualifies for VAT purpose as a VAT exempt transaction (subject to VAT at the zero per cent. rate) and no *ad valorem* registration tax would apply pursuant to article 40 of Italian Presidential Decree No. 131 of April 26, 1986.

Substitute tax under the Rated Notes

Payments of interest and other proceeds under the Rated 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 Rated Notes will receive amounts of interest payable on the Rated 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 Rated 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 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 nor 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 Series 1 Notes Subscription 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, 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 Arrangers, the Originators, nor 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 have not verified these statements nor are giving any representations on these statements.

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, nor any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alios*, 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 alia*, 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 alia*, 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.

(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 Article 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 Arrangers, the Servicers, nor any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

(d) *U.S. risk retention requirements*

The Credit Risk Retention regulations implemented by U.S. Federal regulatory agencies including the SEC pursuant to Section 15G of the Exchange Act of 1934 (as amended), as added by section 941 of the Dodd-Frank Act (the "**U.S. Risk Retention Rules**") came into effect with respect to residential mortgage backed securities on 24 December 2015 and other classes of asset backed securities on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

European Securitisation Regulations

Article 8b of Regulation 462/2013 (EU) which amends the CRA Regulation (together, "**CRA3**") became effective on 1 January 2017 and requires the Originators and the Issuer to comply with certain disclosure and reporting requirements. Due to delay in set-up of the European Securities and Marketing Authority ("**ESMA**") website, originators and issuers have not yet been required to comply with such requirements. Article 8b of CRA3 will be repealed and replaced by the new disclosure requirements pursuant to the Securitisation Regulations (defined below). On 20 November 2017, the Council of the European Union approved the final versions of the EU Securitisation Regulation

(Regulation (EU) 2017/2402) and the associated CRR Amending Regulation (Regulation (EU) 2017/2401) (the "**Securitisation Regulation**"), and on 28 December 2017 the Securitisation Regulations were published in the Official Journal of the European Union.

The CRR Amending Regulation is 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 Securitisation Regulation also aims to create common foundation criteria for identifying simple, transparent and standardised (STS) securitisations.

The Securitisation Regulation provides that qualifying STS securitisations should be subject to less onerous capital treatment; that certain aspects of existing legislation (including the Solvency II Regulation and AIFMR) should be repealed and replaced with a single EU-wide securitisation regulation; and that the onus of demonstrating that a securitisation meets STS criteria is not solely the responsibility of the originator. The Securitisation Regulation also include revised risk retention and transparency requirements, new due diligence requirements imposed on certain institutional investors in a securitisation and a ban on the securitisation of self-certified loans made after 20 March 2014.

The majority of the Securitisation Regulations will not apply as it will apply only to securitisations, the securities of which are issued, on or after 1 January 2019. However, the CRR Amending Regulation will apply to securities issued prior to 1 January 2019. Notably, pursuant to the CRR Amending Regulations, the risk weights attached to securitisation exposures for credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations.

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. Investors should carefully consider (and, where appropriate, take independent advice) in relation to the capital charges associated with an investment in the Notes. In particular, investors should carefully consider the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes for credit institutions and investment firms expected to take effect from 1 January 2020. 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, and increased volatility, 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.

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 any of BPB and CRO is a credit institution established in the European Union, it is subject to the BRRD. Therefore, in case of failure by BPB or CRO 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, BPB or CRO 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.

Measures for the territory affected by the earthquakes of August 2016, October 2016 and January 2017

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.

Based on the state of emergency declared by the Italian Council of Ministers on 25 August 2016, the Italian Prime Minister Office - Department of Civil Protection adopted on 26 August 2016 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, paragraph 1, 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, and 69 municipalities listed in the schedule 2 (included by Law No. 229 of 15 December 2016 after the below mentioned earthquakes occurred on 26 October 2016 and 30 October 2016) both attached to the Decree No. 189. Article 48, paragraph 1, letter (g) of the Decree No. 189 has been amended by article 14, paragraph 6, of Law Decree No. 244 of 30 December 2016, as subsequently converted with modifications into Law No. 19 of 27 February 2017 (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. Subsequently, the Italian Government has enacted Law Decree No. 148 of 16 October 2017 headed "*Disposizioni urgenti in materia finanziaria e per esigenze indifferibili*", published in the Official Gazette No. 242 of 16 October 2017, as subsequently converted with modifications into Law No. 172 of 4 December 2017 (the "**Decree No. 148**"). Article 2-bis, paragraph 21 of the Decree No. 148 has modified article 14, paragraph 6, of Decree No. 244 providing for: (i) the extension until 31 December 2018 of the suspension period originally provided under the Decree No. 189 (i.e., 31 December 2016), already extended until 31 December 2017 by Decree No. 244, without prejudice to the limits provided for by the Decree No. 244 (i.e., only in respect of, *inter alia*, mortgage loans entered into for main residences (*abitazioni principali*) and business activities) (the "**Suspension Period**"); and (ii) the extension until 31 December 2020 of the Suspension Period only in respect of mortgage loans entered into for the purchase of the primary residential property (*acquisto prima casa*) and business activities, destroyed or declared unsafe, which are located in an area (*zona rossa*) set up by a municipality's major specific order during the period from 24 August 2016 and the date on which the Decree 148 has entered into force (being 16 October 2016).

Following two other earthquakes occurred on 26 October 2016 and 30 October 2016 in the central Italy area (i.e., certain municipalities located in the regions of Abruzzo, Lazio, Marche and Umbria), 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. Law No. 229 of 15 December 2016 has added the schedule 2 to Decree 189 including the list of 69 municipalities affected by the earthquakes and to which Article 48, paragraph 1, letter (g) of the Decree No. 189 applies.

Moreover, in the central Italy area, (i) another earthquake occurred on 18 January 2017 and (ii) exceptional weather events occurred during the second half of January 2017, so that 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 cannot 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 2016, October 2016 and January 2017 and the exceptional weather events occurred during the second half of January 2017.

Whereas the Initial Portfolios did not contain Receivables in respect of which, as at the relevant Valuation Date, there were in place total suspension of payment of the instalments, the Subsequent

Portfolios do contain Receivables in respect of which, as at the relevant Valuation Date, there were in place total suspension of payments. With reference to such last Receivables, the relevant instalments will not be paid until the suspension period ends.

Risks related to BPB's transformation into a joint-stock company ("S.p.A.")

In 2016, BPB carried out all of the activities required for it to transform from a cooperative bank into a joint-stock company (*società per azioni*) in compliance with regulatory provisions (Law Decree 3/2015 and Conversion Law 33/2015) and the ensuing implementing provisions (9th update of Bank of Italy Circular 285 "**Supervisory Provisions for Banks**"). After the completion of the required activities, in November 2016 the Extraordinary Shareholders' Meeting was called for the 10 and 11 December 2016 on first and second call.

On 2 December 2016, the Council of State (*Consiglio di Stato*) acknowledged the "non-groundless" nature (*non manifesta infondatezza*) of the objections to the compliance with the Italian Constitution of the reform on cooperative banks, raised by various shareholders and consumer associations, particularly concerning the limitation to the right of withdrawal (*diritto di recesso*). Consequently, the Council of State has partially suspended the implementation of the aforementioned 9th update of Bank of Italy Circular 285 and referred the issue to the Constitutional Court (*Corte Costituzionale*).

In view of this ruling and of the resulting uncertainty in the legal framework, BPB rescheduled the meeting, from 10 and 11 December 2016, as originally planned, to 26 and 27 December, that is, the latest possible date specified to approve the transformation.

Furthermore, on 16 December 2016, in response to a petition submitted by another cooperative bank, the Council of State issued a decree suspending the deadline for the transformation of cooperative banks into joint-stock companies, until the hearing for discussion of the petition, for which a closed session was scheduled for 12 January 2017.

Then, on 23 December 2016, BPB received an order whereby the Court of Bari prohibited the Shareholders' Meeting from taking place in light of the appeal of several shareholders submitted pursuant to article 700 of the Civil Procedure Code. The Board of Directors then also cancelled the shareholders' meeting scheduled for 26 or 27 December.

On 13 January 2017, the order was made public whereby the Council of State ordered that the deadline for the transformation of cooperative banks into joint-stock companies would remain suspended until the publication of the further order to be issued by the Council of State after the Constitutional Court makes its pronouncement on the issues of legitimacy raised by the Council and then referred to that Court.

BPB is currently waiting for the legal framework to be fully defined to pass the ensuing resolutions with respect to the transformation into a joint-stock company. As such, BPB is currently waiting for the legal framework in this area to be defined in order to pass the required resolutions with respect to the transformation of the company into a joint-stock company.

In this regard, BPB's transformation into a joint-stock company and the associated capital strengthening project through the acquisition of new financial resources constitute the essential conditions for meeting economic and long-term objectives and for the achievement of a balance in operating policies and strategic market positioning.

The transformation into a joint-stock company (to be executed in order to comply with regulatory provisions) is particularly important for BPB since it could allow the bank to have a legal form more coherent with its current size, thus enabling BPB to give more decision-making power to current shareholders and also to potentially attract new investors.

With the transformation into a joint-stock company, BPB has the objective to complete, in a stricter regulatory framework, a capitalization plan of Euro 350,000,000 which is important to cover derisking activities, improve BPB efficiency plan and boost the business model innovation. Moreover the joint-stock company is the corporation form which could better allow potential investments of institutional and industrial partners and, in general, of new investors able to contribute capital resources and their industrial view as shareholders.

The capital strengthening is an important project reported in the current BPB business plan; in case of delay or failure to fulfill the project objectives, BPB could be in the condition to not achieve its expected economic and financial results and in more difficulties to maintain the minimum regulatory requirements.

During the meeting of BPB's Board of Directors held on 27 September 2017, a resolution was passed to implement the transformation into a joint-stock company by the end of the first half of 2018. However, as at the date of this Prospectus, BPB is not in a position to predict when the Constitutional Court will pronounce its award on this issue.

Risks related to legal proceedings

Risks related to legal proceedings refer to the risk that the economic implications of judicial proceedings brought against BPB could have repercussions on BPB's stability.

The amounts involved in currently pending legal disputes are considered not to be significant in relation to BPB's soundness, although given the complexity of the relevant circumstances underlying these disputes together with possible issues relating to the interpretation of applicable law, it is inherently difficult to estimate precisely the potential liability to which BPB may be exposed upon conclusion of these disputes. In this respect see also paragraph headed "Proceedings of the judicial and supervisory authorities" in Part A (Accounting principles) and paragraphs headed "Arbitration and judicial proceedings" of the explanatory notes to the 2017 Consolidated Interim Financial Statements).

As at 30 June 2017, the provision for risks and charges for legal disputes amounted to € 35.75 million. However there can be no assurance that legal proceedings not included in these provisions would not in the future give rise to additional liabilities, or that the amounts already set aside in these provisions will be sufficient to cover in full possible losses deriving from these proceedings. This could have a material adverse effect on the Group's business, financial condition or results of operations. In this respect, it has to be noted that such legal proceedings do not refer to any of the Receivables assigned by the Originators under the Securitisation.

Risks connected with regulatory inspections

In 2013 the Group has been the subject of three inspections by the Bank of Italy. More particularly:

In January 2013, an inspection has been commenced by the regulator at the offices of Banca Popolare di Bari pursuant to articles 54 and 68 of Legislative Decree 385/1993, to assess "the adequacy of the impairments on the values of the non-performing, doubtful and restructured loans, and the related policies and practices".

The measure forms part of a programme of review of impaired loans (other than "overdue/overdrawn" positions) conducted by the regulator on many of the principal banking groups in Italy. The inspection has been performed at a group level, involving also a small number of positions of the subsidiary Cassa di Risparmio di Orvieto, with reference to 31 December 2012.

The inspection has been completed on 29 April 2013, and on 31 July 2013 the report, detailing the 'findings and observations' identified by the regulator, has been delivered to the appropriate bodies of the parent company

Overall, those findings and observations refer to a small number of operating areas, all of which concern aspects on which the parent company is already taking action.

As for the outcome of the inspection regarding the valuation of loans - shared by BPB and on the whole consistent compared to the average values emerged from the checks conducted by the Bank of Italy - these have already been reflected in full in the financial statements as at and for the year ended 31 December 2012 (see further the report on operations that accompanied those financial statements).

On 4 September 2013, a document containing BPB's counter-submissions has been approved by the Board and delivered to the Bank of Italy.

Between February and April 2013, an inspection has been carried out by the Bank of Italy on CONSOB's instruction, aimed at verifying that the placement of the shares in the share capital increase completed by BPB at the end of February 2013 had been properly implemented, in particular with respect to the application of MiFID.

As far as BPB is aware, the findings from that inspection have been provided to CONSOB and to date BPB has not received any further communications.

Finally, on 29 April 2013, an inspection regarding 'Credit risk, corporate governance, internal audit controls, and compliance matters' has been commenced. In the course of the inspection – completed on 2 August 2013 and which has been conducted by the same unit that performed the previous inspections - matters relating to performing loans and a number of operational, audit and governance issues have been considered. The report has been delivered on 23 October 2013, and counter-submissions by BPB have been submitted on 13 November 2013. The inspection's findings concern a modest number of areas in respect of which scope for improvement have been identified, which BPB has committed to carry out as part of an improvement process that has been ongoing since 2011. The evaluations that have emerged from the regulator's review of loan positions – which are modest also in light of the breadth of that review – have been accepted in full and accounted for by the banks of the Group in the non-consolidated and consolidated financial statements as at and for the year ended 31 December 2013.

On 20 June 2016, the Bank of Italy launched an inspection pursuant to articles 54 and 68 of Italian Legislative Decree 385/93 in order to evaluate the following matters:

- credit risk governance, management and control;
- analysis of the financial position, with reference to the compliance with prudential instructions of the recent share capital increases.

During this inspection, the Inspection Unit also conducted investigations requested by CONSOB in terms of compliance with regulations on investment services, particularly with reference to the financial instruments issued by the Bank. Moreover, the Bank's concerned departments provided the support and collaboration required so as to ensure the effective performance of activities. The Bank also fully incorporated, with resolutions passed even before the completion of the audit, both the greater doubtful outcomes/status reclassifications highlighted in the course of discussions with the inspectors and - with respect to compliance with prudential instructions connected to the recent share capital increases and the outcome of the large-scale assessment conducted - the instructions provided by the Supervisory Authority with respect to the correction of own funds.

On 21 March 2017, the Bank of Italy delivered the report with the "findings and observations" arising from the inspection, with reference to the directly pertinent areas. On 8 May 2017, the Bank submitted

its counterclaims. The Bank, acknowledging the information highlighted by the Supervisory Authority (the financial and economic impacts, as noted, were already incorporated within the financial statements closed as at 31 December 2016), launched specific action plans to re-establish full compliance with the rules and practices highlighted by the Supervisory Authority.

As regards the investigations carried out by the Bank of Italy on behalf of Consob, please note that on last 23 June 2017, the Bank received a specific request from Consob to obtain some information items in preparation for the closure of the preliminary investigation phase. In this regard, the Bank promptly provided Consob with a reply to the requests and, to date, the outcomes of these inspections are not yet known. As a result of the Bank of Italy reporting on investigation activities, on November 29th 2017 Consob noticed to Banca Popolare di Bari its decision to open a sanctioning procedure pursuant to art. 190, 190 bis and 195 of TUF referred to the period January 1st 2013 – November 4th 2016. The investigation findings raised by Consob relate to alleged violation of the rules that govern the evaluation of investments' adequacy and appropriateness, the shares sell orders' processing and the shares' price definition process. As of today, the Bank is preparing its counter-arguments with its remarks.

As of January 2nd 2018, Consob noticed to Banca Popolare di Bari the opening of a further sanctioning procedure pursuant to art. 191 and 195 of TUF. This procedure relates to alleged omission of information in the Prospectus elaborated for the last two capital increases (2014 and 2015). As of today, also for this procedure, the Bank is preparing its counter-arguments with its remarks

The outcomes of the two proceedings will be presumably known in the second half of 2018.

In October 2016, the Bank of Italy undertook a series of inspections on transparency pursuant to art. 128 of Italian Legislative Decree 385/93. The inspections were completed in early December and concerned 10 Bank branches operating in the regions of Puglia, Basilicata, Calabria and Campania. The relative investigations were conducted by units consisting of representatives of the competent regional offices of the Bank of Italy, with the coordination of the Bari Office. They concerned audits on compliance with transparency regulations, including through spot checks on different types of contracts. The outcomes of these inspections were sent on 21 March 2017. The Bank provided its responses on 10 May 2017, reporting the initiation of specific activities to take action with respect to the findings reported.

Extension of preliminary investigations to several members of the senior management

On 5 July 2017, a notice was received of the extension of preliminary investigations, which indicated that several members of the senior management of the Parent Company are being investigated for a series of offences in relation to criminal proceedings initiated by the public prosecutor's office of Bari.

As this was a required notice due to the extension of investigations, this deed from the public prosecutor's office is in "bare" form in that the offences abstractly indicated do not refer to charges of specific acts; as a result, they are not known to the recipients of the deed, and likewise the "notitia criminis" and, therefore, the origin of the investigations, cannot be inferred from it.

This situation was reported in articles in the press published on 30 August 2017 with information not known to the recipients of the communication of extension of investigations, in that it was not contained in the document delivered to them. The press sources indicate that the investigation arose from a report of alleged irregularities in the financial statements and mistreatment, submitted by a former executive dismissed for just cause and subsequently reported by the Parent Company for extortion. The Supervisory Authorities were informed of the facts and the Parent Company reiterated that it had always acted with absolute fairness and in full compliance with applicable regulations.

At this stage of the investigation, it is not possible to know and to evaluate any possible negative impact on the corporate governance of BPB. In respect of this matter, please note that from the end of August 2017 there are no updates.

Risk associated with potential capital impact of planned NPL disposals for European Banks

The reduction of a potential large stock of non-performing loans (**"NPLs**") in banks' portfolios is a critical issue for all European banks. NPLs sales – an effective and rapid way to pursue the objective – tend to have a negative impact on banks' capital ratios via direct losses, because the sale prices are typically lower than their book value. Therefore, aggressive sales can cause economic losses and capital shortfalls that, especially in the current difficult market conditions and low profitability environment, the Originators may be unable to address.

The risks under paragraphs "*Risks related to BPB's transformation into a joint-stock company ("S.p.A.")*", "*Risks related to legal proceedings*", "*Risks connected with regulatory inspections*", and "*Risk associated with potential capital impact of planned NPL disposals for European Banks*" may be relevant in respect of the Securitisation in case the Originator becomes subject to insolvency or similar proceedings. In such case, the relevant Originator may not be in the position to meet its obligations as indemnity provider under the Transfer Agreement and in certain circumstances the transfer of the relevant Portfolio may be subject to claw-back (see "*Claw-back of the sale of the Portfolios*").

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 held a referendum on the country's membership of the European Union (Brexit). On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the European Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union,

taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the European Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019. The consequences of Brexit are uncertain, with respect to the European Union integration process, the relationship between the United Kingdom and the European Union, and the impact on economies and European businesses.

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 nor 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

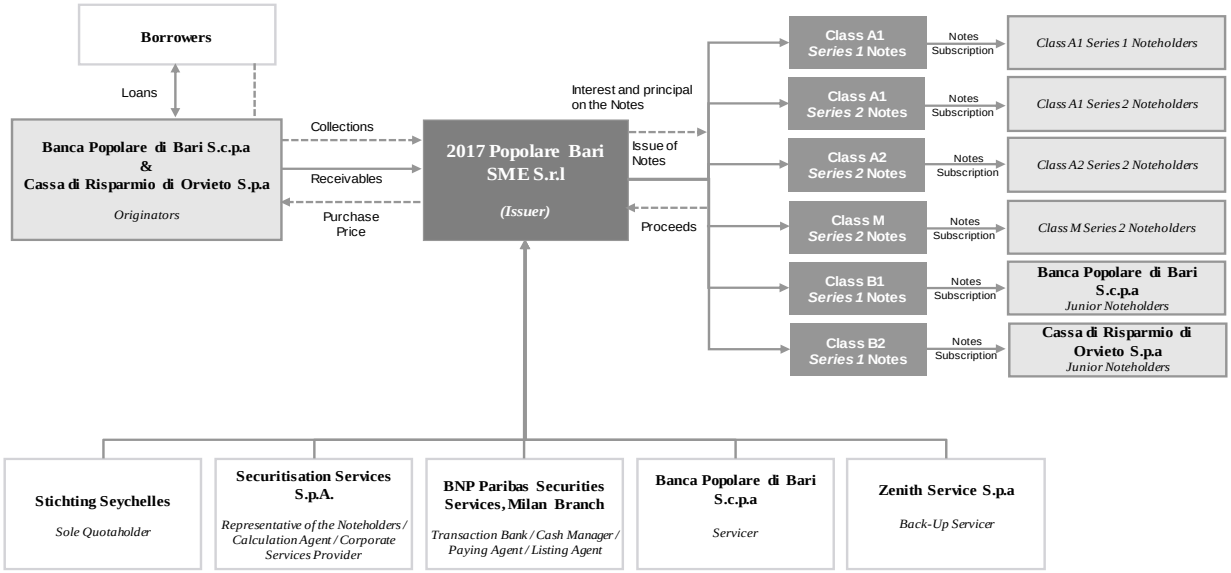
Under the Notes Subscription Agreements, the Issuer has represented that (i) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act, as a result of its reliance on the exemption from the definition of "investment company" set forth in Section 3(c)(1) of the Investment Company Act. 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**") generally prohibit "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. Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" includes an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The Issuer intends to take the position that it is not a "covered fund" by virtue of the "loan securitization exemption" under the Volcker Rule. 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.

Simultaneous occurrence of several risk factors

As risks described in this section can occur simultaneously, a simultaneous occurrence of two or more of such risks would be capable of rendering an investment in the Notes riskier.

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.

TRANSACTION DIAGRAM



TRANSACTION OVERVIEW

The following information is an overview of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and in the Transaction Documents. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this Prospectus.

1. THE PRINCIPAL PARTIES

Issuer	**2017 Popolare Bari SME S.r.l.**, a limited liability company with sole quotaholder incorporated under article 3 of the Law 130, fiscal number and Register of Companies of Treviso-Belluno No. 09664710960, paid-in share capital equal to Euro 10,000, enrolled with No. 35308.6 in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 7 June 2017, whose registered office is at Conegliano (TV), Via V. Alfieri 1, Italy (the "**Issuer**");
Originators	**Banca Popolare di Bari S.c.p.a.**, a bank incorporated in Italy as a *società cooperativa per azioni*, whose registered office is at Corso Cavour, 19, 70122 Bari, share capital, as at 31/12/2016, fully paid up, equal to Euro 800,981,345.00, fiscal code, VAT number and registration with the Companies Register of Bari No. 00254030729, parent company of the banking group "Banca Popolare di Bari" enrolled with the register of banks held by the Bank of Italy pursuant to article 13 of the Italian Banking Act with No. 4616 ("**BPB**" or an "**Originator**"); **Cassa di Risparmio di Orvieto S.p.a.**, a bank incorporated in Italy as a *società per azioni*, whose registered office is at Piazza della Repubblica, 21, 05018 Orvieto (TR), share capital, as at 31/12/2016, fully paid up, equal to Euro 45,615,730.00, fiscal code and registration with the Companies Register of Terni No. 00063960553, belonging to the banking group "Banca Popolare di Bari" subject to the coordination and direction of Banca Popolare di Bari S.c.p.a., enrolled with the register of banks held by the Bank of Italy pursuant to article 13 of the Italian Banking Act with No. 5123 ("**CRO**" or the "**Originator**" and together with BPB, the "**Originators**").
Transaction Bank	**BNP Paribas Securities Services, Milan Branch**, a company incorporated under the laws of the Republic of France, acting through its Italian branch, having its registered office at Piazza Lina Bo Bardi, 3, 20124, Milan, Italy ("**BNP**"), acting as transaction bank, or any other person from time to time acting as transaction bank (the "**Transaction Bank**").
Paying Agent	**BNP** or any other person from time to time acting as paying agent (the "**Paying Agent**").
Representative of the Noteholders	**Securitisation Services S.p.a.**, a company incorporated under the laws of the Republic of Italy as a *società per azioni*, share capital of Euro 2,000,000.00 fully paid up, having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies' register of Treviso-Belluno under the

	number 03546510268, currently enrolled under number 50 in the register of the *Intermediari Finanziari* held by the Bank of Italy pursuant to Article 106 of the Consolidated Banking Act, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking group held by the Bank of Italy pursuant to Article 64 of the Consolidated Banking Act, company subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to Article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A., ("**Securitisation Services**") or any other person from time to time acting as representative of the Noteholders (the "**Representative of the Noteholders**").
Servicer	**BPB**, acting as servicer (the "**Servicer**") or any other person from time to time acting as Servicer.
Corporate Services Provider	**Securitisation Services** or any other person from time to time acting as corporate services provider (the "**Corporate Services Provider**").
Back-up Servicer	**Zenith Service S.p.a.**, 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 New register of financial intermediaries ("*Albo Unico*") held by Bank of Italy pursuant to articles 106 of the Consolidated Banking Act, ABI Code 32590.2, acting in its capacities as back-up servicer ("**Zenith**") or any other person from time to time acting as back-up Servicer (the "**Back-Up Servicer**").
Cash Manager	**BNP** or any other person from time to time acting as cash manager (the "**Cash Manager**").
Calculation Agent	**Securitisation Services**, or any other person from time to time acting as calculation agent (the "**Calculation Agent**").
Quotaholder	**Stichting Seychelles**, a foundation (stichting) incorporated under the laws of the Netherlands, having its registered office at Barbara Strozzilaan, 101, 1083 HN Amsterdam, The Netherlands, enrolled with the companies' register of Amsterdam number 66786045 (the "**Quotaholder**").
Stichting Corporate Services Provider	**Wilmington Trust SP Services (London) Limited**, a private limited liability company incorporated under the laws of England, having its registered office at Third Floor, 1 King's Arms Yard, London EC2R 7AF, England (the "**Stichting Corporate Services Provider**").
Arrangers	**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, acting as arranger ("**J.P. Morgan**").

Société Générale, a bank organised as a public limited company (société anonyme) incorporated under the laws of the Republic of France with registered number 552120222 RCS Paris, having its registered office at 29, Boulevard Haussmann, 75009 Paris, France, acting as arranger ("**SocGen**").

2. THE PRINCIPAL FEATURES OF THE NOTES

The Notes

Series 1 Notes — On 28 March 2017 (the "**Initial Issue Date**") the Issuer has issued the following notes:

Series 1 Class A1 Notes — Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057 (ISIN Code: IT0005247017) (the "**Series 1 Class A1 Notes**");

Series 1 Class B1 Notes — Euro 302,800,000 Class B1 Variable Return Asset Backed Notes due December 2057 (ISIN Code: IT0005247025) (the "**Class B1 Notes**" or the "**Series 1 Class B1 Notes**"); and

Series 1 Class B2 Notes — Euro 49,000,000 Class B2 Variable Return Asset Backed Notes due December 2057 (ISIN Code: IT0005247033) (the "**Class B2 Notes**" or the "**Series 1 Class B2 Notes**" and together with the Series 1 Class B1 Notes the "**Junior Notes**", and together with the Series 1 Class A1 Notes, the "**Series 1 Notes**").

The Principal Amount Outstanding of the Series 1 Notes as of the Payment Date falling on December 2017 (after payments under the relevant Priority of Payments having been made) is expected to be as follows:

Series 1 Class A1 Notes: Euro 329,544,000;

Series 1 Class B1 Notes: Euro 302,800,000; and

Series 1 Class B2 Notes: Euro 49,000,000.

Series 2 Notes — On 28 February 2018 (the "**Subsequent Issue Date**"), the Issuer will issue the following:

Series 2 Class A1 Notes — Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A1 Notes**" and together with the Series 1 Class A1 Notes, the "**Class A1 Notes**");

Series 2 Class A2 Notes — Euro 150,000,000 Class A2 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A2 Notes"** or the "**Class A2 Notes**" and together with the Class A1 Notes the "**Class A Notes**" or the "**Senior Notes**");

Series 2 Class M Notes — Euro 57,400,000 Class M Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class M Notes**" or the "**Class M Notes**" and, together with the Senior Notes, the "**Rated Notes**"; the

Class M Notes together with the Series 2 Class A1 Notes and the Series 2 Notes Class A2 Notes, the "**Series 2 Notes**"; the Series 1 Notes together with the Series 2 Notes, the "**Notes**".

"**Issue Date**" means (i) in respect of the Series 1 Notes, the Initial Issue Date, and (ii) in respect of the Series 2 Notes, the Subsequent Issue Date.

Issue Price

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

Class	Issue Price
Class A1 Notes	100%
Class A2 Notes	100%
Class M Notes	100%
Class B1 Notes	100%
Class B2 Notes	100%

Form and Denomination of the Notes

The Notes are and will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes are and will be accepted for clearance by Monte Titoli with effect from the relevant Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-*bis* of the Consolidated Financial Act and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes. The minimum denomination of the Notes of each Class is Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.

Interest

The rate of interest applicable from time to time in respect of the Rated Notes (the "**Interest Rate**") will be EURIBOR for 3 (three) months deposits in Euro (the "**Three Month EURIBOR**") (or in the case of the Initial Interest Period related to the Class A2 Notes and Class M Notes, the linear interpolation between the Euribor for one and two months deposits in Euro), as determined and defined in accordance with Condition 7 (*Interest*) plus the following relevant margin:

- Series 1 Class A1 Notes (i) 1.35% *per annum* until and including the Interest Period ending on the Payment Date falling on December 2017 (excluded); (ii) 1.35% per annum starting from (and including) the Payment Date falling on

December 2017 and ending on the Subsequent Issue Date (excluded); (iii) 0.40% *per annum* starting from (and including) the Subsequent Issue Date and ending on (but excluding) the Payment Date falling on March 2018 and (iv) 0.40% *per annum* starting from and including the Interest Period starting from the Payment Date falling on March 2018 (included) and any Interest Period thereafter;

- Series 2 Class A1 Notes 0.39% *per annum*;
- Series 2 Class A2 Notes 0.52% *per annum*; and
- Series 2 Class M Notes 0.70% *per annum*.

Payment Date

"**Payment Date**" means the 28 th day of each of the following months: March, June, September and December in each year (or if such day is not a Business Day, the immediately succeeding Business Day).

Variable Return on the Junior Notes

A Variable Return may or may not be payable on the Junior Notes of each Class on each Payment Date in accordance with the Conditions. The Variable Return payable on the Class B1 Notes (the "**Class B1 Variable Return**") and the Class B2 Notes (the "**Class B2 Variable Return**") on each Payment Date will be determined by reference to the residual Issuer Available Funds available after making all payments due under items from (*First*) to (*Fourteenth*) (both included) of the Pre-Trigger Notice Priority of Payments or under items from (*First*) to (*Eleventh*) (both included) of the Post-Trigger Notice Priority of Payments (as applicable).

"**Variable Return**" means, collectively, the Class B1 Variable Return and the Class B2 Variable Return.

Ranking

Prior to or after the delivery of a Trigger Notice or an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or prior to or on the Final Maturity Date, in respect of the obligations of the Issuer to pay interest on the Notes and Variable Return on the Class B Notes:

a) 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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) on the Class B Notes;

b) the Class M 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 M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) but subordinated to the payment of interest on the Class A Notes, provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

c) the Class B 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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes and the repayment of principal on the Class B Notes.

In respect of the obligations of the Issuer to repay principal on the Notes:

a) the Class A1 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

b) the Class A2 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the repayment of principal on the Class A1 Notes, payment of interest on the Class A Notes and the payment of interest on the Class M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

c) the Class M Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes and the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class M Notes and the repayment of principal on the Class A Notes;

d) the Class B Notes will rank pari passu without preference or priority amongst themselves and in priority to the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of

interest on the Class M Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class M Notes.

Listing

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

Rating

The Rated Notes are expected to be assigned, on the Subsequent Issue Date, the following ratings:

Class A1 Notes "Aa2 (sf)" by Moody's Investors Service Ltd and "AAA (sf)" by DBRS Ratings Limited;

Class A2 Notes "Aa2 (sf)" by Moody's Investors Service Ltd and "AA (high) (sf)" by DBRS Ratings Limited;

Class M Notes "Baa2 (sf)" by Moody's Investors Service Ltd and "A (low) (sf)" by DBRS Ratings Limited.

As of the date of this Prospectus, each of Moody's Investors Service Ltd and DBRS Ratings Limited is established in the European Union and registered in accordance with Regulation (EC) number 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) number 513/2011 of the CRA Regulation and 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).

No ratings will be assigned to the Junior Notes.

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

Segregation of 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 (as defined below) are segregated by operation of law from the Issuer's other assets. Both before and after a winding up of the Issuer, amounts deriving from the Portfolios and the other Issuer's Rights will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Transaction.

The Portfolios and the other Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof.

Pursuant to the terms of the Intercreditor Agreement and the Mandate Agreement, the Issuer will empower the Representative of the Noteholders, following the delivery of a Trigger Notice or upon failure by the Issuer to exercise its rights under the Transaction

Documents, to exercise all the Issuer's non-monetary rights, powers and discretion under certain Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the other Issuer's Rights. Italian law governs the delegation of such power. See for further details "*Description of the other Transaction Documents*".

"**Issuer's Rights**" means any monetary right arising out in favour of the Issuer against the Debtors 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.

Final Maturity Date and Cancellation Date

Save as described in the Conditions, unless previously redeemed or cancelled in full, the Issuer shall redeem the Notes at their Principal Amount Outstanding on the Payment Date falling in December 2057 (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.

Principal Amount Outstanding

"**Principal Amount Outstanding**" means, on any date, (i) the principal amount of a Note or a Class of Notes as of the relevant Issue Date, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

Cancellation of the Notes

The Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued but unpaid interest and any Variable Return (to the extent applicable) on the Final Maturity Date.

The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided in Conditions 8.2 (*Mandatory redemption*), 8.4 (*Redemption for Taxation*) and 8.3 (*Optional redemption*), but without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

If the Issuer has insufficient Issuer Available Funds to repay the Notes in full on the Final Maturity Date, then the Notes shall be deemed to be discharged in full and any amount in respect of principal, interest, Variable Return or other amounts due and payable in respect of the Notes shall be finally and definitively cancelled, if the Issuer certifies that - following realization of the Portfolios and the other Issuer's Rights - no further amounts will be available to the Issuer (whether from the Receivables, the other Issuer's Rights arising from enforcement of security or otherwise) to pay any amounts due in respect of the Notes or to the Other Issuer Creditors.

Mandatory redemption

On each Payment Date on which there are Issuer Available Funds available for payments of principal in respect of the Notes in accordance with the applicable Priority of Payments set out in

Condition 6 (*Priority of Payments*), the Issuer will cause each €1,000 of nominal amount of each Note to be redeemed on such Payment Date in an amount equal to the relevant Principal Payment Amount determined on the related Calculation Date in accordance with the applicable Priority of Payment set out in Condition 6 (*Priority of Payments*).

Calculation Date

"**Calculation Date**" means the date falling 5 (five) Business Days before a Payment Date.

Optional redemption

If no Trigger Notice has been served on the Issuer, unless previously redeemed in full, the Issuer may redeem the Rated Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the prior consent of the Junior Noteholders, in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon and other amount due in connection with the relevant Notes), in accordance with the Post-Trigger Notice Priority of Payments on any Payment Date if one of the following conditions has been met: (x) the Class A2 Notes have been redeemed in full on the Payment Date immediately preceding to the date of exercise of the call option granted to the Originators pursuant to clause 4.2 of the Intercreditor Agreement, or (y) the Rated Notes can be repaid in full at their Principal Amount Outstanding there being sufficient Issuer Available Funds for such purpose (therefore, without the Issuer being required to sell the Portfolios and using the proceeds deriving therefrom for such purpose).

The exercise of the optional redemption by the Issuer, shall be subject to the following:

(i) that the Issuer has given at least 45 days' prior written notice to the Representative of the Noteholders, the Rating Agencies (to the extent one or more Classes of Notes is then rated by any of the Rating Agencies) and to the relevant Noteholders in accordance with Condition 17 (*Notices*) of its intention to redeem the Notes of each Class which are to be redeemed;

(ii) that prior to giving such notice, the Issuer has provided to the Representative of the Noteholders a certificate signed by an authorised representative of the Issuer on its behalf confirming that the Issuer will on the relevant Payment Date have the funds, not subject to the Security Interests of any person, required to redeem the relevant Notes in full (including for the avoidance of doubt the Principal Amount Outstanding of the Notes and all interest) (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any amount required to be paid under the Post-Trigger Notice Priority of Payments in priority to or *pari passu* with the relevant Notes (to be redeemed).

Redemption for Taxation

If the Issuer:

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

(approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer; and

2. has given not more than 45 (forty-five) nor less than 15 (fifteen) calendar days' prior written notice to the Representative of the Noteholders and the Noteholders, in accordance with Condition 17 (*Notices*)

to the effect that, following the occurrence of certain legislative or regulatory changes, or official interpretations thereof by competent authorities, the Issuer:

(a) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Rated Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein or by any applicable authority having jurisdiction; or

(b) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Notes or the Issuer's assets in respect of the Securitisation (including where the total amount payable in respect of the Portfolio ceases to be receivable by the Issuer, including as a result of any of the Debtors being obliged to make a tax deduction in respect of any payment in relation to any Receivables);

and

3. in each case the Issuer shall have produced evidence reasonably acceptable to the Representative of the Noteholders that it has the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the Rated Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Rated Notes and all or part of its outstanding liabilities with respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Junior Notes,

the Issuer may (i) on the first Payment Date on which such necessary funds become available to it, redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Conditions to be paid in priority to or *pari passu* with the Rated Notes and amounts ranking prior thereto or *pari passu* therewith pursuant to the Pre-Trigger Notice Priority of Payments; and (ii) the Junior Notes in whole or in part (the Junior Noteholders having consented to such partial redemption) and pay any amounts required under the

Conditions to be paid in priority to or *pari passu* with the Junior Notes.

Trigger Events

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

(a) Non-payment

(i) the Issuer defaults in the payment of any Interest Payment Amount on the Most Senior Class of Notes on a Payment Date;

(ii) the Issuer defaults in the payment of any Principal Payment Amount due and payable on the Notes on the Final Maturity Date,

unless any of such defaults has arisen by reason of technical default or error and the payment is made within 3 (three) Business Days (in respect of interest) or 5 (five) Business Days (in respect of principal) of the due date thereof;

(b) Breach of other obligations

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any "Non-payment" referred above) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) calendar days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied;

(c) Insolvency of the Issuer

an Insolvency Event occurs with respect to the Issuer;

(d) Unlawfulness

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

(e) Security Interest

a Security Interest (if any) granted by the Issuer under the Transaction Documents becomes invalid, unenforceable or unlawful;

(f) Breach of Representation and Warranties

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is, in the sole and absolute opinion of the Representative of the Noteholders, incorrect in any material respect when made or deemed to be made, unless it has been remedied within 30 days after the Representative of the Noteholders has served a written notice to the Issuer requiring remedy;

then the Representative of the Noteholders:

(a) shall, in the case of the Trigger Event set out under points (*a*) and (*c*) above;

(b) shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, in the case of the Trigger Events set out under point (*b*) above;

(c) may at its sole and absolute discretion but shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes in case of any other Trigger Event,

give a written notice (a "**Trigger Notice**") to the Issuer (with copy to the Servicer and the Rating Agencies) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with interest accrued and unpaid thereon and that thereafter the Post-Trigger Notice Priority of Payments shall apply.

"**Most Senior Class of Notes**" means (i) the Class A Notes; and (ii) following the full repayment of all the Class A Notes, the Class M Notes and (iii) following the full repayment of all the Class M Notes, the Junior Notes.

Governing Law

The Notes are governed by, and shall be construed in accordance with, Italian law. Any dispute which may arise in relation to the Notes shall be subject to the exclusive jurisdiction of the court of Milan.

3. AVAILABLE FUNDS AND PRIORITY OF PAYMENTS

Issuer Available Funds

"**Issuer Available Funds**" means, on any Calculation Date and in respect of the immediately following Payment Date, the aggregate of:

(i) all the Collections received by the Issuer from the Servicer or CRO, during the immediately preceding Quarterly Collection Period in respect of the Portfolios;

(ii) all positive amounts (other than the amounts already allocated under other items of the Issuer Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer's Accounts (other than the Quotaholder Account) during the immediately preceding Quarterly Collection Period;

(iii) the Cash Reserve Available Amount (if any) transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;

(iv) any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments (including, for the avoidance of doubt, interest, premium or any other amounts representing their yield), but excluding principal proceeds of Eligible Investments made with funds credited to the Cash Reserve Account and other amounts credited to the Payments Account 2 (two) Business Days prior to such Payment Date;

(v) all the proceeds deriving from the sale (in whole or in part), if any, of the Portfolios, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period;

(vi) all the proceeds deriving from the sale, if any, of individual Receivables, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period;

(vii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents (including any payment made by the Originators) and any indemnity which the Issuer may directly recover from third parties under clause 5.3 of the Warranty and Indemnity Agreements during the immediately preceding Quarterly Collection Period; and

for the avoidance of doubt, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Issuer's Accounts as at the immediately preceding Calculation Date.

"Single Portfolio Available Funds" means, in respect to each Portfolio and with reference to each Calculation Date and in respect of the immediately following Payment Date, (for Originators' accounting purposes), the aggregate (without duplication) of:

(i) all the Collections received by the Issuer through the Servicer, during the immediately preceding Quarterly Collection Period in respect of such Portfolio;

(ii) the relevant Outstanding Notes Ratio of all positive amounts (other than the amounts already allocated under other items of the Single Portfolio Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer's Accounts (other than the Quotaholder Account) during the immediately preceding Quarterly Collection Period;

(iii) (a) with reference to the First Payment Date only, the relevant Single Portfolio Cash Reserve Initial Amount, and (b) on each Payment Date falling thereafter, the relevant Outstanding Notes Ratio of the Cash Reserve Available Amount (if any) transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;

(iv) the relevant Outstanding Notes Ratio of any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments made out the funds deriving from the relevant Portfolio (including, for the avoidance of doubt, interest, premium or any other amounts representing their yield), but excluding principal proceeds of Eligible Investments made out the funds deriving from the relevant Portfolio with funds credited to the Cash Reserve Account and other amounts credited to the Payments Account 2 (two) Business Days prior to such Payment Date;

(v) the relevant Outstanding Notes Ratio of all the proceeds deriving from the sale (in whole), if any, of the Portfolios, in accordance with the provisions of the Transaction Documents;

(vi) all the proceeds deriving from the sale, if any, of individual Receivables contained in the relevant Portfolio, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period,

(vii) the relevant Outstanding Notes Ratio of any amounts (other than the amounts already allocated under other items of the Single Portfolio Available Funds) received by the Issuer from any party to the Transaction Documents (including any payment made by the Originators) during the immediately preceding Quarterly Collection Period.

First Payment Date "**First Payment Date**" means, with respect to the Series 1 Notes, the Payment Date of June 2017 and with respect to the Series 2 Notes, the Payment Date falling on March 2018.

"Outstanding Notes Ratio" means, with respect to any Payment Date and to the relevant Portfolio, the ratio, calculated as at the immediately preceding Calculation Date, between (i) the relevant Single Portfolio Notes Principal Amount Outstanding, and (ii) the Principal Amount Outstanding of all the Notes.

"Principal Payment Amount" means, with reference to each Class of Notes and each Payment Date, the principal amount indicated as payable by the Calculation Agent in the relevant Payment Report on such Payment Date pursuant to the Cash Allocation, Management and Payments Agreement, on each Euro 1,000 nominal amount of Notes of each Class.

"Single Portfolio Notes Principal Amount Outstanding" Means with respect to each Payment Date:

(i) with respect to BPB Portfolio, the aggregate of the relevant Single Portfolio Rated Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B1 Notes;

(ii) with respect to CRO Portfolio, the aggregate of the relevant Single Portfolio Rated Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B2 Notes;

in each case as at the immediately preceding Collection Date.

"**Single Portfolio Rated Notes Principal Amount Outstanding**" means, collectively, the Single Portfolio Class A1 Notes Principal Amount Outstanding, the Single Portfolio Class A2 Notes Principal Amount Outstanding and the Single Portfolio Class M Notes Principal Amount Outstanding.

"Single Portfolio Class A1 Notes Principal Amount Outstanding"

means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class A1 Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class A1 Notes on the preceding Payment Dates.

"Single Portfolio Class A2 Notes Principal Amount Outstanding"

means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class A2 Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class A2 Notes on the preceding Payment Dates.

"Single Portfolio Class M Notes Principal Amount Outstanding"

means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class M Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class M Notes on the preceding Payment Dates.

"Single Portfolio Initial Class A1 Notes Principal Amount Outstanding"

means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Initial Issue Date of 86% of the Series 1 Class A1 Notes, equal to Euro 430,547,967.46 and the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Series 2 Class A1 Notes, equal to Euro 16,243,643; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Initial Issue Date of 14% of the Series 1 Class A1 Notes, equal to Euro 69,452,032.54 and the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Series 2 Class A1 Notes, equal to Euro 3,756,357.

"Single Portfolio Initial Class A2 Notes Principal Amount Outstanding"

means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Class A2 Notes, equal to Euro 121,827,323; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Class A2 Notes, equal to Euro 28,172,677.

"Single Portfolio Initial Class M Notes Principal Amount Outstanding"

means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Class M Notes, equal to Euro 46,619,255; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Class M Notes, equal to Euro 10,780,745.

"Pre-Trigger Notice

Priority of Payments"

Prior to (i) the delivery of a Trigger Notice, or (ii) an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or (iii) a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (only if and to the extent that payments of a higher priority have been made in full) (the "***Pre-Trigger Notice Priority of Payments***"):

First, (i) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter (ii) to credit to the Expenses Account the amount necessary, if any, to bring the balance thereof to an amount equal to the Retention Amount;

Second, to pay *pari passu* and *pro rata*(i) to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements within the limit of the Issuer Available Funds available for such purpose; and (ii) the amounts due by the Issuer to the Servicer under clause 3.2 of the Servicing Agreement;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the Receivables which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and on the Class A2 Notes;

Sixth to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

Seventh, prior to the occurrence of a Class M Notes Interest Subordination Event, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class M Notes; *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

Eighth, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes for an amount equal to the relevant Principal Payment Amount;

Ninth, following redemption in full of the Class A1 Notes, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Principal Amount Outstanding of the Class A2 Notes for an amount equal to the relevant Principal Payment Amount;

Tenth, following the occurrence of a Class M Notes Interest Subordination Event, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class M Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

Eleventh, following redemption in full of the Class A Notes, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding of the Class M Notes for an amount equal to the relevant Principal Payment Amount.

Twelfth, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer Agreements and any amount due and payable but unpaid by the Issuer pursuant to the Warranty and Indemnity Agreements;

Thirteenth, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by the Originators under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originator, as restitution of sums unduly paid by it to the Issuer and not expressly set forth in any other item; and (iii) any amount due and payable to them under any role (other than as Originators) under the Transaction Documents and not expressly set forth in any other item;

Fourteenth, after the Rated Notes have been redeemed in full, to repay the Principal Amount Outstanding under the Class B1 Notes and the Class B2 Notes in accordance with Condition 6.3 (*Single Portfolio Priority of Payments*) for an amount equal to the relevant Principal Payment Amount, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not

be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

Fifteenth, to pay, *pari passu* and *pro rata*, the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes in accordance with Condition 6.3 (*Single Portfolio Priority of Payments*).

"Class M 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 10%, provided that in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred.

"**Cumulative Default Ratio**" means, with reference to each Quarterly Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Balance, as of the day on which they have become Defaulted Receivables, of the Receivables arising under those Loans that have become Defaulted Receivables during the period from the Subsequent Effective Date to the last day of such Quarterly Collection Period; and (ii) the Outstanding Balance, as of the Subsequent Effective Date, of all the Receivables comprised in the Portfolios.

"**Outstanding Balance**" means with respect to a Receivable the aggregate of the (i) Outstanding Principal Amount and (ii) all due and unpaid Principal Instalments.

"Post-Trigger Notice Priority of Payments" On each Payment Date following (i) the delivery of a Trigger Notice or (ii) an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or (iii) a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or on the Final Maturity Date, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (only if and to the extent that payments of a higher priority have been made in full) (the "***Post-Trigger Notice Priority of Payments***" and, together with the Pre-Trigger Notice Priority of Payments, the "**Priority of Payments**"):

First, (i) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter, unless an Insolvency Event with regard to the Issuer has occurred, (ii) to credit to the Expenses Account the amount necessary, if any, to bring the balance thereof to an amount equal to the Retention Amount;

Second, to pay *pari passu* and *pro rata* (i) to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements; and (ii) the amounts

due by the Issuer to the Servicer under article 3.2 of the Servicing Agreement;

Third, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof(i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the Receivables which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

Fifth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and on the Class A2 Notes

Sixth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes for an amount equal to the relevant Principal Payment Amount until the Class A Notes have been redeemed in full;

Seventh, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class M Notes;

Eighth, to pay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class M Notes for an amount equal to the relevant Principal Payment Amount until the Class M Notes have been redeemed in full;

Ninth, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer Agreements and any amount due and payable but unpaid by the Issuer pursuant to the Warranty and Indemnity Agreements;

Tenth, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by the Originators under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originators, as restitution of sums unduly paid by it to the Issuer and not expressly set forth in any other item and (iii) any amount due and payable to them under any role

(other than as Originators) under the Transaction Documents and not expressly set forth in any other item;

Eleventh, after the Rated Notes have been redeemed in full, to repay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding under the Class B1 Notes and the Class B2 Notes for an amount equal to the relevant Principal Payment Amount, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

Twelfth, to pay, *pari passu* and *pro rata*, the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes.

"Single Portfolio Priority of Payments"

Prior to the delivery of a Trigger Notice, the Single Portfolio Available Funds shall be applied on each Payment Date to register, for Originators' accounting purposes, the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been registered in full):

First, to register the payment (*pari passu* and *pro rata* according to the amounts then due) of (i) the relevant Outstanding Notes Ratio of any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter (ii) the relevant Outstanding Notes Ratio of the amounts necessary to be credited to the Expenses Account, if any, to bring the balance thereof to an amount equal to the Retention Amount;

Second, to register the payment pari passu and pro rata (i) to the relevant Originator (*pari passu* and *pro rata* according to the amounts then due) any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements; (ii) the amounts due by the Issuer to the Servicer under clause 3.2 of the Servicing Agreement;

Third, to register the payment (*pari passu* and *pro rata* according to the amounts then due), of the relevant Outstanding Notes Ratio of any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

Fourth, to register the payment pari passu and pro rata of (i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business),

expenses and other amounts due and payable to the Servicer in respect of the relevant Portfolio under the Servicing Agreement, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the relevant Portfolio which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) the relevant Outstanding Notes Ratio of any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

Fifth, to register the payment, *pari passu* and *pro rata*, of the interest due and payable on the relevant Single Portfolio Class A1 Notes Principal Amount Outstanding and on the relevant Single Portfolio Class A2 Notes Principal Amount Outstanding,;

Sixth, to register the crediting into the Cash Reserve Account of up to an amount equal to the relevant Single Portfolio Target Cash Reserve Amount;

Seventh, prior to the occurrence of a Class M Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class M Notes Principal Amount Outstanding; *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

Eighth, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof, of the relevant Single Portfolio Class A1 Notes Principal Amount Outstanding;

Ninth, following redemption in full of the Class A1 Notes, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof of the relevant Single Portfolio Class A2 Notes Principal Amount Outstanding;

Tenth, following the occurrence of a Class M Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the relevant Single Portfolio Class M Notes Principal Amount Outstanding, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

Eleventh, following redemption in full of the Class A Notes, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof, of the relevant Single Portfolio Class M Notes Principal Amount Outstanding;

Twelfth, to register the payment to the relevant Originator, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective

Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer Agreements and any amount due and payable but unpaid by the Issuer to the relevant Originator pursuant to the Warranty and Indemnity Agreements;

Thirteenth, to register the payment to the relevant Originator, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by such Originator under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originator, as restitution of sums unduly paid by it to the Issuer; and (iii) any amount due and payable to it under any role (other than as Originator) under the Transaction Documents and not expressly set forth in any other item;

Fourteenth, up to (and including) the Payment Date on which the Rated Notes are redeemed in full, to the extent that the Single Portfolio Rated Notes Principal Amount Outstanding relating to a Portfolio is reduced to zero while the Single Portfolio Rated Notes Principal Amount Outstanding relating to the other Portfolio is higher than zero, to register the allocation of any surplus to the Single Portfolio Available Funds relating to the other Portfolio in an amount necessary to reduce the relevant Single Portfolio Rated Notes Principal Amount Outstanding to zero;

Fifteenth, following redemption in full of the Rated Notes, to register the repayment of any amount allocated in any preceding Payment Date under item (*Fourteenth*) above to the Single Portfolio Available Funds relating to the Portfolio from which such amount has been borrowed (deducting any amount already paid under this item in any preceding Payment Date);

Sixteenth, following redemption in full of the Rated Notes, to register the repayment - *pari passu and pro rata*, among the Notes of the same Series - of the Principal Amount Outstanding of the relevant Series of Junior Notes, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

Seventeenth, to register the payment - *pari passu* and *pro rata*, among the Notes of the same Series - of the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes.

It remains understood that all payments shall be made out of the Issuer Available Funds in accordance with the Pre-Trigger Notice Priority of Payments or Post- Trigger Notice Priority of Payments, while the Single Portfolio Available Funds shall be applied in accordance with the Single Portfolio Priority of Payments only to register, for Originators' accounting purposes, the actual contribution of the relevant Portfolio to such payments.

It is also understood that, following redemption in full of the Rated Notes, the Issuer Available Funds shall be applied to make payments

	under items (*Fourteenth*) and (*Fifteenth*) (both included) of the Pre-Trigger Notice Priority of Payments on the basis of the amounts registered under items from (*Fifteenth*) to (*Seventeenth*) (both included) of the Single Portfolio Priority of Payments in order to settle credits and debts resulting from the different contribution (if any) of each of the BPB Portfolio and the CRO Portfolio**.**
The Portfolios	The Receivables included in the Portfolios represent a plurality of monetary claims identifiable as a pool (*pluralità di crediti pecuniari individuabili in blocco*), pursuant to and in accordance with the combined provisions of articles 1 and 4 of the Securitisation Law and the implementing regulations to article 58 of the Consolidated Banking Act and have been identified by the Issuer and the Originators on the basis of the objective criteria agreed by them pursuant to the terms of the relevant Transfer Agreements, such as to assure the economic and juridical homogeneity of the same. (*See section entitled* "*The Receivables*"). The principal source of payment of interest and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolios purchased by the Issuer pursuant to the terms of the Transfer Agreements. In accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreements, the Portfolios have been assigned and transferred to the Issuer without recourse (*pro soluto*) against the relevant Originator in the case of a failure by any of the Debtors to pay amounts due under the Receivables.
Cash Reserve	The Issuer established a reserve fund in the Cash Reserve Account out of the proceeds deriving from the issue of the Series 1 Notes, in accordance with the priority of payments sets out in the section "*Use of Proceeds*" of this Prospectus for an amount equal to Euro 12,543,534.47 (the "**Cash Reserve Initial Amount**"). Thereafter, on each Payment Date prior to the delivery of a Trigger Notice to (but excluding) the Payment Date on which the Senior Notes are redeemed in full, the Issuer will, in accordance with the Pre-Trigger Notice Priority of Payments, pay into the Cash Reserve Account an amount to bring the balance of such account equal to the Target Cash Reserve Amount. "**Target Cash Reserve Amount**" means an amount equal to Euro 12,543,534.47. As at the Initial Issue Date, the amounts credited to the Cash Reserve Account has been equal to Euro 12,543,534.47.
Principal Transaction Documents	All the Transaction Documents (except for the Stichting Corporate Services Agreement which is governed by Dutch law and the Series 1 Notes Subscription Agreement which is governed by English Law) are governed by Italian law.

4. OPERATION OF THE ISSUER'S ACCOUNTS

Issuer's Accounts with the	The Issuer has directed, subject to the terms and conditions of the Cash Allocation, Management and Payments Agreement and in accordance

Transaction Bank

with the Intercreditor Agreement, the Transaction Bank to establish, maintain and operate the following accounts (denominated in Euro) as separate accounts in the name of the Issuer, until the earlier of the Final Maturity Date and the date on which the Notes are cancelled:

Collection and Recoveries Account

an account (the "**Collection and Recoveries Account**") (*Conto dell'Operazione*) with IBAN Code IT 02 B 03479 01600 000802116001:

a) *into which* **(i)** all amounts received or recovered by the Issuer or by the Servicer on behalf of the Issuer in respect of each Portfolio shall be credited by 20:00 (Italian time) on any day (or in case of a day not being a Business Day, the following Business Day) following the day on which the Servicer has received or recovered the relevant amounts (except for the amounts received or recovered by the Servicer or by the relevant Originator in respect of the relevant Portfolio from the relevant Effective Date (included) until two Business Days preceding the relevant Issue Date which shall be credited not later than the Business Day preceding such Issue Date); and **(ii)** any amount due by the Servicer in respect of the Portfolios to the Issuer as indemnity for the renegotiation of the Receivables pursuant to clause 6.4 of the Servicing Agreement shall be credited; and

b) *out of which* **(i)** any amount standing to the credit thereof will be transferred to the Investment Account in order to be invested in Eligible Investments upon direction of the Cash Manager instructed by the Servicer, and **(ii)** 2 (two) Business Days prior to each Payment Date all amounts standing to the credit of such account on the immediately preceding Collection Date shall be transferred to the Payments Account, to the extent not invested in Eligible Investments.

Investment Account

a cash account identified with IBAN IT 25 A 03479 01600 000802116000 and a securities account identified with No. 2116000 (the "**Investment Account**"):

a) *into which* **(i)** all amounts standing to the credit of the Collection and Recoveries Account and the Cash Reserve Account will be transferred in order to be invested in Eligible Investments pursuant to the provisions of the Cash Allocation, Management and Payments Agreement; and **(ii)** all Eligible Investments purchased upon direction of the Cash Manager instructed by the Servicer, pursuant the provisions of the Cash Allocation, Management and Payments Agreement, shall be credited; and

b) *out of which* **(i)** all amounts arising from the liquidation, disposal or maturity of the Eligible Investments (including any profit generated thereby or interest matured thereon but excluding amounts to be credited on the Cash Reserve Account pursuant to item (ii) below) shall be transferred to the Payments Account 2 (two) Business Days prior to each Payment Date; and **(ii)** the principal proceeds of any Eligible Investment purchased by using funds standing to the credit of the Cash Reserve Account will be

transferred 2 (two) Business Days prior to each Payment Date to the Cash Reserve Account following their liquidation, unless reinvested in Eligible Investments in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

Payments Account

an account (the "**Payments Account**") (*Conto Pagamenti*) with IBAN Code IT 76 C 03479 01600 000802116002:

a) *into which* **(i)** all amounts received by the Issuer under the Transaction Documents (other than collections and recoveries on the Receivables) will be credited, if not credited to other accounts pursuant to the Transaction Documents; **(ii)** all amounts arising from the liquidation, disposal or maturity of the Eligible Investments (including any profit generated thereby or interest matured thereon but excluding the principal proceeds of any Eligible Investment purchased by using funds standing to the credit of the Cash Reserve Account) shall be credited from the Investment Account 2 (two) Business Days prior to each Payment Date; **(iii)** all amounts standing to the credit of the Collection and Recoveries Account (on the immediately preceding Collection Date) to the extent not invested in Eligible Investments shall be credited 2 (two) Business Days prior to each Payment Date; **(iv)** the amounts to be paid by the Originators under the Warranty and Indemnity Agreements and the proceeds deriving from the disposal (if any) of the Portfolios pursuant to the Intercreditor Agreement; **(v)** the Cash Reserve Available Amount specified under the Payments Report shall be transferred from the Cash Reserve Account 2 (two) Business Days prior each Payment Date; **(vi)** on the Initial Issue Date the subscription price of the Series 1 Notes (net of any set-off agreed in the Series 1 Notes Subscription Agreement) has been credited; and

b) *out of which* **(i)** (a) on the Business Day preceding each Payment Date amounts necessary to repay *principal* and to pay interests on the Notes shall be transferred to the Paying Agent in accordance with the provisions of the Cash Allocation, Management and Payments Agreement; (b) on each Payment Date all payments shall be made in accordance with the Intercreditor Agreement and the Conditions, the applicable Priority of Payments and the relevant Payments Report (or Post-Trigger Payments Report, as applicable); (**ii**) on the Initial Issue Date (1) the Retention Amount has been credited to the Expenses Account; and (2) the Cash Reserve Initial Amount has been credited to the Cash Reserve Account.

Cash Reserve Account

an account (the "**Cash Reserve Account**") with IBAN Code IT 53 D 03479 01600 000802116003:

a) *into which* **(i)** on the Initial Issue Date, the Cash Reserve Initial Amount has been credited from the Payments Account; **(ii)** on any Payment Date prior to the delivery of a Trigger Notice, if the balance standing to the credit of the Cash Reserve Account specified in the relevant Payments Report is lower than the Target Cash Reserve Amount, the amount necessary to replenish the Cash

Reserve Account up to the Target Cash Reserve Amount shall be credited from the Payments Account in accordance with the applicable Priority of Payments; and **(iii)** the principal proceeds of any Eligible Investment purchased by using funds standing to the credit of the Cash Reserve Account will be credited from the Investment Account 2 (two) Business Days prior each Payment Date following their liquidation, unless reinvested in Eligible Investments in accordance with the provisions of the Cash Allocation, Management and Payments Agreement; and

b) *out of which* **(i)** the Cash Reserve Available Amount (if any) specified under the Payments Report (or the Post-Trigger Payments Report, as applicable) shall be transferred 2 (two) Business Days prior each Payment Date to the Payments Account; **(ii)** all amounts standing to the credit of such account 2 (two) Business Days prior the Payment Date immediately following the service of a Trigger Notice to the Issuer or the Payment Date on which the Class A Notes are redeemed in full or cancelled, shall be transferred to the Payments Account to form part of the Issuer Available Funds; and **(iii)** all the amounts standing to the credit thereof (unless transferred into the Payments Account) will be transferred to the Investment Account in order to be invested in Eligible Investments upon direction of the Cash Manager instructed by the Servicer in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

Issuer's Accounts with Banca Monte dei Paschi di Siena S.p.A.

By entering into separate agreements, the Issuer has established with Banca Monte dei Paschi di Siena S.p.A. the following accounts as separate accounts in the name of the Issuer:

Expenses Account

an account (the "**Expenses Account**") (*Conto Spese*) with IBAN code IT 77 J 01030 61622 000001744872,

a) *into which* **(i)** on the Initial Issue Date the Retention Amount has been credited from the Payments Account; and **(ii)** on each Payment Date and in accordance with the relevant Priority of Payments an amount shall be paid from the Payments Account so that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount; and

b) *out of which* **(i)** any taxes due and payable on behalf of the Issuer will be paid; and **(ii)** any fees, costs and expenses required to be paid (a) in order to preserve the corporate existence of the Issuer or to maintain it in good standing and comply with applicable legislation and regulations, (b) in relation to the duties of publication and appointment of the expert during any enforcement proceeding (*procedimento di esecuzione*) on the Real Estate Assets,

as provided by Italian law, will be paid; and (c) to fulfill payment obligations of the Issuer to third parties incurred in relation to the Transaction to the extent that the payment of such fees, costs and expenses is not deferrable until the immediately subsequent Payment Date.

Quota Capital Account	an account (the "**Quota Capital Account**") (*Conto Capitale Sociale*) with IBAN code IT 90 P 01030 61622 000001744779, *into which* all sums contributed by the Quotaholder as quota capital and any interest thereon will be credited.

REGULATORY CAPITAL REQUIREMENTS

In the Notes Subscription Agreements and in the Intercreditor Agreement, each of the Originators has undertaken to the Issuer and to the Representative of the Noteholders that it will:

a. retain on the relevant Issue Date and maintain (on an ongoing basis and so long as the Notes are outstanding) a material net economic interest of at least 5% in the Transaction (calculated for each Originator with respect to the Receivables 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 relevant Issue Date, such interest was/will be (as the case may be) comprised of an interest in the first loss tranche (being the Junior Notes);

b. not change the manner in which the net economic interest set out above is held until the Notes are redeemed or repaid in full, save as permitted by the CRR, the AIFM Regulation and the Solvency II Regulation

c. 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;

d. 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 to 410 (inclusive) of the CRR, chapter 3, section 5 of the AIFM Regulation and title I, chapter VIII of the Solvency II Regulation; and

e. notify to the Noteholders any change to the manner in which the material net economic interest set out above is held.

Such retention requirement is satisfied as of the Subsequent Issue Date by the Originators by way of holding all the Junior Notes.

In particular, in accordance with the Notes Subscription Agreements and the Intercreditor Agreement each of the Originators has undertaken to the Issuer and the Representative of the Noteholders that any of such information:

a. on each Calculation Date, will be included in the Investors Report issued by the Calculation Agent, which will:

   1) contain, *inter alia*, (i) statistics on prepayments, and other Receivables information as per the Quarterly Servicer Report under schedule B, Part II of the Servicing Agreement; (ii) details relating to repurchases of Receivables by the Servicer pursuant to the terms of the Servicing Agreement; and (iii) details (provided, where relevant, by the Calculation Agent) with respect to the Interest Rate, Interest Payment Amount, Variable Return and Principal Amount Outstanding of the Notes, principal payments on the Notes and other payments made by the Issuer,

   2) include information on the material net economic interest (of at least 5%) in the Transaction (calculated for each Originator with respect to the Receivables 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);

   3) 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 located at www.securitisation-services.com (for the avoidance of doubt, such website does not

constitute part of the Prospectus);

b. with reference to loan by loan information regarding each Loan included in the Portfolios, be made available, upon request, on the following website: www.popolarebari.it (for the avoidance of doubt, such website does not constitute part of the Prospectus);

c. with reference to the further information which from time to time may be deemed necessary under Articles 405 to 410 (inclusive) of the CRR in accordance with generally accepted market practice and not covered under points (a) and (b), above, will be provided, upon request, by each Originator.

Each of the Originators has further undertaken in the Notes Subsription Agreements and in the Intercreditor 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.

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof, it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holdings Company Act of 1956, as amended, commonly known as the "Volcker Rule". See "Risk Factors - Volcker Rule".

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 Originator, the Servicer, 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"

U.S. RISK RETENTION

Terms used in this section shall, unless otherwise defined or the context otherwise so requires, have the meanings given to them in the U.S. Risk Retention Rules.

In the Notes Subscription Agreements BPB has undertaken, *inter alios*, to the Note Purchasers and the Representative of the Noteholders that, at least until the later of (i) two years from the relevant Issue Date, (ii) the date the aggregate principal balance of the Receivables is one-third or less of the aggregate principal balance of Receivables as of the relevant Issue Date, or (iii) the date the aggregate principal note balance is one-third or less of the aggregate principal note balance as of the relevant Issue Date, it shall:

(i) retain, in its capacity as the sponsor, on an ongoing basis, an economic interest in the form of the Junior Notes in an amount equal to at least 5% of the fair value of the Notes issued by the Issuer, determined using a fair value measurement framework under GAAP as at the date hereof;

(ii) not sell or otherwise transfer any of the Junior Notes, or any other interest or assets that the Originators (or any of their affiliates) is required to retain pursuant to the U.S. Risk Retention Rules, in each case except to the extent permitted under the U.S. Risk Retention Rules;

(iii) not, and shall procure that its affiliates shall not, purchase or sell a security, or other financial instrument, or enter into an agreement, derivative or other position, with any other person which in any way reduces or limits its financial exposure (or the financial exposure of any of its affiliates) to the credit risk of any of the Junior Notes or any other interest in the Issuer the BPB (or any of its affiliates) is required to retain pursuant to the U.S. Risk Retention Rules, except to the extent permitted under the U.S. Risk Retention Rules;

(iv) not, and shall procure that its affiliates shall not, pledge as collateral, or otherwise permit to exist any adverse claim in respect of the Junior Notes or any other Notes the BPB is required to retain pursuant to the U.S. Risk Retention Rules, except to the extent permitted under the U.S. Risk Retention Rules;

(v) ensure that it has disclosed to, *inter alios*, the Notes Purchasers and the Representative of the Noteholders, and will disclose at a minimum, (i) the fair value (expressed as a percentage of the fair value of all of the Notes issued by the Issuer) of the Junior Notes, (ii) a description of the valuation methodology used to calculate the fair values of the Notes, and (iii) all other descriptions, summaries, methodologies, inputs, assumptions, data and other information required to be disclosed at such times pursuant to the U.S. Risk Retention Rules, in form and substance compliant therewith and as reasonably requested by any of, *inter alios*, the Notes Purchaser and the Representative of the Noteholders;

(vi) retain the certifications and disclosures required under the Notes Subscription Agreements and otherwise by the U.S. Risk Retention Rules in its records at all times from date hereof until the third anniversary of the Final Maturity Date, and provide such disclosure upon request to, *inter alios*, the Notes Purchasers and the Representative of the Noteholders, or to such administrative, regulatory or governmental bodies as it may be required to provide such disclosure by the U.S. Risk Retention Rules;

(vii) take such further action as may reasonably be required by the Class A Note Purchaser insofar as the U.S. Risk Retention Rules are applicable and binding on it; and

(viii) promptly, upon the occurrence of a breach by the BPB or the Issuer of any of their obligations under clause 8.22 (*U.S. Risk Retention*), 8.23 (*U.S. Risk Retention Issuer U.S.*

Risk Retention Undertaking) or clause 8.24 (*U.S. Risk Retention Information Undertaking*) of the relevant Notes Subscription Agreement notify, *inter alios*, the Notes Purchasers and the Representative of the Noteholders of any such breach.

THE PORTFOLIOS

1. The Initial Portfolios

On 17 March 2017, the Issuer purchased - with economic effect as of the 00:01 a.m. of 13 March 2017 (the "**Initial Effective Date**") - respectively:

(i) a portfolio (the "**BPB Initial Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Initial Receivables**") originated by Banca Popolare di Bari S.c.p.a. ("**BPB**") pursuant to a transfer agreement entered into on the 17th March 2017 (the "**BPB Initial Transfer Agreement**"), at a purchase price equal to Euro 722,516,623.87 (the "**BPB Initial Portfolio Purchase Price**" as calculated in accordance with the BPB Initial Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all BPB Initial Receivables and (y) an additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Installments due and unpaid by not longer than 30 days as from the Initial Effective Date in relation to the BPB Initial Portfolio ("**BPB Initial Additional Purchase Price**"); and

(ii) a portfolio (the "**CRO Initial Portfolio**" and together with the BPB Initial Portfolio, the "**Initial Portfolios**" and each a "**Initial Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**CRO Initial Receivables**" and together with the BPB Initial Receivables, the "**Initial Receivables**") originated by Cassa di Risparmio di Orvieto S.p.A. ("**CRO**" and, together with BPB, the "**Originators**") pursuant to a transfer agreement entered into on the 17th March 2017 (the "**CRO Initial Transfer Agreement**" and together with the BPB Initial Transfer Agreement, the "**Initial Transfer Agreements**"), at a purchase price equal to Euro 116,674,393.84 (the "**CRO Initial Portfolio Purchase Price**" as calculated in accordance with the CRO Initial Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all CRO Initial Receivables and (y) additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the Initial Effective Date in relation to the CRO Initial Portfolio ("**CRO Initial Additional Purchase Price**").

Notice of the transfer of the Initial Portfolios has been published on the Official Gazette no. 35 (Part 2) of the Republic of Italy dated 23 March 2017.

2. The Criteria of the Initial Portfolios

The Initial Receivables comprised in the Initial Portfolios have been identified by each Originator on the basis of the specific determined criteria, in order to constitute monetary receivables identifiable as a pool ("*crediti pecuniari individuabili in blocco*"), pursuant to and for the effects and benefit of the combined provisions of article 1 and article 4 of the Securitisation Law.

In particular, the Initial Receivables included in the Initial Portfolios as at the 00:01 a.m. of 31 January 2017 (the "**Initial Valuation Date**"), (or the different date specified in the relevant criterion) must meet the following criteria, in order to ensure that the Initial Receivables have the same legal and financial characteristics. The criteria are as follows:

(i) Loans denominated in Euro and deriving from Loan Agreements not including provisions allowing their conversion into a different currency;

(ii) Loans deriving from Loan Agreements governed by Italian law;

(iii) Loans whose relevant Assigned Debtor, in compliance with the selection criteria set forth by the supervisory regulation of the Bank of Italy No. 140 of 11 February 1991 as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*), fall within the following SAE activity sectors (*Settore di Attività Economica*): n. 268 (*Altre finanziarie*), n. 280 (*Mediatori, agenti e consulenti di assicurazione*),

n. 283 (*Promotori finanziari*), n. 284 (*Altri ausiliari finanziari*), n. 288 (*Società di partecipazione (holding) di gruppi non finanziari*), n. 430 (*Imprese produttive*), n. 431 (*Holding private*), n. 432 (*Holding operative private*), n. 450 (*Associazioni fra imprese non finanziarie*), n. 476 (*Imprese controllate da Amministrazioni locali*), n. 477 (*Imprese controllate da altre Amministrazioni pubbliche*), n. 480 (*Quasi-società non finanziarie artigiane - Unità o società con 20 o più addetti*), n. 481 (*Quasi-società non finanziarie artigiane - Unità o società con più di 5 e meno di 20 addetti*), n. 482 (*Quasi-società non finanziarie artigiane - Società con meno di 20 addetti*), n. 490 (*Quasi-società non finanziarie altre - Unità o società con 20 o più addetti*), n. 491 (*Quasi-società non finanziarie altre - Unità o società con più di 5 e meno di 20 addetti*), n. 492 (*Quasi-società non finanziarie altre - Società con meno di 20 addetti*), n. 500 (*Istituzioni ed enti ecclesiastici e religiosi*), n. 501 (*Istituzioni ed enti con finalità di assistenza, beneficienza, istruzione, culturali, sindacali, politiche, sportive, ricreative e simili*), n. 551 (*Unità non classificabili*), n. 614 (*Artigiani*), n. 615 (*Altre famiglie produttrici*);

(iv) Loans whose relevant Debtor, were classified by the relevant Originator, as at 31 December 2016, as "*in bonis*" pursuant to the regulations issued by the Bank of Italy;

(v) Loans deriving from floating rate or a fixed rate Loan Agreements and, with regard to a floating rate Loan Agreement, such floating rate is exclusively indexed: to **(a)** 1 month Euribor; or **(b)** 3 month Euribor; **(c)** 6 month Euribor; **(d)** 12 moth Euribor; **(e)** the ECB Interest Rate; or **(f)** the *swap* rate in Euro (IRS);

(vi) Loans deriving from Loan Agreements that provide for the payment of the Instalments on a monthly, bimonthly, quarterly, semiannual and annual basis;

(vii) Loans which, as at the Initial Valuation Date, have been fully disbursed, and for which there is no obligation to, neither is possible to, disburse any further amount (for the avoidance of doubt, are not sold the loans that provide the Initial Valuation Date the further disbursement of the related amount borrowed in more than one solution according to the work progress ("SAL") of the real estate to which the construction or renovation is finalized its loan);

(viii) Loans with a final maturity date falling after 31 March 2017 and disbursed before 31 December 2016;

(ix) Loans whose Outstanding Principal Amount is, as at 12 March 2017, equal or higher than Euros 150 and lower than Euros 19,800,000;

(x) Loans in relation to which at least one Instalment (even of interest-only) has been paid as at 12 March 2017;

(xi) Loans arising from mortgage Loans in respect of which, as at 12 March 2017, there is not more than one Installment due and unpaid for more than 30 days;

(xii) Loans arising from mortgage Loans in respect of which, as at 31 January 2017, there is no more than one Installment due and unpaid for more than 30 days.

Excluding:

1. loans granted to individuals who are, as at 12 March 2017, directors and/or employees of Banca Popolare di Bari S.c.p.a. or Cassa di Risparmio di Orvieto S.p.a.;

2. loans disbursed pursuant to agreements entered into between the relevant Originator and anti-usury funds ("*fondi anti usura*") or guaranteed by such anti-usury funds ("*fondi anti usura*");

3. loans arising from subsidised contracts or, in any case, contracts which benefit from financial contributions, with regard to the principal amount and/or interest of any kind, in accordance with law or convention, granted by a third party in favor of the related assigned debtor (c.d. "*Mutui agevolati*" e "*Mutui convenzionati*");

4. loans disbursed by a group of banks organized "*in pool*" or which have been subject to syndication;

5. loans granted to companies which, as at 12 March 2017, are affiliates of the Originators or, in any case, belonging to the Banking Group "Banca Popolare di Bari";

6. loans with mixed interest rate ("*tasso d'interesse misto o modulare*"), which provide for (i) the switch into a floating interest rate, once an initial period in which the relevant interest rate is calculated with respect to a fixed interest rate has elapsed, or (ii) the option for the relevant borrower to choose either a fixed or a floating interest rate, once an initial period in which the interest rate is calculated with respect to a fixed interest rate has elapsed;

7. loans disbursed with funding made available by third parties with respect to the Originators;

8. mortgages where the debtor, as at 12 March 2017, benefits from the suspension of payment of installments;

9. loans where the debtor, as at 12 March 2017, has submitted a renegotiation / suspension request to the relevant Originator and that the required result has not yet been notified by the relevant Originator;

10. loans secured by guarantees (*confidi*) whose guarantee agreement does not allow the transfer to the transferee in the event of assignment of the secured claim;

11. loans in respect of which the debtor has entered into hedge interest agreements or purchased financial instruments with a similar function;

12. loans arising from loan agreements identified with the ID numbers of the indebtedness, composed by the juxtaposition between the branch number and the number of the loan agreement, published in the list available on the following website: http://www.popolarebari.it/content/bpb/it/il-gruppo/investor-relations/informative.html and deposited by the purchaser at the register of companies of Treviso and Belluno.

3. The Subsequent Portfolios

On 22 January 2018, the Issuer purchased - with economic effect as of the 00:01 a.m. of 17 January 2018 (the "**Subsequent Effective Date**") - respectively:

(i) a portfolio (the "**BPB Subsequent Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Subsequent Receivables**") originated by BPB pursuant to a transfer agreement entered into on the 22nd January 2018 (the "**BPB Subsequent Transfer Agreement**"), at a purchase price equal to Euro 249,537,850.04 (the "**BPB Subsequent Portfolio Purchase Price**" as calculated in accordance with the BPB Subsequent Transfer Agreement) being the sum of (x) the aggregate of the Subsequent Purchase Price of all BPB Subsequent Receivables and (y) an additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the Subsequent Effective Date in relation to the BPB Subsequent Portfolio ("**BPB Subsequent Additional Purchase Price**"); and

(ii) a portfolio (the "**CRO Subsequent Portfolio**" and together with the BPB Subsequent Portfolio, the "**Subsequent Portfolios**" and each a "**Subsequent Portfolio**" and, together with the Initial Portfolios, the "**Portfolios**" and each a "**Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**CRO Subsequent Receivables**" and together with the BPB Subsequent Receivables, the "**Subsequent Receivables**") originated by CRO pursuant to a transfer agreement entered into on the 22nd January 2018 (the "**CRO Subsequent Transfer Agreement**" and together with the BPB Subsequent Transfer Agreement, the "**Subsequent Transfer Agreements**"), at a purchase price equal to Euro 57,673,539.05 (the "**CRO Subsequent Portfolio Purchase Price**" as calculated in accordance with the CRO Subsequent Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all CRO Subsequent Receivables and (y) additional purchase price corresponding to an amount equal to the Interest Accruals,

Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the Subsequent Effective Date in relation to the CRO Subsequent Portfolio ("**CRO Subsequent Additional Purchase Price**").

Notice of the transfer of the Subsequent Portfolios has been published on the Official Gazette of the Republic of Italy no. 10 (Part 2) dated 25 January 2018.

2. The Criteria of the Subsequent Portfolios

The Subsequent Receivables comprised in the Subsequent Portfolios have been identified by each Originator on the basis of the specific determined criteria, in order to constitute monetary receivables identifiable as a pool ("*crediti pecuniari individuabili in blocco*"), pursuant to and for the effects and benefit of the combined provisions of article 1 and article 4 of the Securitisation Law.

In particular, the Subsequent Receivables included in the Initial Portfolios as at the 00:01 a.m. of 30 November 2017 (the "**Subsequent Valuation Date**"), (or the different date specified in the relevant criterion) must meet the following criteria, in order to ensure that the Subsequent Receivables have the same legal and financial characteristics. The criteria are as follows:

(i) Loans denominated in Euro and deriving from Loan Agreements not including provisions allowing their conversion into a different currency;

(ii) Loans deriving from Loan Agreements governed by Italian law;

(iii) Loans whose relevant Assigned Debtor, in compliance with the selection criteria set forth by the supervisory regulation of the Bank of Italy No. 140 of 11 February 1991 as subsequently amended and supplemented (*Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica*), fall within the following SAE activity sectors (*Settore di Attività Economica*): n. 268 (*Altre finanziarie*), n. 280 (*Mediatori, agenti e consulenti di assicurazione*), n. 283 (*Promotori finanziari*), n. 284 (*Altri ausiliari finanziari*), n. 288 (*Società di partecipazione (holding) di gruppi non finanziari*), n. 430 (*Imprese produttive*), n. 431 (*Holding private*), n. 432 (*Holding operative private*), n. 450 (*Associazioni fra imprese non finanziarie*), n. 476 (*Imprese controllate da Amministrazioni locali*), n. 477 (*Imprese controllate da altre Amministrazioni pubbliche*), n. 480 (*Quasi-società non finanziarie artigiane - Unità o società con 20 o più addetti*), n. 481 (*Quasi-società non finanziarie artigiane - Unità o società con più di 5 e meno di 20 addetti*), n. 482 (*Quasi-società non finanziarie artigiane - Società con meno di 20 addetti*), n. 490 (*Quasi-società non finanziarie altre - Unità o società con 20 o più addetti*), n. 491 (*Quasi-società non finanziarie altre - Unità o società con più di 5 e meno di 20 addetti*), n. 492 (*Quasi-società non finanziarie altre - Società con meno di 20 addetti*), n. 500 (*Istituzioni ed enti ecclesiastici e religiosi*), n. 501 (*Istituzioni ed enti con finalità di assistenza, beneficienza, istruzione, culturali, sindacali, politiche, sportive, ricreative e simili*), n. 551 (*Unità non classificabili*), n. 614 (*Artigiani*), n. 615 (*Altre famiglie produttrici*);

(iv) Loans whose relevant Debtor, were classified by the relevant Originator as "*in bonis*" pursuant to the regulations issued by the Bank of Italy;

(v) Loans deriving from floating rate or a fixed rate Loan Agreements and, with regard to a floating rate Loan Agreement, such floating rate is exclusively indexed: to **(a)** 1 month Euribor; or **(b)** 3 month Euribor; **(c)** 6 month Euribor; **(d)** 12 month Euribor; **(e)** the ECB Interest Rate; or **(f)** the *swap* rate in Euro (IRS);

(vi) Loans deriving from Loan Agreements that provide for the payment of the Instalments on a monthly, bimonthly, quarterly, semiannual and annual basis;

(vii) Loans which, as at the Subsequent Valuation Date, have been fully disbursed, and for which there is no obligation to, neither is possible to, disburse any further amount (for the avoidance of doubt, are not sold the loans that, at the Subsequent Valuation Date, provide further disbursement of the related amount borrowed in more than one solution according to the

progress of the real estate construction or renovation ("SAL") to which the loan is finalized);

(viii) Loans with a final maturity date falling after 31 December 2017 and disbursed before 30 June 2017;

(ix) Loans whose Outstanding Principal Amount is, as at 30 November 2017, equal or higher than Euro 101 and lower than Euro 1,738,432;

(x) Loans in relation to which at least one Instalment (even of interest-only) has been paid as at 30 September 2017;

(xi) Loans arising from Loan Agreements in respect of which, as at 30 June 2017, there is not more than one instalment due and unpaid;

Excluding:

1. loans granted to individuals who are, as at 30 November 2017, directors and/or employees of Banca Popolare di Bari S.c.p.a. or Cassa di Risparmio di Orvieto S.p.a.;
2. loans disbursed pursuant to agreements entered into between the relevant Originator and anti-usury funds ("*fondi anti usura*") or guaranteed by such anti-usury funds ("*fondi anti usura*");
3. loans arising from subsidised contracts or, in any case, contracts which benefit from financial contributions, with regard to the principal amount and/or interest of any kind, in accordance with a law or a convention, granted by a third party in favor of the related assigned debtor (c.d. "*Mutui agevolati*" e "*Mutui convenzionati*");
4. loans disbursed by a group of banks organized "*in pool*" or which have been subject to syndication;
5. loans granted to companies which, as at 30 November 2017, are affiliates of the relevant Originator or, in any case, belonging to the Banking Group "Banca Popolare di Bari";
6. loans with mixed interest rate ("*tasso d'interesse misto o modulare*"), which provide for (i) the switch into a floating interest rate, once has elapsed an initial period in which the relevant interest rate is calculated with respect to a fixed interest rate, or (ii) the option for the relevant Debtor to choose either a fixed or a floating interest rate, once has elapsed an initial period in which the interest rate is calculated with respect to a fixed interest rate;
7. loans disbursed through funding made available by third parties with respect to the Originator;
8. loans secured by consortia ("*confidi"*) whose guarantee agreement does not allow the transfer to the transferee in the event of assignment of the secured claim;
9. loans in respect of which the Debtor has entered into interest rate hedging agreements or purchased financial instruments with a similar function;
10. loans that alternatively at 31 October 2017 or 30 November 2017 have one or more Instalments due and unpaid;
11. loans disbursed to finance or refinance the development of plants powered by solar or different renewable energy (falling in the category "Solar" or "*Energie*")
12. loans arising from loan agreements identified with the ID numbers of the indebtedness, composed by the juxtaposition between the identification number of the branch which disbursed the loan and the number of the loan agreement, published in the list available on the following website: http://www.popolarebari.it/content/bpb/it/il-gruppo/investor-relations/informative.html and deposited by the purchaser at the register of companies of Treviso and Belluno;
13. claims arising from Loans transferred by 2017 Popolare Bari SME S.r.l. to the Originators pursuant to two retransfer agreeements entered into 16 January 2018 and according to the notice published by the Originators in the Official Gazette of the Republic of Italy n. 8 (Part 2) dated 20 January 2018.

The Collections recovered from the Subsequent Valuation Date to the Subsequent Effective Date, equal to Euro 32,419,772.02 will be part of the Issuer Available Funds as at the Payment Date falling on March 2018.

The information in the following table has been provided by each of the Originators and reflects the characteristics of the Portfolios as at the Subsequent Effective Date. The principal amount outstanding of the Portfolios as of the Subsequent Effective Date is equal to Euro 873,526,403. The principal amount outstanding of the Portfolios as of the Cut-off Date is equal to Euro 889,255,294.

Summary of the Portfolios as of the Cut-off Date

	Overall portfolio
Current Principal Balance (Euro)	889,255,294
Original Principal Balance (Euro)	1,452,755,808
Number of Loans	11,173
Number of Borrowers	9,018
Avg. Current Principal Balance (Euro)	79,590
Max Current Principal Balance (Euro)	16,702,000
Min Current Principal Balance (Euro)	51
Avg. Original Principal Balance (Euro)	130,024
Max Original Principal Balance (Euro)	17,500,000
Min Original Principal Balance (Euro)	360
WA Seasoning (years)	4.28
WA Remaining Term (years)	9.57
WA Maturity (years)	13.85
WA Coupon Only for Currently Fixed Rate Loans (%)	4.77
WA Spread Only for Currently Floating Rate Loans (%)	3.08
WA CLTV*	44.61%
WA OLTV*	59.58%
Arrears (%)	0.00%
Top 1 Borrower (%)	1.88%
Top 10 Borrower (%)	8.42%
Top 20 Borrower (%)	11.64%

**For first lien loans only, based on latest property valuation amount*

By Current Principal Balance (€)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0-25,000	60,188,100	6.77%	5,521	49.41%
25,000-50,000	70,836,463	7.97%	1,973	17.66%
50,000-75,000	61,496,167	6.92%	1,004	8.99%
75,000-100,000	57,942,510	6.52%	665	5.95%
100,000-200,000	160,808,538	18.08%	1,146	10.26%
200,000-400,000	144,929,569	16.30%	519	4.65%
400,000-600,000	80,904,335	9.10%	167	1.49%
600,000-800,000	47,019,234	5.29%	68	0.61%
800,000-1,000,000	30,672,787	3.45%	35	0.31%
1,000,000-2,000,000	72,725,164	8.18%	52	0.47%
2,000,000-3,000,000	25,390,020	2.86%	11	0.10%
3,000,000-4,000,000	13,597,739	1.53%	4	0.04%
4,000,000-5,000,000	4,005,787	0.45%	1	0.01%
> 5,000,000	58,738,882	6.61%	7	0.06%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**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 (€)	% Current Principal Balance	Number of loans	% of loans
0-25,000	29,052,678	3.27%	3,484	31.18%
25,000-50,000	56,019,327	6.30%	2,528	22.63%
50,000-75,000	48,584,906	5.46%	1,206	10.79%
75,000-100,000	57,020,775	6.41%	977	8.74%
100,000-200,000	146,142,271	16.43%	1,506	13.48%
200,000-400,000	141,798,669	15.95%	811	7.26%
400,000-600,000	83,705,953	9.41%	288	2.58%
600,000-800,000	58,120,374	6.54%	137	1.23%
800,000-1,000,000	52,698,784	5.93%	93	0.83%
1,000,000-2,000,000	91,436,285	10.28%	101	0.90%
2,000,000-3,000,000	30,503,799	3.43%	19	0.17%
3,000,000-4,000,000	14,200,085	1.60%	6	0.05%
4,000,000-5,000,000	20,513,642	2.31%	8	0.07%
> 5,000,000	59,457,746	6.69%	9	0.08%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**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 (€)	% Current Principal Balance	Number of loans	% of loans
<= 2005	18,237,101	2.05%	245	2.19%
2006	10,765,706	1.21%	84	0.75%
2007	30,177,542	3.39%	165	1.48%
2008	24,217,346	2.72%	201	1.80%
2009	53,223,053	5.99%	404	3.62%
2010	56,885,579	6.40%	521	4.66%
2011	57,100,020	6.42%	585	5.24%
2012	57,474,223	6.46%	588	5.26%
2013	73,977,290	8.32%	972	8.70%
2014	89,653,750	10.08%	1,230	11.01%
2015	181,093,165	20.36%	2,528	22.63%
2016	155,251,015	17.46%	2,417	21.63%
2017	81,199,504	9.13%	1,233	11.04%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Maturity Year	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
2018	18,905,704	2.13%	1,328	11.89%
2019	41,740,723	4.69%	1,636	14.64%
2020	75,306,486	8.47%	1,619	14.49%
2021	68,237,348	7.67%	1,333	11.93%
2022	65,645,447	7.38%	962	8.61%
2023	47,755,521	5.37%	542	4.85%
2024	47,286,888	5.32%	456	4.08%
2025	66,179,645	7.44%	448	4.01%
2026	58,444,694	6.57%	410	3.67%

2027	56,138,937	6.31%	245	2.19%
2028	43,394,133	4.88%	190	1.70%
2029	27,794,433	3.13%	152	1.36%
2030	50,647,153	5.70%	226	2.02%
2031	47,547,586	5.35%	258	2.31%
2032	30,254,142	3.40%	229	2.05%
2033	26,489,831	2.98%	98	0.88%
2034	13,239,255	1.49%	46	0.41%
2035	12,734,184	1.43%	96	0.86%
2036	13,780,712	1.55%	83	0.74%
2037	11,202,641	1.26%	71	0.64%
>= 2038	66,529,832	7.48%	745	6.67%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Seasoning (in years)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0-1	79,882,157	8.98%	1,207	10.80%
1-2	190,547,566	21.43%	2,690	24.08%
2-3	148,727,637	16.72%	2,340	20.94%
3-4	95,139,584	10.70%	1,292	11.56%
4-5	74,041,483	8.33%	894	8.00%
5-6	54,268,352	6.10%	578	5.17%
6-7	56,591,417	6.36%	596	5.33%
7-8	70,306,518	7.91%	517	4.63%
8-9	38,296,050	4.31%	378	3.38%
9-10	23,033,749	2.59%	198	1.77%
> 10	58,420,780	6.57%	483	4.32%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

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

By Remaining Term (in years)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0-2	54,532,498	6.13%	2,840	25.42%
2-4	139,896,360	15.73%	2,985	26.72%
4-6	112,014,374	12.60%	1,530	13.69%
6-8	102,128,131	11.48%	847	7.58%
8-10	120,654,279	13.57%	747	6.69%
10-12	83,961,124	9.44%	342	3.06%
12-14	98,621,812	11.09%	478	4.28%
14-16	42,790,444	4.81%	357	3.20%
16-18	40,572,669	4.56%	136	1.22%
18-20	26,851,760	3.02%	161	1.44%
> 20	67,231,843	7.56%	750	6.71%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Borrower Region	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
Emilia Romagna	4,408,087	0.50%	93	0.83%
Lombardia	25,777,558	2.90%	192	1.72%
Lazio	98,382,643	11.06%	791	7.08%
Toscana	22,973,574	2.58%	158	1.41%
Campania	94,878,342	10.67%	1,218	10.90%
Sicilia	810,169	0.09%	15	0.13%
Piemonte	766,796	0.09%	13	0.12%
Umbria	64,535,560	7.26%	925	8.28%
Puglia	278,145,197	31.28%	2,734	24.47%
Veneto	4,150,206	0.47%	59	0.53%
Marche	12,827,963	1.44%	299	2.68%
Liguria	287,793	0.03%	2	0.02%
Sardegna	469,356	0.05%	10	0.09%
Abruzzo	160,847,494	18.09%	2,648	23.70%
Friuli Venezia Giulia	96,715	0.01%	3	0.03%
Trentino Alto Adige	250,522	0.03%	2	0.02%
Basilicata	90,511,058	10.18%	1,404	12.57%
Valle D Aosta	0	0.00%	0	0.00%
Calabria	20,294,196	2.28%	447	4.00%
Molise	8,842,064	0.99%	160	1.43%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Borrower Area	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
Northern Italy	35,737,676	4.02%	364	3.26%
Central Italy	198,719,740	22.35%	2,173	19.45%
South and Islands	654,797,877	73.63%	8,636	77.29%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Interest rate type	Reference Rate	Current Principal Balance (Euro)	Current Principal Balance (%)	Number of loans	% of loans
Floating rate	Euribor 1m	7,954,995	0.89%	103	0.92%
	Euribor 3m	276,851,869	31.13%	1,572	14.07%
	Euribor 6m	467,083,585	52.53%	6,840	61.22%
	Euribor 12m	9,697,683	1.09%	99	0.89%
	ECB Rate	1,023,427	0.12%	17	0.15%
	Other	1,793	0.00%	1	0.01%
Floating rate with cap	Euribor 3m	5,855,438	0.66%	28	0.25%
	Euribor 6m	7,622,851	0.86%	104	0.93%
	Euribor 12m	86,414	0.01%	2	0.02%
	ECB Rate	52,684	0.01%	1	0.01%
Fixed rate	-	113,024,555	12.71%	2,406	21.53%
Grand Total		**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Current Interest Rate Type	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
Floating	762,613,351	85.76%	8,632	77.26%
Fixed	113,024,555	12.71%	2,406	21.53%
Capped	13,617,387	1.53%	135	1.21%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

Interest Rate Coupon (% only for currently fixed rate loans)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0-1	1,044,563	0.92%	10	0.42%
1-2	7,251,277	6.42%	19	0.79%
2-3	11,052,798	9.78%	109	4.53%
3-4	14,415,504	12.75%	161	6.69%
4-5	26,078,229	23.07%	365	15.17%
5-6	31,212,953	27.62%	972	40.40%
6-7	15,900,826	14.07%	466	19.37%
> 7	6,068,406	5.37%	304	12.64%
Grand Total	**113,024,555**	**100.00%**	**2,406**	**100.00%**

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

By Margin (% only for currently floating loans)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
Negative	1,979,558	0.26%	5	0.06%
0-1	43,223,462	5.67%	211	2.44%
1-2	221,344,480	29.02%	1,422	16.47%
2-3	149,960,386	19.66%	1,248	14.46%
3-4	158,806,254	20.82%	1,820	21.08%
4-5	108,623,055	14.24%	1,488	17.24%
5-6	53,579,162	7.03%	1,373	15.91%
6-7	11,781,003	1.54%	592	6.86%
> 7	13,315,992	1.75%	473	5.48%
Grand Total	**762,613,351**	**100.00%**	**8,632**	**100.00%**

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

By Payment Frequency	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
Monthly	562,799,725	63.29%	9,210	82.43%
Quarterly	103,329,287	11.62%	386	3.45%
Semi annually	197,953,399	22.26%	1,388	12.42%
Annual	11,965,145	1.35%	127	1.14%
Bullet	11,306,498	1.27%	38	0.34%
Other	1,901,239	0.21%	24	0.21%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Amortisation Type	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
French Amortisation	856,147,452	96.28%	11,114	99.47%
Linear	1,548,027	0.17%	4	0.04%
Bullet	11,306,498	1.27%	38	0.34%
Partial Bullet	20,057,280	2.26%	3	0.03%
Other	196,037	0.02%	14	0.13%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Economic Rank	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
First lien	413,347,789	46.48%	2,884	25.81%
Unsecured	283,908,534	31.93%	7,273	65.09%
Lien > 1	191,998,971	21.59%	1,016	9.09%
Grand Total	**889,255,294**	**100.00%**	**11,173**	**100.00%**

By Current Loan to Value (for first lien loans)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0%-10%	11,233,806	2.72%	206	7.14%
10%-20%	32,469,079	7.86%	391	13.56%
20%-30%	68,908,625	16.67%	536	18.59%
30%-40%	78,199,892	18.92%	546	18.93%
40%-50%	83,770,648	20.27%	459	15.92%
50%-60%	58,867,286	14.24%	298	10.33%
60%-70%	37,205,896	9.00%	215	7.45%
70%-80%	30,427,916	7.36%	199	6.90%
80%-90%	1,839,105	0.44%	15	0.52%
90%-100%	1,452,144	0.35%	10	0.35%
> 100%	8,973,393	2.17%	9	0.31%
Grand Total	**413,347,789**	**100.00%**	**2,884**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded. Based on first lien loans only and on latest available property valuation amount*

By Original Loan to Value (for first lien loans)	Current Principal Balance (€)	% Current Principal Balance	Number of loans	% of loans
0%-10%	630,828	0.15%	14	0.49%
10%-20%	10,043,900	2.43%	91	3.16%
20%-30%	29,354,956	7.10%	234	8.11%
30%-40%	48,715,470	11.79%	486	16.85%
40%-50%	81,140,338	19.63%	626	21.71%
50%-60%	62,663,471	15.16%	418	14.49%
60%-70%	81,176,266	19.64%	437	15.15%
70%-80%	70,999,693	17.18%	474	16.44%
80%-90%	10,249,485	2.48%	45	1.56%
90%-100%	3,828,141	0.93%	27	0.94%
> 100%	14,545,241	3.52%	32	1.11%

Grand Total	**413,347,789**	**100.00%**	**2,884**	**100.00%**

** Upper boundary of each bucket is intended as included, lower boundary of each bucket is intended as excluded. Based on first lien loans only and on latest available property valuation amount*

THE ORIGINATORS AND THE SERVICER

BANCA POPOLARE DI BARI S.C.P.A.

Banca Popolare di Bari S.C.p.A. ("**BPB**") is the parent company of the Banca Popolare di Bari Group.

BPB plays a key role among financial institutions in the southern Italian regions, in particular in Puglia, but also in Abruzzo, Campania and Basilicata.

During the first 40 years from its foundation, occurred in 1960, BPB has carried out solely small local acquisitions.

In 2000 the bank acquired certain corporations specialized in brokerage, asset management and corporate finance.

During the last years, according with the strategic plan of the Group, BPB has progressively consolidated its presence in other Italian regions like Lombardia and Veneto (northern Italy) alongside with Lazio, Umbria and Marche (central Italy) in which BPB bought some branches in 2008.

In 2009 BPB strengthened even more its presence in central Italy by acquiring the majority stake of Cassa di Risparmio di Orvieto, a local bank deeply rooted in Umbria and Northern Lazio regions. At the end of 2014, BPB consolidated its position by acquiring the former Tercas Group (143 branches mainly concentrated in Abruzzo).

In 2016, following the acquisition, the former Tercas Group and BPB carried out and completed the merger.

As of June 2017 the Banca Popolare di Bari Group has about 574,000 clients, 3,121 employees, € 14,5 billion of global funding (both direct and indirect) and € 10,2 billion of loans.

Ownership and share capital

As at June 2017, the number of shareholders of BPB amounted to 69,008.

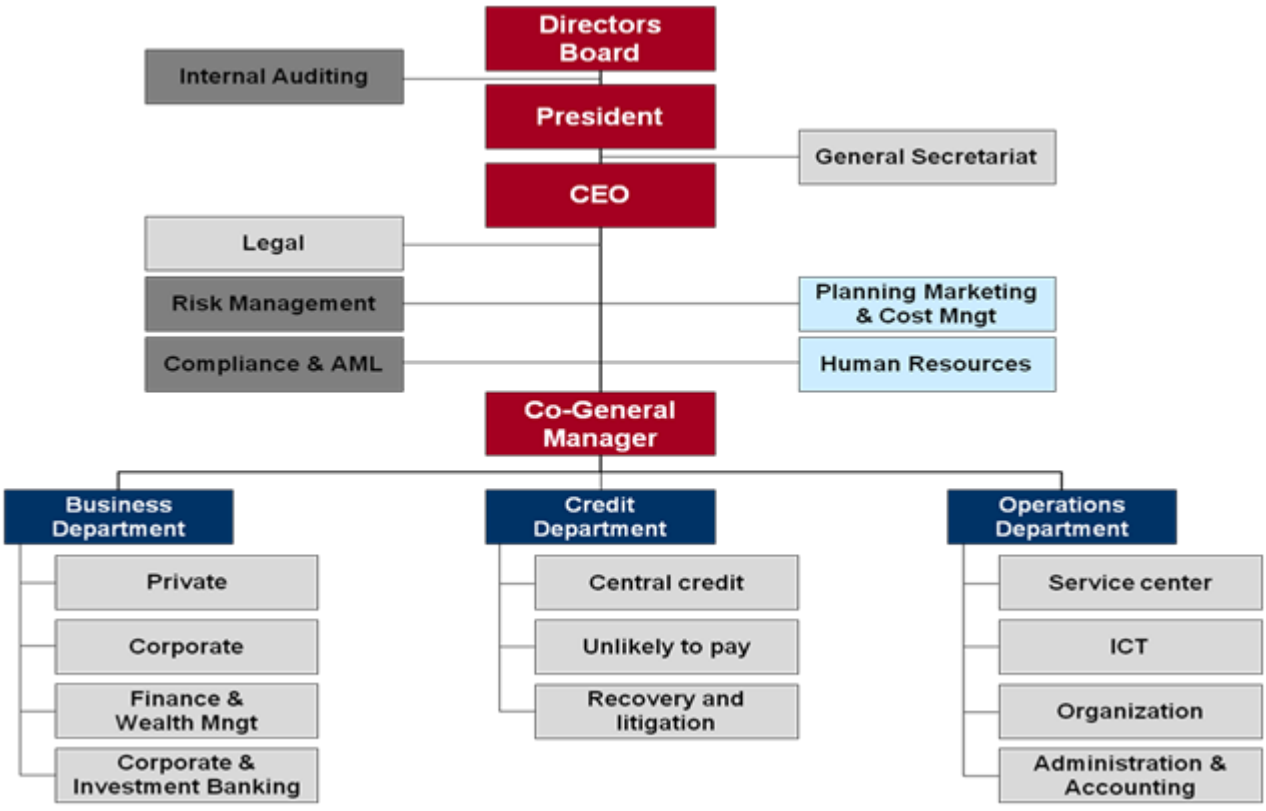
As at today, BPB is subject to certain legislation specific to Italian co-operative banks regarding, *inter alia*, its legal structure and shareholding, the main aspects of which are:

(a) each shareholder may hold a maximum of 1.0 per cent. of the share capital of the bank;
(b) voting is on a per capita basis – each shareholder has the right to a single vote regardless of the number of shares held; and
(c) all prospective shareholders must be approved by the existing shareholders after considering the bank's interest and the spirit of its co-operative form.

Due to its size, Banca Popolare di Bari Group has been included among the entities to be transformed into joint-stock companies (*società per azioni*) in accordance with Legislative Decree No. 3 of 3 January 2015 (converted in Law No. 33 of 24 March 2015). In particular, the deadline for the conclusion of such transformation process was set by the end of December 2016. However, on 13 January 2017 an order (ordinanza) was issued by the State Council (*Consiglio di Stato*) providing that the term for the completion of the transformation process be suspended until the publication of an additional order (*ordinanza*) of the State Council to be issued after the decision of the Constitutional Court (*Corte Costituzionale*) on the legitimacy issues raised by the State Council (*Consiglio di Stato*).

In light of the above, Banca Popolare di Bari Group can only await confirmation of the relevant legal framework in order to take the required resolutions on the transformation into joint-stock company.

Organizational structure



COLLECTION POLICY AND RECOVERY PROCEDURES

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Recovery Policies of BPB

1. CREDIT REVIEW, SUPERVISION AND PRECAUTIONARY ACTIONS

The process of granting credit facilities is closely related to the credit policy established by the Board of Directors, whose decisions (global expansion of credit facilities, levels of concentration, sectorial and territorial distribution, division of risks, etc.), consistent with the other management policies and specifically with those for collection, liquidity and territorial breakdown, are known by all the bodies delegated with credit resolution and management.

The assessment of credit worthiness takes the form of confirming the existence of suitable economic, financial and capital conditions for the granting of credit facilities.

The investigation is aimed specifically at identifying both the capacity to repay the required sums and the most appropriate deadlines with regard to the dynamics of the financial requirements of the party applying for the credit.

For medium-term loans the analysis is aimed at the strategic aspects of the management of the applicant and the profitability and validity of the investment project; while the analysis regarding short-term loans is mainly directed at the current and prospective conditions of the applicant's situation.

Loans are not usually subject to a review period as they involve a technical form of repayment plan, under the terms and conditions established in the contract. They could be subject to periodic re-examination in the presence of trust-based relations structured through continuous lines of credit (e.g. credit facilities in current accounts, advances, etc.). This is without prejudice to the periodic acquisition of (internal and external) trend data for the purpose of a precise evaluation of the customer's credit rating.

The supervision of the quality of the credit of the loan portfolio is assigned, not only to the management body, but also to the structures dedicated to credit management which, at corporate level, manage problematic credit and credit recovery, attaching great importance to the most effective and efficient safeguarding of the Bank's reasons for lending. The metrics, measurement models and development of credit risks are taken care of by a specific Risk Management function. In addition to this, the territorial credit structures and, in the cases in question, the managers of the individual credit relations, by virtue of the ongoing contact with the debtor and taking into consideration the recurrent observation of the development of the relationship, are capable, from the onset, of detecting economic and financial imbalances that give rise to the process of decline with a resulting crisis for the debtor. In addition, the capacity to identify the symptoms of fragility or a default by the counterparty in good time is greatly improved by automatic detection systems, supplied with internal and external information, which the Group Banca Popolare di Bari has.

The precautionary measures, usually implemented, during the first stage of difficulty experienced by the borrower, strive to provide better protection for the Bank's reasons for lending and, by way of example, but not exhaustively, are guided by the:

- ✓ immediate and complete review of the relationship;
- ✓ acquisition of further guarantees to safeguard the credit granted;
- ✓ concession of short-term or long-term forbearance measures, appropriate to the borrower and which can be sustained by them;
- ✓ signing of recovery plans;

- ✓ adherence to certified rescue plans pursuant to Article 67, paragraph 3, letter d) of the Bankruptcy Law;
- ✓ adherence to debt restructuring agreements pursuant to Article 182-*bis* of the Bankruptcy Law.

2. PROCEDURES AND INDICES FOR DETECTING IRREGULAR POSITIONS

The identification of irregularly performing positions takes place through the credit monitoring procedure CQM – Credit Quality Management –, adopted by the Bank, which ensures prompt intervention at various levels.

The objective of the above-mentioned procedure is to highlight credit positions with problems that have already manifested themselves as well as those presenting the first signs of irregularities or difficulties and which, potentially, could evolve into a state of crisis. The system processes a set of data from internal and external sources, relating to qualitative, quantitative and trend information, in order to estimate the capacity of the borrower to repay the debt and identify positions involving a prospective loss risk, generating an internal rating and scores for each position, also on the basis of parameters defined by EU regulations (PD – Probability of Default -, LGD – Loss Given Default – and EAD – Exposure at Default). The procedural information is examined and integrated both by the competent relationship managers, based on the evaluation elements acquired and in constant contact with the customer, and by the central structures charged with the credit monitoring, with ongoing dialogue between the parties responsible for the first level controls in the first and second instance.

3. CLASSIFICATION AND MANAGEMENT OF IRREGULAR POSITIONS IN THE NEXT PHASE

NPEs – Non-Performing Exposures -, in compliance with what is envisaged by the supervisory regulations on the matter, are classified under the following categories:

i. Past due exposures and/or impaired or over the limit (automatic status);

ii. Unlikely to pay;

iii. Non-performing loans;

iv. Forborne exposures (Forbearance).

i. ***Past due exposures and/or impaired and over the limit (automatic status)***

Cash loans which, at the reporting reference date, are past due or impaired and over the limit, continuously, by more than 90 days, are classified as "Past due exposures and/or impaired and over the limit". This classification takes place automatically, in implementation of the existing supervisory regulations. For the purpose of calculating the amount of the past due and/or over limit exposure, it is possible to offset the existing past due and over the limit positions on certain lines of credit with existing margins available on other lines of credit granted to the same debtor. This offsetting also takes place on a daily basis for the purpose of evaluating the extent of the overdraft/past due status.

A debtor's overall exposure is measured as past due and/or over the limit if, at the reporting reference date, the greater of the following two values is equal to or more than the level of 5%:

a. the average of the past due and/or over the limit portions of the entire exposure measured on a daily basis over the latest previous quarter;

b. past due and/or over the limit portion of the entire exposure with regard to the reporting reference date.

For the purpose of calculating the materiality threshold:

a. without prejudice to the requirement of a past due and/or over the limit position needing to persist for more than 90 days, the numerator also takes into consideration any portions which are overdue by less than 90 days on other exposures;

b. the numerator does not take into consideration any default interest requested from the customer;

c. the denominator is calculated taking into consideration the cash exposure.

ii. ***Unlikely to pay***

Classification in this category is, first and foremost, the result of the Bank's verdict surrounding the improbability that, without recourse to actions such as the enforcement of guarantees, the debtor will comply in full (principal and/or interest) with its obligations. This evaluation is carried out regardless of the presence of any overdrafts or outstanding amounts. The explicit symptom of the irregularity (the failed repayment) is not expected where there are elements which imply a situation where there is a risk of default by the debtor. A credit exposure originally allocated under past due and/or over the limit exposures is traced back to unlikely to pay if this classification is a better representation of the subsequent worsening of the credit worthiness of the debtor.

The unlikely to pay category includes all exposures with regard to parties to which the conditions for their classification under unlikely to pay exist and which have one or more lines of credit that satisfy the definition of "Non-performing exposures with forbearance measures" included in Annex V, Part 2, paragraph 180 of the ITS.

Total exposures to debtors who have proposed seeking recourse to an arrangement with creditors with so-called rights reserved to file later (Article 161 of the Bankruptcy Law) are reported under unlikely to pay after the presentation of the claim and until the development of the application is known. The same criteria apply in the case of an application for a settlement with creditors where the business is a going concern (Article 186-*bis* of the Bankruptcy Law), following the presentation and until the outcome of the claim is known.

The classification of Unlikely to pay requires special evaluation/decision-making processes; therefore, in general, a proposal by the operator, an investigation, the opinions of intermediary functions (credit management structure areas and authorities) and the final approval of the competent decision-making body. The decision of the classification of Unlikely To Pay is the responsibility of the Credit Recovery Function and/or the Credit Manager and/or the Credit Committee depending on the powers delegated to them. The preliminary procedure and the authorisation process are traced and implemented through the use of the PCA procedure – *Pratica di Credito Anomalo* (irregular credit practice).

iii. ***Non-performing loans***

This category includes cash exposures with regard to parties that pay in a state of insolvency or in essentially comparable situations. Reaching the non-performing status usually takes place when the negative development of the process of decline is also accompanied by administrative events that denote irreversible financial difficulties such as the cessation of activity, the

decision to dissolve the company and place it in liquidation, the launch of executive and precautionary measures by third parties, the presence of non-performing loans in the system, etc., so that the crisis of the borrower does not allow them to permanently deal with the commitments undertaken. The move to non-performing status is formulated by the operators or central functions which take part in the credit risk management process. Verification of the prerequisites for the transfer to Non-Performing and the related classification is the responsibility of the Credit Manager and/or the Credit Committee and/or the Board of Directors depending on the powers delegated to them.

Within the limits of the powers delegated to it, the Credit Recovery Function promotes all the legal proceedings for the recovery of the loans, arrangements with debtor deferrals, moratoria or rescheduling in general in accordance with weighted economic-legal evaluations for the non-performing loans; for positions that exceed the powers delegated to the above-mentioned function, the competent decision-making bodies will be involved.

iv. ***Forborne exposures (Forbearance)***

This definition identifies forborne exposures, which come under the categories of "Non-performing exposures with forbearance measures" and "Forborne performing exposures", as defined in the ITS. However, while exposures identified as non-performing are a sub-class of non-performing loans (Past due exposures and/or impaired and over the limit, Unlikely to pay and Non-performing loans), those in the forborne performing category may be located either in performing positions or in those classified.

4. RECOVERY PROCEDURES: MANAGEMENT OF INSTALMENTS IN ARREARS

Management of positions with outstanding instalments

In the case of loans where the account is automatically debited, if there is no availability, the amount over the limit is automatically reported to the operator.

For positions with outstanding instalments the operator immediately makes phone contact, alongside the computer loan procedure (Cedacri) automatically sending the customer the first two reminder letters:

(i) 1st reminder. Sent automatically 7 days after the instalment is due.

(ii) 2nd reminder. Sent automatically 40 days after the instalment is due, irrespectively of the frequency, in which the customer is asked to settle the position within 5 days. The communications are produced, not based on the number of unpaid instalments, but on the number of days' delay.

(iii) When the deadline in the 2nd reminder expires, a 3rd reminder is sent which warns the defaulting debtor that the bank will take legal action without further warning over the overdue instalments and the remaining credit still due.

5. RECOVERY PROCEDURES

In order to improve and make the administration of anomalous loans more efficient, the Bank decided to enter a ten year agreement for the bad loans management with Cerved Group, a leading Italian player in the credit management. According to this industrial partnership with a specialized servicer, the Bank has already outsourced an existing portfolio composed by unlikely to pay (UTP) and non-performing positions to Credit Management S.r.l. (a dedicated Cerved Group company) and will transfer on a monthly basis to the same company part of the new flows of unlikely to pay and non-performing positions. In particular, the Bank decided to be internally more focused on positions in excess of 1,5 euro mln and outsource the

management of positions up to 1,5 euro mln. According to the agreement with Cerved Group, the Bank will transfer to the external servicer 75% of future flows of non performing loans and 55% of unlikely to pay exposures which will be generated by the banking group.

In consideration of the credit management agreement, it has been reviewed the Bank organization in terms of credit recovery by creating the Credit Recovery Function, which is structured in four offices with the aim to allow both a correct management of unlikely to pay and non-performing positions internally retained and a strict supervision and government of the Servicer activities on the outsourced positions.

INTERNAL MANAGEMENT UTP POSITIONS OFFICE

The Internal Management UTP Positions Office directly manages the unlikely to pay positions – with the exclusion of the outsourced positions – and it adopts the best-considered out-of-court measures for ensuring the protection of the Bank credit positions. Furthermore, this office supports the definition of management strategies and the identification of possible solutions aimed to regularize the UTP credit positions under management.

INTERNAL MANAGEMENT NON-PERFORMING LOANS OFFICE

The Internal Management Non-Performing Loans Office directly manages non-performing loans positions – with the exclusion of the outsourced positions – and it adopts the best-considered legal proceedings and out-of-court measures to ensure the Bank credit protection. Furthermore, this office supports the definition of management strategies, the identification of possible solutions aimed to regularize the NPLs positions, and promotes any action deemed necessary for NPLs recovery in compliance with internal regulation, also estimating expected losses related to those actions

OUTSOURCED POSITIONS OFFICE

The Outsourced Positions Office manages the activities carried out by the Servicer on the outsourced unlikely to pay positions and non-performing loans. In particular, it supports the Credit Recovery Function in the definition of recovery strategies and monitors its execution, verifying its compliance with the credit management outsourcing agreement. The office operates in strict relation with both the Servicer, providing all the necessary information, documentary and management support, and with the branches where the client relationships has been originated for the acquisition of documents or news deemed useful for the recovery activities.

DESK AND SUPPORT OFFICE

The Desk and Support Office ensures the administrative and account management of the non-performing loans and, if necessary, of the unlikely to pay positions assigned to the external servicer.

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Recovery Policies of CRO

1. CREDIT REVIEW, SUPERVISION AND PRECAUTIONARY ACTIONS

The process of granting credit facilities is closely related to the credit policy established by the Board of Directors in line with the strategic decisions of the Parent Company, whose decisions (global expansion of credit facilities, levels of concentration, sectorial and territorial distribution, division of risks, etc.), consistent with the other management policies and specifically with those for collection, liquidity and territorial breakdown, are known by all the bodies delegated with credit resolution and management.

The assessment of credit worthiness takes the form of confirming the existence of suitable economic, financial and capital conditions for the granting of credit facilities.

The investigation is aimed specifically at identifying both the capacity to repay the required sums and the most appropriate deadlines with regard to the dynamics of the financial requirements of the party applying for the credit.

For medium-term loans the analysis is aimed at the strategic aspects of the management of the applicant and the profitability and validity of the investment project; while the analysis regarding short-term loans is mainly directed at the current and prospective conditions of the applicant's situation.

Loans with residual debts of less than €1,000,000 are not subject to a review period as they involve a technical form of repayment plan, under the terms and conditions established in the contract.

For transactions of the kind with residual debt of more than €1,000,000 relating to businesses, irrespective of the legality of the jurisdiction, there are plans for a regular annual review.

They could be subject to periodic re-examination in the presence of trust-based relations structured through continuous lines of credit (e.g. credit facilities in current accounts, advances, etc.). This is without prejudice to the periodic acquisition of (internal and external) trend data for the purpose of a precise evaluation of the customer's credit rating.

The supervision of the quality of the credit of the loan portfolio is assigned, not only to the operator, the structures dedicated to credit service and commercial service, which, at national level, manage problematic credit, but also to the credit management structures of the parent company for credit recovery, attaching great importance to the most effective and efficient safeguarding of the Bank's reasons for lending. The metrics, measurement models and development of credit risks are taken care of by a specific Risk Management function. In addition to this, the credit management structures and, in the cases in question, the managers of the individual credit relations, by virtue of the constant contact with the debtor and taking into consideration the recurrent observation of the development of the relationship, are capable, from the onset, of detecting economic and financial imbalances that give rise to the process of decline with a resulting crisis for the debtor. In addition, the capacity to identify the symptoms of fragility or a default by the counterparty in good time is greatly improved by automatic detection systems, supplied with internal and external information, which the Group Banca Popolare di Bari has.

The precautionary measures, usually implemented, during the first stage of difficulty experienced by the borrower, strive to provide better protection for the Bank's reasons for lending and, by way of example, but not exhaustively, are guided by the:

- ✓ immediate and complete review of the relationship;
- ✓ acquisition of further guarantees to safeguard the credit granted;

- ✓ concession of measures which could take the shape of short-term or long-term forbearance measures, appropriate to the borrower and which can be sustained by them;
- ✓ signing of recovery plans;
- ✓ adherence to certified rescue plans pursuant to Article 67, paragraph 3, letter d) of the Bankruptcy Law;
- ✓ adherence to debt restructuring agreements pursuant to Article 182-*bis* of the Bankruptcy Law.

2. PROCEDURES AND INDICES FOR DETECTING IRREGULAR POSITIONS

The identification of irregularly performing positions takes place through the credit monitoring procedure CQM – Credit Quality Management –, adopted by the Bank, which ensures prompt intervention at various levels.

The objective of the above-mentioned procedure is to highlight credit positions with problems that have already manifested themselves as well as those presenting the first signs of irregularities or difficulties and which, potentially, could evolve into a state of crisis. The system processes a set of data from internal and external sources, relating to qualitative, quantitative and trend information, in order to estimate the capacity of the borrower to repay the debt and identify positions involving a prospective loss risk, generating an internal rating and scores for each position, also on the basis of parameters defined by EU regulations (PD – Probability of Default -, LGD – Loss Given Default – and EAD – Exposure at Default). The procedural information is examined and integrated both by the competent relationship managers, based on the evaluation elements acquired and in constant contact with the customer, and by the central structures charged with credit monitoring, with ongoing dialogue between the parties responsible for the first level controls in the first and second instance.

3. CLASSIFICATION AND MANAGEMENT OF IRREGULAR POSITIONS IN THE NEXT PHASE

NPEs – Non-Performing Exposures -, in compliance with what is envisaged by the supervisory regulations on the matter, are classified under the following categories:

i. Past due exposures and/or impaired or over the limit (automatic status);

ii. Unlikely to pay;

iii. Non-performing loans;

iv. Forborne exposures (Forbearance).

i. *Past due exposures and/or impaired and over the limit (automatic status)*

Cash loans which, at the reporting reference date, are past due or impaired and over the limit, continuously, by more than 90 days, are classified as "Past due exposures and/or impaired and over the limit". This classification takes place automatically, in implementation of the existing supervisory regulations. For the purpose of calculating the amount of the past due and/or over limit exposure, it is possible to offset the existing past due and over the limit positions on certain lines of credit with existing margins available on other lines of credit granted to the same debtor. This offsetting also takes place on a daily basis for the purpose of evaluating the extent of the overdraft/past due status.

A debtor's overall exposure is measured as past due and/or over the limit if, at the reporting reference date, the greater of the following two values is equal to or more than the level of 5%:

a.the average of the past due and/or over the limit portions of the entire exposure measured on a daily basis over the latest previous quarter;

b. past due and/or over the limit portion of the entire exposure with regard to the reporting reference date.

For the purpose of calculating the materiality threshold:

a. without prejudice to the requirement of a past due and/or over the limit position needing to persist for more than 90 days, the numerator also takes into consideration any portions which are overdue by less than 90 days on other exposures;

b. the numerator does not take into consideration any default interest requested from the customer;

c. the denominator is calculated taking into consideration the cash exposure.

ii. ***Unlikely to pay***

Classification in this category is, first and foremost, the result of the Bank's verdict surrounding the improbability that, without recourse to actions such as the enforcement of guarantees, the debtor will comply in fully (principal and/or interest) with their obligations. This evaluation is carried out regardless of the presence of any overdrafts or outstanding amounts. The explicit symptom of the irregularity (the failed repayment) is not expected where there are elements which imply a situation where there is a risk of default by the debtor. A credit exposure originally allocated under past due and/or over the limit exposures is traced back to unlikely to pay if this classification is a better representation of the subsequent worsening of the credit worthiness of the debtor.

The unlikely to pay category includes all exposures with regard to parties to which the conditions for their classification under unlikely to pay exist and which have one or more lines of credit that satisfy the definition of "Non-performing exposures with forbearance measures" included in Annex V, Part 2, paragraph 180 of the ITS.

Total exposures to debtors who have proposed seeking recourse to an arrangement with creditors with rights reserved to file later (Article 161 of the Bankruptcy Law) are reported under unlikely to pay after the presentation of the claim and until the development of the application is known. The same criteria apply in the case of an application for a settlement with creditors where the business is a going concern (Article 186-*bis* of the Bankruptcy Law), following the presentation and until the outcome of the claim is known.

The classification of Unlikely to pay requires special evaluation/decision-making processes; therefore, in general, a proposal by the operator, an investigation, the opinions of intermediary functions (credit service competent structures) and the final approval of the competent decision-making body. The decision for classification as Unlikely to pay is the responsibility of the credit service manager and his/her deputy under the scope of the same service, for positions up to €400,000, with the approval of the General Manager required for higher amounts. The preliminary procedure and the authorisation process are traced and implemented through the use of the PCA procedure – *Pratica di Credito Anomalo* (irregular credit practice).

iii. ***Non-performing loans***

This category includes cash exposures with regard to parties that pay in a state of insolvency or in essentially comparable situations. Reaching the non-performing status usually takes place when the negative development of the process of decline is also accompanied by administrative events that denote irreversible financial difficulties such as the cessation of activity, the decision to dissolve the company and place it in liquidation, the launch of executive and precautionary measures by third parties, the presence of non-performing loans in the system, etc., so that the crisis of the borrower does not allow them to permanently deal with the commitments undertaken. The move to non-performing status is formulated by the operators or central functions which take part in the credit risk management process. The verification of the prerequisites for the transfer to Non-Performing and the related classification is the responsibility of the Credit Service Manager or their deputies and the Manager of the Risks and Control Office who make decisions directly for amounts up to €100,000 and require the approval of the General Manager for higher amounts which are regularly referred to the Board of Directors.

Within the limits of the powers delegated to it, the Recovery Credit Function which is responsible for the management of non-performing loans, promotes all the legal proceedings for the recovery of the loans, arrangements with debtor deferrals, moratoria or rescheduling in general in accordance with weighted economic-legal evaluations for the non-performing loans; for positions that exceed the powers delegated to the above-mentioned function, the competent decision-making bodies will be involved.

iv. ***Forborne exposures (Forbearance)***

This definition identifies forborne exposures, which come under the categories of "Non-performing exposures with forbearance measures" and "Forborne performing exposures" as defined in the ITS. However, while exposures identified as non-performing are a sub-class of non-performing loans (Past due exposures and/or impaired and over the limit, Unlikely to pay and Non-performing loans), those in the forborne performing category may be located either in performing positions or in those classified.

4. RECOVERY PROCEDURES: MANAGEMENT OF INSTALMENTS IN ARREARS

Management of positions with outstanding instalments

In the case of loans where the account is automatically debited, if there is no availability, the amount over the limit is automatically reported to the operator.

For positions with outstanding instalments the operator immediately makes phone contact, alongside the computer loan procedure (Cedacri) automatically sending the customer the first two reminder letters:

(i) 1st reminder. Sent automatically 7 days after the instalment is due.

(ii) 2nd reminder. Sent automatically 40 days after the instalment is due, irrespectively of the frequency, in which the customer is asked to settle the position within 5 days. The communications are produced, not based on the number of unpaid instalments, but on the number of days' delay.

(iii) When the deadline in the 2nd reminder expires, a 3rd reminder is sent which warns the defaulting debtor that the bank will take legal action without further warning over the overdue instalments and the remaining credit still due.

5. RECOVERY PROCEDURES

In order to improve and make the administration of anomalous loans more efficient, the Bank decided to enter a ten year agreement for the bad loans management with Cerved Group, a leading Italian player in the credit management. According to this industrial partnership with a specialized servicer, the Bank has already outsourced an existing portfolio composed by unlikely to pay (UTP) and non-performing positions to Credit Management S.r.l. (a dedicated Cerved Group company) and will transfer on a monthly basis to the same company part of the new flows of unlikely to pay and non-performing positions. In particular, the Bank decided to be internally more focused on positions in excess of 1,5 euro mln and outsource the management of positions up to 1,5 euro mln. According to the agreement with Cerved Group, the Bank will transfer to the external servicer 75% of future flows of non performing loans and 55% of unlikely to pay exposures which will be generated by the banking group.

The management of remaining non-performing loans is centralized at the parent company level, according to a dedicated Services Agreement while the management of UTP below 1,5 euro mln is under the responsibility of the Risks and Control Office.

RISKS AND CONTROL OFFICE

The Risks and Control Office is in charge for monitoring not regular positions for the whole duration of their irregular status. Moreover the office is in charge to activate any action deemed helpful for the normalisation or for the credit recovery. These positions are constantly monitored and any negative outcome at this stage of the recovery process could result in a subsequent evaluation and proposals for further classification.

Furthermore, this office ensures the management of unlikely to pay positions – with the exclusion of the outsourced positions – and it adopt the best-considered out-of-court measures for ensuring the protection of the Bank credit positions. Moreover, this office supports the definition of management strategies and the identification of possible solutions aimed to regularize the UTP credit positions under management.

INTERNAL MANAGEMENT NON-PERFORMING LOANS OFFICE (PARENT COMPANY'S OFFICE)

The Internal Management Non-Performing Loans Office directly manages non-performing loans positions – with the exclusion of the outsourced positions – and it adopts the best-considered legal proceedings and out-of-court measures to ensure the Bank credit protection. Furthermore, this office supports the definition of management strategies, the identification of possible solutions aimed to regularize the NPLs positions, and promotes any action deemed necessary for NPLs recovery in compliance with internal regulation, also estimating expected losses related to those actions

OUTSOURCED POSITIONS OFFICE (PARENT COMPANY'S OFFICE)

The Outsourced Positions Office manages the activities carried out by the Servicer on the outsourced unlikely to pay positions and non-performing loans. In particular, it supports the Credit Recovery Function in the definition of recovery strategies and monitors its execution, verifying its compliance with the credit management outsourcing agreement. The office operates in strict relation with both the Servicer, providing all the necessary information, documentary and management support, and with the branches where the client relationships has been originated for the acquisition of documents or news deemed useful for the recovery activities.

DESK AND SUPPORT OFFICE (PARENT COMPANY'S OFFICE)

The Desk and Support Office ensures the administrative and account management of the non-performing loans and, if necessary, of the unlikely to pay positions assigned to the external servicer.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to article 3 of the Securitisation Law, as a *società a responsabilità limitata* (limited liability company) on 17 October 2016 under the name of Canaletto SPV S.r.l. On 21 November 2016, the quotaholders' meeting approved, *inter alia*, the change of the company name of the Issuer into Algea NPL S.r.l. On 7 March 2017, the quotaholders' meeting approved, *inter alia*, the change of the company name of the Issuer into 2017 Popolare Bari SME S.r.l.. The Issuer is currently registered in the Register of Companies of Treviso-Belluno with No. 09664710960 and has its registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy.

Without prejudice to the below, since the date of its incorporation, the Issuer has not engaged in any business other than: (i) the activities related to the purchase of the Portfolios; (ii) the authorisation and the execution of the Transaction Documents to which it is a party; (iii) the activities incidental to any registration under the laws of the Republic of Italy; (iv) the activities referred to or contemplated in this Prospectus and in the Transaction Documents; (v) the authorisation by it of the Notes, and no dividends have been declared or paid. Prior to purchasing the Portfolios, the Issuer purchased a portfolio of receivables. It must be noted however that such purchase was terminated and the relevant receivables were retransferred to the relevant originator.

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 quotaholders of the Issuer is Stichting Seychelles (the "**Quotaholder**") which held the entire quota capital (Euro 10,000) of the Issuer. The Quotaholder is a foundation under Dutch law. To the best of its knowledge, the Issuer is not aware of directly or indirectly ownership or control apart from its Quotaholder. The duration of the Issuer is until 31 December 2100.

Principal Activities

The scope of the Issuer, as set out in article 3 of its By-laws (*Statuto*), is exclusively to purchase monetary claims in the context of the securitisation transactions, and to fund such purchase by issuing asset backed securities or by other forms of limited recourse financing, all pursuant to article 3 of Law 130. The issuance of the Notes was approved by means of the meetings of the Quotaholder held on 22 March 2017 and 12 February 2018. So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the relevant Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolios, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital. The Issuer will covenant to observe, *inter alia,* those restrictions which are detailed in the Conditions.

Directors and Statutory Auditors

2017 Popolare Bari SME S.r.l. is managed by a sole director whose name is Ms Maria Francesca Dalpasso. Such sole director was appointed by a quotaholders' meeting passed on 3 March 2017. The domicile of Ms. Maria Francesca Dalpasso, in her capacity as sole director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, telephone number +39 0438 360 926; fax number +39 0438 360 962. Director's principal activity: performing the role of director of companies engaged in the structured finance business and an officer in Securitisation Services S.p.A.

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

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Series 2 Notes on the Subsequent Issue Date and after payments made on the Interest Payment Date falling on November 2017, is as follows:

Capital

Issued authorized and fully paid up	Euro 10,000

In connection with the issue by the Issuer of the Series 2 Notes referred to in this Prospectus, the transaction would be reported as an off-balance sheet transaction in the *Nota Integrativa* to the financial statements of the Issuer as of the Subsequent Issue Date, as follows:

Off-balance sheet liabilities

Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057

Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057

Euro 150,000,000 Class A2 Asset Backed Floating Rate Notes due December 2057

Euro 57,400,000 Class M Asset Backed Floating Rate Notes due December 2057

Euro 302,800,000 Class B1 Variable Return Asset Backed Notes due December 2057

Euro 49,000,000 Class B2 Variable Return Asset Backed Notes due December 2057

TOTAL OFF-BALANCE SHEET INDEBTEDNESS	Euro 908,754,000

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

Financial statements and auditors' report

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the first fiscal year ended on 31 December 2017. As at the date of this Prospectus, no financial statements are available and no auditors have been appointed.

THE CALCULATION AGENT, THE REPRESENTATIVE OF THE NOTEHOLDERS AND THE CORPORATE SERVICES PROVIDER

Securitisation Services S.p.A. will act as Representative of the Noteholders, Corporate Services Provider and Calculation Agent under the Transaction.

Securitisation Services S.p.A. is a company incorporated under the laws of the Republic of Italy as a *società per azioni*, share capital of euro 2,000,000.00 fully paid-up, having its registered office at Via V. Alfieri 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the companies register of Treviso-Belluno number 03546510268, registered under number 50 in the register of the financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "Gruppo Banca Finanziaria Internazionale", registered with the register of the banking group held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A. pursuant to article 2497 of the Italian civil code.

Securitisation Services S.p.A. is a professional Italian dealer specialising in managing and monitoring securitisation transactions. In particular, Securitisation Services S.p.A. acts as servicer, corporate servicer, calculation agent, programme administrator, cash manager, representative of the noteholders, back-up servicer, back-up servicer facilitator, back-up calculation agent in several structured finance deals.

In the context of this Transaction, Securitisation Services S.p.A. acts as Representative of the Noteholders, Corporate Services Provider and Calculation Agent.

Securitisation Services S.p.A. is subject to the auditing activity of Deloitte & Touche S.p.A.

The information contained in this section of this Prospectus relates to and has been obtained from Securitisation Services. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Securitisation Services 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 TRANSACTION BANK, THE PAYING AGENT AND THE CASH MANAGER

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.

The bank has a local presence in 36 countries across five continents, effecting global coverage of more than 90 markets.

At 30 September 2017 BNP Paribas Securities Services has USD 10,282 billion of assets under custody, USD 2,503 billion assets under administration. BNP Paribas Securities Services has 10,166 administered funds and more than 10,000 employees.

BNP Paribas Securities Services currently has long-term senior debt ratings of "A" (stable) from S&P's, "Aa3 (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 Aa3	Long term senior debt A
Outlook Stable	Outlook Stable	Outlook Stable

BNP Paribas Securities Services, Milan Branch shall act as Transaction Bank, Paying Agent and Cash Manager pursuant to the Cash Administration and Agency Agreement.

BNP Paribas Securities Services, Luxembourg Branch shall act as Listing Agent.

The information contained in this section of this Prospectus relates to and has been obtained from BNP Paribas Securities Services. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the BNP Paribas Securities Services 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 BACK-UP SERVICER

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.

The information contained in this section of this Prospectus relates to and has been obtained from the Back-up Servicer. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Back-up Servicer 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.

USE OF PROCEEDS

Under the Series 1 Notes Subscription Agreement, the Issuer undertook to apply the subscription moneys deriving from the issue of the Series 1 Notes on the Initial Issue Date as follows:

(i) *firstly*, to credit the Cash Reserve Initial Amount (equal to Euro 12,543,534.47) to the Cash Reserve Account and the Retention Amount (equal to Euro 60,000.00) to the Expenses Account up to an aggregate amount of Euro 12,603,534.47;

(ii) *secondly*, to pay to BPB (in its capacity of Originator) the portion of BPB Initial Portfolio Purchase Price and the BPB Initial Additional Purchase Price not subject to set-off pursuant to clause 5.2 of the Series 1 Notes Subscription Agreement; and to pay to CRO (in its capacity of Originator) the portion of CRO Initial Portfolio Purchase Price and the CRO Initial Additional Purchase Price not subject to set-off pursuant to clause 5.2 of the Series 1 Notes Subscription Agreement; and

(iii) *thirdly*, to credit any residual amount (if any) to the Payments Account.

Under the Series 2 Notes Subscription Agreements the Issuer has undertaken to apply the subscription moneys deriving from the issue of the Series 2 Notes on the Subsequent Issue Date as follows:

(i) *firstly*, to (A) set off its obligation to pay to BPB (in its capacity of Originator) the BPB Subsequent Portfolio Purchase Price and the BPB Subsequent Additional Purchase Price pursuant to the Series 2 Class A1 Notes and Class M Notes Subscription Agreement (against the obligation of BPB to pay to the Issuer the aggregate of (i) the subscription price of the Series 2 Class A1 Notes and Class M Notes due by BPB under the Series 2 Class A1 Notes and Class M Notes Subscription Agreement and (ii) the purchase price of the receivables repurchased by BPB from the Issuer pursuant to a retransfer agreement entered into between BPB and the Issuer on 16 January 2018); and to (B) pay to CRO (in its capacity of Originator) the portion of CRO Initial Portfolio Purchase Price and the CRO Initial Additional Purchase Price not subject to set-off pursuant to clause 7.3 of the Series 2 Class A1 Notes and Class M Notes Subscription Agreement against the purchase price of the receivables repurchased by CRO from the Issuer pursuant to a retransfer agreement entered into between CRO and the Issuer on 16 January 2018; and

(ii) *secondly*, to credit any residual amount (if any) to the Payments Account.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of each of the Representative of the Noteholders and the Irish Listing Agent. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the relevant Transaction Document, as amended prior to or on or about the Subsequent Issue Date.

1. THE TRANSFER AGREEMENTS

(i) Pursuant to a transfer agreement, entered between the Issuer and Banca Popolare di Bari S.c.p.a. ("**BPB**") on 17 March 2017, as subsequently amended on 24 March 2017 (the "**BPB Initial Transfer Agreement**") BPB transferred for consideration a portfolio (the "**BPB Initial Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Initial Receivables**") originated by BPB, at a purchase price equal to Euro 722,516,623.87 (the "**BPB Initial Portfolio Purchase Price**").

Pursuant to a transfer agreement, entered between the Issuer and Cassa di Risparmio di Orvieto S.p.A. ("**CRO**" and, together with BPB, the "**Originators**") on 17 March 2017, as subsequently amended on 24 March 2017 (the "**CRO Initial Transfer Agreement**" and together with the BPB Initial Transfer Agreement, the "**Initial Transfer Agreements**" and each an "**Initial Transfer Agreement**") CRO transferred for consideration a portfolio (the "**CRO Initial Portfolio**" and, together with the BPB Initial Portfolio, the "**Initial Portfolios**" and each an "**Initial Portfolio**") of monetary claims and connected rights arising out of mortgage loan agreements and unsecured loan agreements (the "**CRO Initial Receivables**" and together with the BPB Initial Receivables, the "**Initial Receivables**") originated by CRO, at a purchase price equal to Euro 116,674,393.84 (the "**CRO Initial Portfolio Purchase Price**", and together with the BPB Initial Portfolio Purchase Price, the "**Initial Purchase Price**").

Each of the BPB Initial Portfolio Purchase Price and the CRO Initial Portfolio Purchase Price has been calculated in accordance with the relevant Initial Transfer Agreement as being the sum of (x) the aggregate of the Individual Purchase Price of all the relevant Initial Receivables and (y) an additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Installments due and unpaid by not longer than 30 days as from 00:01 am of 13 March 2017 in relation to the relevant Initial Portfolio (the "**BPB Initial Additional Purchase Price**" and the "**CRO Initial Additional Purchase Price**" respectively and collectively, the "**Subsequent Additional Purchase Price**").

(ii) Pursuant to a transfer agreement entered into between the Issuer and BPB on 22 January 2018 (the "**BPB Subsequent Transfer Agreement**" and together with the BPB Initial Transfer Agreement, the "**BPB Transfer Agreements**" and each a "**BPB Transfer Agreement**") BPB transferred for consideration a portfolio (the "**BPB Subsequent Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Subsequent Receivables**") originated by BPB, at a purchase price equal to Euro 249,537,850.04 (the "**BPB Subsequent Portfolio Purchase Price**" as calculated in accordance with the BPB Subsequent Transfer Agreement).

Pursuant to a transfer agreement entered into between the Issuer and CRO on the 22 January 2018 (the "**CRO Subsequent Transfer Agreement**" and, together with the CRO Initial Transfer Agreement, the "**CRO Transfer Agreements**" and each a "**CRO Transfer Agreement**"; the CRO Subsequent Transfer Agreement together with the BPB Subsequent Transfer Agreement, the "**Subsequent Transfer Agreements**"; the Subsequent Transfer

Agreements together with the Initial Transfer Agreements, the "**Transfer Agreements**"), CRO transferred for consideration a portfolio (the "**CRO Subsequent Portfolio**" and together with the BPB Subsequent Portfolio, the "**Subsequent Portfolios**" and each a "**Subsequent Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**CRO Subsequent Receivables**" together with the BPB Subsequent Receivables, the "**Subsequent Receivables**". The Subsequent Receivables together with the Initial Receivables, the "**Receivables**") originated by CRO, at a purchase price equal to Euro 57,673,539.05 (the "**CRO Subsequent Portfolio Purchase Price**").

Each of the BPB Subsequent Portfolio Purchase Price and the CRO Subsequent Portfolio Purchase Price has been calculated in accordance with the relevant Subsequent Transfer Agreement as being the sum being the sum of (x) the aggregate of the Individual Purchase Price of all the relevant Subsequent Receivables and (y) additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the relevant Effective Date in relation to the CRO Subsequent Portfolio (the "**BPB Subsequent Additional Purchase Price**" and the "**CRO Subsequent Additional Purchase Price**" respectively and collectively, the "**Subsequent Additional Purchase Price**").

(iii) Pursuant to the relevant Transfer Agreement, each of the Originators has represented and warranted that the Receivables have been selected on the basis of objective criteria (the "**Criteria**") in order to ensure that the Receivables have the same legal and financial characteristics. For further information please see the section headed "*The Portfolios*".

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

A. In the case of a Receivable which does not meet the Criteria, the relevant Originator or the Issuer, as the case may be, shall communicate such circumstance to the other party and the Rating Agencies, and, following such communication, the relevant Originator will pay to the Issuer, by crediting on the Collection Account, an amount equal to:

(a) the Individual Purchase Price which has been paid for such Receivable; plus

(b) any accrued and accruing interest on such amount from the relevant Issue Date (included) until the date of payment of the Purchase Price (excluded), calculated at the interest rate applied to such Receivable; plus

(c) any expense and documented cost (including, but not limited to legal costs and expenses and relevant VAT, if applicable) which have been borne by the Issuer in relation to such Receivable after the execution of the Transfer Agreements; less

(d) the aggregate of all sums recovered and collected by the Issuer in respect of such Receivable after the execution of the Transfer Agreements,

provided that, in case the communication above indicated is received within 4 (four) Business Days before the relevant Issue Date, the above described provisions will not apply and the relevant Purchase Price to be paid by the Issuer to the relevant

Originator will be reduced of an amount equal to the Purchase Price of such Receivable; and provided further that no amount shall be paid by the Issuer to the Originators in case the amount calculated pursuant to the above described provisions is negative.

B. In the case of a Receivable which meets the Criteria but was not included in the relevant Transfer Agreement, the Issuer will pay to the relevant Originator, on the relevant Payment Date and in accordance with the applicable Order of Priority, an amount equal to (i) the Purchase Price which would have been payable for such Claim pursuant to the relevant Transfer Agreement; less (ii) the aggregate of all sums recovered and collected by the relevant Originator in respect of such Receivable after the relevant Effective Date (included) as better specified in the relevant Transfer Agreement.

Pursuant to two retransfer agreements entered into on 16 January 2018 between, respectively, the Issuer and BPB (the "**BPB Retransfer Agreement**") and the Issuer and CRO (the "**CRO Retransfer Agreement**" and, together with the BPB Retransfer Agreement, the the "**Retransfer Agreements**"), the Originators have repurchased from the Issuer certain Initial Receivables which have been classified as non-performing loans (pursuant to the ECB Guidelines) and that did not meet the criteria to enable the Class A Notes to be classified as Eligible Assets in accordance with the ECB Guidelines, together with other Initial Receivables agreed between the Issuer and the Originators.

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

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

2. THE WARRANTY AND INDEMNITY AGREEMENTS

Under a warranty and indemnity agreement entered into on 17 March 2017 between the Issuer and the Originators (the "**Initial Warranty and Indemnity Agreement**"), the Originators gave certain representations and warranties as to, *inter alia*, the Initial Receivables they transferred pursuant to the Initial Transfer Agreements, the respective Loans and the Insurance Policies, their corporate existence and operations and their collection and recovery policy. Moreover the Originators agreed to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising to it by reason of any misrepresentation of the Originators in the relevant Initial Warranty and Indemnity Agreement or any default of the Originators under the relevant Initial Warranty and Indemnity Agreement and/or the relevant Initial Transfer Agreement and/or the relevant Initial Servicing Agreement.

On 22 January 2018 the Issuer and the Originators entered into a new warranty and indemnity agreement (the "**Subsequent Warranty and Indemnity Agreement**" and, together with the Initial Warranty and Indemnity Agreement, the "**Warranty and Indemnity Agreements**") pursuant to which each Originator has given certain representations and warranties in favour of the Issuer with regard to the relevant Subsequent Receivables and in relation to the transfer of the relevant Subsequent Portfolio.

Representations and Warranties of the Originators

Under the Warranty and Indemnity Agreements, each of the Originators has represented and warranted with respect to itself and the relevant Receivables (therefore, under the Initial Warranty and Indemnity Agreement in relation to the Initial Portfolios and under the Subsequent Warranty and Indemnity Agreement in relation to the Subsequent Portfolios and each as of the date indicated in the relevant Warranty and Indemnity Agreement) that it sold

to the Issuer under the relevant Transfer Agreement, the Loans, the Mortgages securing them and the Insurance Policies, as to, *inter alia*, the following matters:

A. General Matters

(i) BPB is a bank incorporated as a *società cooperativa per azioni*; CRO is a bank incorporated as a *società per azioni*. Each of the Originators is duly incorporated, validly existing under Italian law and has full power and authorisation to enter into the relevant Warranty and Indemnity Agreement, and the other Transaction Documents to which it is party, and to fulfil all the obligations undertaken with, or in relation to, such documents and the relevant Warranty and Indemnity Agreement and duly carry out its role as originator of the Receivables under the Securitisation in accordance with the Securitisation Law.

(ii) The conclusion and execution of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which it is a party and all other documents and deeds to be executed in relation to the same and the transactions herein and therein contemplated, have been duly authorised by the relevant Originator and the relevant signatories were granted the necessary powers, and all actions aimed at ensuring that all the obligations undertaken under the relevant Warranty and Indemnity Agreement, and under the other Transactions Documents of which it is a party, are legitimate, valid and binding on the relevant Originator have been undertaken.

(iii) The conclusion and execution of the relevant Warranty and Indemnity Agreement, of the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which the relevant Originator is a party, as well as all other documents to be signed in relation to the same and all transactions herein and therein contemplated: (1) do not breach the by-laws of the relevant Originator; any law, rule or regulation applicable to it, nor any limitation contained in any agreement or other binding documents or however pertinent to the relevant Originator or its assets; such as ordinances, decrees, judgments or orders binding upon, or otherwise related to, such Originator or its assets; and (2) do not give rise to the Third Parties Claims.

(iv) All the necessary authorisations, approvals, consents, notifications or registrations required for the conclusion and completion by the relevant Originator of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and other Transaction Documents to which it is a party, as well as all other documents to be signed pursuant thereto and relating to actions referred to herein and therein and for the validity or effectiveness of the transfer to the Issuer of the Receivables in accordance with the corresponding Transfer Agreement, have been taken or obtained.

(v) The conclusion of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents which the relevant Originator is expected to enter into, give (and shall give) rise to legitimate, valid, effective and binding obligations enforceable against it in accordance with the terms set forth therein.

(vi) The monetary obligations undertaken by the relevant Originator under the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which it is party constitute claims which rank *pari passu* against all the

indebtness of the same and share at all times equally any available assets of the company with the other unsubordinated and unsecured creditors, except for claims to which preferential treatment is accorded by operation of law, and, in such cases, only to the extent required by such law.

(vii) The semi-annual financial report of BPB, approved by shareholders' meeting on 30 June 2017 and semi-annual financial report of CRO approved by the shareholders' meeting on 30 June 2017, report a true and fair view of the financial position of each Originator on that date and the results of the activities carried out by such Bank for the year ending on that date, in accordance with the accounting principles generally accepted and consistently applied in Italy. As from 1 July 2017, there were no material adverse changes in the economic and financial conditions of each Originator that could negatively affect the capacity of the relevant Originator to fulfil its obligations undertaken under the relevant Warranty and Indemnity Agreement and the other Transaction Documents to which it is part thereof or the operations referred to herein or therein. All data, documents, records and information relating to the Mortgages and the Receivables transferred by the relevant Originator to the Issuer as part of the Securitisation are true, complete and accurate in all respects and no relevant information has been omitted.

(viii) it is not insolvent and will not become insolvent as a result of entering into the relevant Warranty and Indemnity Agreement or the other Transaction Documents to which it is party; no measure has been taken, or is expected to be taken by the relevant Originator, or, to the best knowledge of the relevant Originator, by other parties, with the intent to: (1) commence Insolvency Proceedings involving such Originator; (2) liquidate such Originator; or (3) commence Special Procedures involving such Originator as obligor.

(ix) To the best knowledge of the relevant Originator:

a) there are no pending proceedings, nor arbitration or administrative proceedings, nor claims, challenges or disputes, pending or threatened against the relevant Originator or its assets (also including, but not limited to, the Receivables) or on its activities as corporate activities company; and

a) there have not been any established or initiated or threatened judgments, arbitration or administrative proceedings, claims, challenges or disputes before any judicial authority, agency or competent authority,

the effects of which could adversely affect the ability of the relevant Originator to transfer fully, permanently, irrevocably and without the possibility of avoidance actions or nullifying actions, the Receivables in accordance with the relevant provisions of the Transfer Agreement, or that may or could substantially affect the capacity of relevant Originator to honour and perform the obligations undertaken under the relevant Warranty and Indemnity Agreement and under the other Transaction Documents to which such Originator is party.

B. Loan Agreements, Loans, Mortgages, Receivables, Insurance Policies and Collateral Guarantees

(i) The Loan Agreements were entered into with counterparties selected on the basis of credit policies fully compliant with Italian law and the applicable and regularly applied supervisory regulations as at the relevant signing date.

(ii) The relevant Originator has full and unconditional legal ownership of the Receivables, free from all privileges, liens or encumbrances or other third parties rights and is party to (originally or as a result of a corporate restructuring) the Loan Agreements.

(iii) The relevant Originator is the beneficiary of the relevant Mortgages, Insurance Policies and Collateral Securities which are free from Third Parties Claims.

(iv) The Receivables, the Loan Agreements, the Mortgages, the Insurance Policies and Collateral Securities, are governed by Italian law and are valid, effective, enforceable against third parties and comply with the applicable regulations. The Mortgage Agreements have been concluded and executed in compliance with the applicable laws and regulations, such as, but not limited to: (1) the Consolidated Banking Act; (2) the Privacy Law; (3) the consumer protection legislation (including the rules on the transparency of the contractual conditions and their advertising); (4) the provisions of Article 1283 of the Civil Code and Article 120 of the Consolidated Banking Act.

(v) The interest rate applicable to each of the Loans Agreements (i) has been duly negotiated and agreed in compliance with any law applicable from time to time at the conclusion date of the relevant Loan Agreement (including the Usury Law, when applicable, and the regulatory provisions on compounding of interest (*anatocismo*)) and the ISC or other similar cost indicator if required by regulations applicable from time to time have been communicated to the Debtor, (ii) has been applied, received, renegotiated and restated from time to time in compliance with any law applicable from time to time at the moment of conclusion of the relevant Loan Agreement (including the Usury Law, when applicable and the regulatory provisions on compounding of interest (*anatocismo*)) and (iii) is, as at the signing date of the relevant Warranty and Indemnity Agreement, entirely lawful.

(vi) To the best knowledge of the relevant Originator, the Loan Agreements and any other agreement, deed or document related to it, have been signed and executed without fraud, wilful misconduct, undue influence by such Originator, by any of its directors, executives, managerial staff and/or employees, so that the Debtor and/or the Mortgagor and/or the Guarantor, have no standing to sue such Originator on grounds of fraud or wilful misconduct, or challenge one or more of obligations taken on, or in relation to, such Loan Agreements, as well as other agreement, instrument or document related thereto.

(vii) The Mortgage Loan Agreements and the Mortgages (where the act creating the Mortgage is not included in the Loan Agreement) were signed in front of a notary public in the form of public or private certified deed.

(viii) There are no clauses in Loan Agreements, nor in any other agreement, deed or document, provisions or measures of law or supervisory regulations under which the relevant Originator is prohibited to transfer the Receivables and the rights pertaining as arising from the Loan Agreements and the Mortgages.

(ix) The Loan Agreements do not confer to the Debtor the power to set off claims arising towards the Originator, notwithstanding the provisions of Article 1248 of the Civil Code.

(x) The transfer of Receivables to the Issuer within the meaning of the relevant Transfer Agreements shall not affect the validity or the effectiveness of the obligations incurred by the Debtors, the Insurance Companies, the

Mortgagors and the Guarantors, pursuant to the Loan Agreements, the Insurance Policies, the Mortgages and the Collateral Guarantees.

(xi) The Receivables constitute a plurality of pecuniary credits in bulk, in accordance with the Securitisation Law, the Consolidated Banking Act and the implementing legislation and the Criteria are capable of identifying the plurality of pecuniary credits in bulk with regard to the Debtors, the Guarantors and third parties.

(xii) Each Individual Purchase Price, as indicated in Annex A of the relevant Transfer Agreement, was correctly calculated by the relevant Originator.

(xiii) The Receivables included in Annex A of the relevant Transfer Agreement are all receivables arising from Loans existing in assets of the relevant Originator as at the signing date of the relevant Warranty and Indemnity Agreement which, on the relevant Valuation Date (or the different date specified with regard to the relevant Criterion), met the Criteria.

(xiv) the Receivables arising from the mortgage Loan Agreements are covered by valid and effective Insurance Policies in favour of (or endorsed in favour of) the relevant Originator, effective from the date of signing of the Loan Agreements, under the existent laws and regulations; the Insurance Policies are, to the best knowledge of the relevant Originator, still in force and all of their premiums have been duly paid.

(xv) None of the Loans falls under the category of consumer credit agreements and consequently the rules on consumer credit are not applicable.

(xvi) To the best knowledge of the relevant Originator, which declares that it was made any appropriate and/or necessary verification, part of the Loan Agreements and the Guarantors and, in each case, the signatories of any relevant agreement, deed or document, had, at the date of the entering into of such agreements, the full power and authority for the conclusion and execution of the relevant agreements and all other collateral documents relating to them.

(xvii) Any authorisation, approval, consent, license, exemption, registration or authentication and any other fulfilment necessary or appropriate for the purposes of validity, legality and effectiveness of the Receivables, the Loans, the Loan Agreements, the Insurance Policies and Mortgages, the Collateral Guarantees, as well as for the validity, legality and effectiveness of the obligations and rights arising from the same, have been duly and unconditionally obtained or executed and any other action necessary or appropriate to ensure the validity, legality or effectiveness of the Receivables, Loans, Loan Agreements, the Insurance Policies, the Mortgages and the Collateral Guarantees, has been duly taken.

(xviii) The Mortgages have been duly registered, renovated and preserved, are valid, effective and enforceable, and comply with all the requirements provided by the applicable laws and regulations, are not subject to any significant defects or irregularities and there are no registrations, recordings or annotations which are detrimental to the validity and effectiveness of the same.

(xix) The Mortgages create security rights which are valid and enforceable against the Debtors and/or Mortgagors and allow the priority satisfaction of this claim secured by them in the forced expropriation of the Real Estate Assets.

(xx) The Loans were fully disbursed in favour of upon request of the relevant Debtor and there is no further obligation on the relevant Originator regarding the delivery or payment in respect thereof. The Debtors are not entitled to

obtain a refund of any amount paid to the relevant Originator under the Loan Agreements.

(xxi) The relevant Originator has promptly paid any tax, duty, penalty, fee or other amount due in connection with the conclusion or execution of the Loan Agreements, the provision of the Loans and the administration, management and collection of the payments for reimbursement thereof, the creation, registration, renewal and general conservation of the Mortgages, the establishment and preservation of Collateral Guarantees, and the entering into any other act or document or the fulfilment of any formalities related to them.

(xxii) When taking a decision on granting of the Loans to the relevant Debtors, the relevant Originator has relied on the economic and financial conditions of the corresponding Debtors.

(xxiii) The relevant Originator has always promptly and fully fulfilled its obligations under the Loan Agreements and complied with, and respected all the provisions and requirements established under the Loan Agreements, with care, diligence and professionalism.

(xxiv) The Loan Agreements, the Collateral Securities, the Mortgages and the Receivables were originated, administered and managed and the repayments of Loans were collected with care, diligence and professionalism in accordance with the disbursement, administration, management, receipt and collection policies adopted from time to time by the relevant Originator. These policies are now and have always been, in compliance, in every respect, with the rules and regulations, applicable from time to time, as well as the supervisory regulations. being understood that with regard to the Loan Agreements, Collateral Securities, Mortgages and Receivables originated by banks belonging to the "Intesa Sanpaolo Group" and later acquired by BPB, following the sale of its subsidiary, the procedures described in this statement also refer (to the best knowledge of the Originator) to the procedures adopted by banks belonging to the "Intesa Sanpaolo Group", and with regard to the period between the origination of the Loan Agreement and the sale of the relevant branch. The relevant Originator represents and warrants that the same disbursement, administration, management, collection and collection procedures are taken by the same Originator also referring to the Loans subject to fractionation.

(xxv) The relevant Originator has maintained correct and up-to-date accounting records related to the Loan Agreements and the Loans; such records are in its possession or at its disposal.

(xxvi) All the Debtors (who are natural persons) are resident in Italy;

(xxvii) All the Debtors, which are legal entities, are entities incorporated under the Italian law and have their registered office in Italy.

(xxviii) There are no Guarantors which are not resident in, or incorporated in accordance with the laws of, a European Economic Area member state.

(xxix) Except as provided by the Transaction Documents, no servicing agreement, syndication agreement or other similar agreement exists with regard to the Loan Agreements, the Collateral Guarantees, the Mortgages and the Receivables, nor any mandate has been given by the relevant Originator in connection with the administration or regulation the assets or guarantees in relation to the object (including the underlying Real Estate Assets or other assets) of the relevant Warranty and Indemnity Agreement or the other Transaction Documents to which such Originator is party.

(xxx) No Debtor, Mortgagor and/or Guarantor is a public authority, a public body or an ecclesiastical body.

(xxxi) To the best knowledge of the relevant Originator, that represents to have carried out all appropriate and/or necessary verification, none of the Debtors are currently subject to Insolvency Procedures.

(xxxii) No Loan Agreement is likely to be qualified as a leasing agreement.

(xxxiii) To the best knowledge of the relevant Originator, on the relevant Effective Date, there were no significant breaches by the Debtors of the provisions included in the relevant Loan Agreement.

(xxxiv) All the Loans are originated by the relevant Originator, save for the Loans originated by banks belonging to the "Intesa Sanpaolo" Group and subsequently purchased by BPB, following the transfer of the related branch.

(xxxv) For the purposes of the effectiveness and enforceability of the transfer of the Receivables vis-à-vis the Debtors, the fulfilment of the formalities required by public law rules applicable to the transfer of credits (such as the execution by mean of a public deed/certified private deed, notification with a given date, expiration of the term of tacit consent of the debtor) is not necessary.

(xxxvi) The principal and interest payments made by the Debtors in relation to the Mortgages are not subject to any withholding tax as a deposit and/or tax in Italy or other source of taxation in Italy;

(xxxvii) The Loans guaranteed by Mortgage have been granted by the relevant Originator based on the credit quality of the Debtor and regardless of the Real Estate guaranteeing the same; such Real Estate were evaluated as additional collateral to guarantee an increase in the level of guarantees in exposure protection of relevant Originator against the Debtor.

(xxxviii) The Loans do not include, as at the signing date of the relevant Warranty and Indemnity Agreement, non-performing loans classified as such under the ECB Guidelines on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral.

(xxxix) No loan may qualify as structured loan, syndicated loan or leveraged loan under the ECB Guidelines on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral.

(xl) All Debtors qualify as small and medium-sized companies under the ECB Guidelines on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral.

(xli) The Mortgages granted as collateral for the Loans have all been granted and registered in relation to Real Estate Assets entirely built.

C. Real Estate Assets

(i) Each Real Estate Asset was fully owned by the relevant Mortgagor at the time of the creation of the Mortgage.

(ii) In relation to the Real Estate Assets, there has been no claim of ownership and/or possession by third parties against the relevant Originator (including those for acquisitive prescription), and there are no detrimental registrations or records (not even related to preliminary agreements for purchase of the Real Estate Assets), nor were there any claims of third parties brought forward which may affect, impair or compromise in any way the related Mortgages, their enforceability and/or their priority as compared with what is declared and guaranteed by the Originator.

(iii) The risk of fire, explosion and/or lightening in the Real Estate Assets is covered by Insurance Policies (covering at least the risk of fire, explosion and/or lightning, for a value at least equal to the amount of the relevant Loan) executed by the Debtors or by the Mortgagors and is binding vis-à-vis the relevant Originator and whose premium was in turn duly and promptly paid by the Debtor or by the Mortgagor or by the relevant Originator itself. Any such Insurance Policies is in force as at the signing date of the relevant Warranty and Indemnity Agreement and contains provisions which provide that the relevant Originator is the beneficiary of the Insurance Policies as a claimant and, as beneficiary, the possibility to provide for the payment of the corresponding premium in the event of default by the relevant Debtor or Mortgagor, if aware of such default.

(iv) To the best knowledge of the relevant Originator, the Real Estate Assets are duly registered at the relevant Building Registry and/or Land Registry; meet the viability criteria and comply with the applicable rules in terms of its commercial/residential intended use and the legislation applicable thereto.

(v) The Real Estate Assets are located in Italian territory.

(vi) To the best knowledge of the relevant Originator, the Real Estate Assets are not damaged, are in good condition, and do not suffer from significant defects likely to considerably impair the value and there are no proceedings pending or threatened, for the total or partial expropriation of the same.

(vii) None of the Real Estate Assets are subject to enforcement proceedings or to criminal seizure, nor any pending judicial proceeding has been notified to the relevant Originator pursuant to Article 498 of the Code of Civil Procedure.

(viii) Regarding the Loans granted for the purchase of the Real Estate Assets under construction, as at the signing date of the relevant Warranty and Indemnity Agreement such construction has been fully completed.

Representations and Warranties of the Issuer

The Issuer declares and guarantees for the benefit of the Originators as follows:

(i) It is a company whose sole purpose is the performance of securitisation transactions, in accordance with Article 3 of the Securitisation Law, duly incorporated in the form of a limited liability company and validly existing and operating under Italian law.

(ii) The conclusion and execution of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and other Transaction Documents to which it is party and all other documents and records to be executed in relation to them and the operations provided herein and therein, have been duly authorised and the signatories have been granted the necessary powers in order for such contracts to be valid and binding.

(iii) The conclusion and execution of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which it is party, as well as all other documents to be signed within the same context by them and all operations provided herein and therein: (1) do not breach the by-laws of the Issuer, any law, rule or regulation applicable to it; restrictions contained in any agreement or other binding acts or relating to the Issuer or its assets; or ordinances, decrees, judgments or orders binding on or otherwise concerning the same Issuer or its assets; and (2) do not give rise to Third Parties Claims.

(iv) All the necessary authorisations, approvals, consents, notifications or registrations necessary for the conclusion or performance by the Issuer of the relevant Warranty and Indemnity Agreement have been obtained, as well as any relevant Transfer Agreements, Servicing Agreement and the other Transaction Documents to which it is a party, as well as all other documents which are to be signed pursuant thereto and all operations referred to herein and therein and for the validity or effectiveness of purchasing Receivables from the Originators under the relevant Transfer Agreements.

(v) No measure was taken, or is expected to be taken by the Issuer, or, in the best knowledge of the Issuer, by other parties, intended to (1) establish Bankruptcy Proceedings involving the Issuer; (2) liquidate the Issuer in terms of Article 2484 et seq. of the Civil Code; or (3) establish Special Procedures involving the Issuer.

(vi) It is *in bonis* and there are no facts or circumstances that may make it insolvent or unable to regularly meet its obligations or become insolvent because of the signing of the relevant Warranty and Indemnity Agreement or other Transaction Documents to which it is party or because of fulfilment of obligations established therein.

(vii) The conclusion of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreements, the Servicing Agreement and other Transaction Documents which the Issuer is expected to sign, give (and shall give) rise to legal obligations, which are valid and binding for the Issuer, not subject to cancellation or termination and are validly enforceable in front of the court against the Issuer itself in accordance with the relevant terms and conditions.

Undertakings of the Originators

Under the relevant Warranty and Indemnity Agreement, each of the Originators has undertaken, with respect to itself, the relevant Receivables transferred by each of them, the respective Loans, the Mortgages securing them and the Insurance Policies, *inter alia*, and without prejudice to the without recourse (*pro soluto*) nature of the transfer of the Receivables, as follows:

(i) To cooperate with the Issuer in the performance of any and all acts, the execution of any and all actions, and the signing of any and all documents that are reasonably necessary or appropriate in relation to the execution of the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreements, the Servicing Agreement and other Transaction Documents and other operations herein and therein;

(ii) To cooperate with the Issuer for the purposes of carrying out any and all the necessary or reasonably appropriate formalities to ensure that the Issuer may exercise its rights, claims, privileges, actions and powers in relation to the Receivables, the Loans, the Loan Agreements, the Mortgages, the Real Estate Assets and the Insurance Policies;

(iii) To assist and fully cooperate with the Issuer in any audit and/or any due diligence activities relating to the Receivables, the Loans, the Loan Agreements, the Mortgages, the Collateral Guarantees, the Real Estate Assets and the Insurance Policies which the company deems appropriate to carry out at a later date after the signing date of the relevant Warranty and Indemnity Agreement and, in particular, to: (a) make available to the Issuer any record, document, data or information related to the Receivables in its possession; (b) make available to the Issuer a number of resources in order to enable it to conduct its verification activities easily and effectively; and (c) to transmit

and communicate to the Issuer any record, document, data, information, act in its possession or any fact that may be relevant for the verification activity of the Issuer guaranteeing its truthfulness, accuracy and completeness in all respects;

(iv) To hold and safeguard, in a safe place and in good condition and order, accurate, complete and up-to-date accounting records, books, records and documents relating to the Receivables, the Loans, the Loan Agreements, the Mortgages, the Collateral Guarantees, the Real Estate Assets and the Insurance Policies;

(v) Insofar as it concerns the Originators, to comply with the applicable regulations (including regulations, supervisory instructions, ordinances, etc.) applicable to Loan Agreements, Mortgages, Collateral Guarantees, Real Estate Assets and Insurance Policies and their administration and management, and in particular, for example, to the rules on the transparency of contract terms, to the Usury Law and the Privacy Law.

(vi) To enable the Issuer and/or the Representative of the Noteholders or their representatives, contractors and/or consultants, upon reasonable notice, to visit their offices during normal business hours and examine the books, records and documents related to the Receivables, and to make and take copies of the same and to discuss issues relating to the Receivables or the activity of the Originators under the relevant Warranty and Indemnity Agreement with the auditors of the Originators or other persons in charge. It is understood between the Parties that any examination or inspection will be carried out in compliance with all laws and/or applicable regulation and, particularly the Privacy Law.

(vii) To promptly pay any amount due such as tax, duty, fee or similar tax, payable in connection with the conclusion, registration or performance of this Agreem the relevant Warranty and Indemnity Agreement ent, the relevant Transfer Agreements and the Servicing Agreement and all the other documents and records to be signed in relation to the same or otherwise relating to all transactions to be undertaken pursuant to the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreements and Servicing Agreement. The Originators undertake to indemnify the Issuer and/or their representatives from all damages, costs, liabilities and expenses arising out of or otherwise relating to any late payment or non-payment of such taxes, fees, charges or similar costs.

(viii) To deliver to the Issuer and/or the Representative of the Noteholders each document and to provide them with any information that the Issuer and/or the Representative of the Noteholders and/or their representatives or agents may reasonably require in order to preserve or protect the rights of the Issuer in relation to the Receivables, the Loans, the Loan Agreements, the Mortgages, the Collateral Guarantees, the Real Estate Assets and the Insurance policies, provided that the documents and the information prior to the signing date of the relevant Warranty and Indemnity Agreement will be provided only in accordance with the Law on the Protection of Privacy.

(ix) To keep, in a way that they are easily identifiable, all documents, records and other data (including, for example, magnetic tapes and floppy disks) proving the Receivables, the Loan Agreements, the Mortgages, the Collateral Guarantees, the Real Estate Assets and the Insurance Policies or that are necessary or appropriate in order to cash in those Receivables, and, in accordance with Article 1262 of the Civil Code, shall make the same available to the Issuer at a location designated by them or (if so requested)

shall deliver them to the Issuer (or its representative according to instructions given by the latter).

(x) Without prejudice to the provisions of the Servicing Agreement, the Originators immediately upon receipt by the Debtors or the Guarantors or the Insurance Companies, in cash or in the form of securities or effects, for any amount due by them from the relevant Effective Date, under the Receivables, the Insurance Policies and Loan Agreements shall place such money, titles and effects, duly endorsed or with the duly signed transfer documents, with the Issuer.

(xi) To immediately inform the Issuer and the Representative of the Noteholders about any change relating to their registered office, company name, structure and/or principal place of operation.

(xii) To ensure that any information provided by them to the Issuer and/or the Representative of the Noteholders and/or their representatives and/or agents, is correct, accurate, not misleading and exhaustive in all material respects and that no relevant facts are omitted.

(xiii) Without prejudice to the provisions of the Transfer Agreements and the other Transaction Documents and notwithstanding the without recourse (*pro soluto*) of the transfer of Receivables, the Originators undertake, immediately upon request of the Issuer and except as provided in the Servicing Agreement:

(a) to assist the Issuer and cooperate with it or with its representative or agent to develop a proper system of supervisory reports relating to the Receivables by transferring to the Issuer records and documents containing all the information that could be useful or relevant for the implementation of a data reporting system that allows the company to operate in full compliance with applicable laws and regulations relating to regulatory reporting;

(b) promptly at the request of the Issuer, which must only be done to minimise the risk of interruption of the insurance coverage, to notify the Insurance Companies about the transfer to the Issuer of the credits and rights held by the relevant Originator under the Insurance Policies and anyway to undertake any activities and fulfil any formalities required by law to ensure the enforceability of the sale towards insurance companies and to ensure that the Issuer may freely benefit from all the credits and the rights arising from the Insurance policies;

(c) to cooperate actively with the Issuer to enable the latter to assert its own rights, privileges, actions and powers relating to the Receivables.

(xiv) To obtain, carry out, renew and maintain all permits, licenses, registrations, authorisations and concessions necessary in order to fulfil the obligations undertaken under the relevant Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing Agreement and the other Transaction Documents to which the same are parties and operations laid down herein and therein and, if so requested, they shall immediately provide a copy attesting the authenticity to the Issuer and to the Representative of the Noteholders.

(xv) To provide to the Issuer and with copy to the Representative of the Noteholders, after having provided for the delivery or deposit of the originals, with the communications, notifications, notices and other meeting notices which are sent to its shareholders or bondholders and which involve significant events for the Securitisation.

(xvi) between the signing date of the relevant Warranty and Indemnity Agreement and the later between (a) the date of publication of the notice of transfer of Receivables in the *Gazzetta Ufficiale della Repubblica Italiana* and (b) the date of registration of the transfer by the Issuer in the Companies' register in which the Issuer is registered, not to carry out any act of disposal relating to the Receivables and, in particular, not to: (1) dispose and/or transfer, even partially, the Receivables to third parties, and (2) create or allow the creation, birth or existence of any right of guarantee, bond, lien or encumbrance or other Third Party Claims on the Receivables, or any party thereof;

(xvii) until the Maturity Date, not to enter into any agreements, deeds or instruments designed to transfer, sell or otherwise dispose of Loan Agreements (included in the scope of the transfer of part of the company) and to create or allow the creation, birth or existence of any Third Party Claim on Loan Agreements, except with the prior consent of the Issuer and (if the Notes have not been fully repaid or cancelled) of the Representative of the Noteholders, or where permitted by the Servicing Agreement or other Transaction Documents or where established by law, and except in the case of acts intended to transfer, sell or otherwise dispose of Loan Agreements (including in the field of spin-offs, mergers and/or transfer of part of the company) by the Originator in favour of a legal entity belonging to the "Banca Popolare di Bari" Banking Group.

(xviii) not to: (a) instruct any Debtor and/or Insurance Company which has issued any Insurance Policy and/or the Guarantor to make payments in relation to the Receivables and/or Mortgages in different ways from those provided in the Documents of Transaction, or by any other written statements of the Issuer (which in any case must comply with the Transaction Documents); and (b) except as provided in the Servicing Agreement, to take any action that may cause or result in the invalidity of the Loan Agreements, the Insurance Policies, the Collateral Guarantees, Receivables and/or Mortgages or any part thereof or decrease in the rights arising from them or otherwise relating thereto;

(xix) not to alter, vary or waive any of the terms or conditions of the Loan Agreements, of the Mortgages, Collateral Guarantees and/or Insurance Policies whose variation, amendment or waiver is detrimental, or could be detrimental, to the regular and timely collection of Receivables or the ability to enforce the rights owed to the Debtors and/or Guarantors and/or Insurance Companies, or the operation of the relevant Warranty and Indemnity Agreement, or to not commence or settle any action finalised at the recovery of the Receivables;

(xx) if possible not to use any amount paid by the Debtors without a specific indication to pay debts incurred by the Debtors with the Originators in any other capacity by giving priority to such debts against the Receivables.

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

(i) one or more statements or guarantees issued by the relevant Originator under or in connection with the relevant Warranty and Indemnity Agreement, the related Transfer Agreement, the Servicing Agreement and/or the other Transaction Documents to which it is party, prove to be false, incorrect or incomplete at the time in which they were issued or with reference to the moment in which they are repeated;

(ii) the breach or non-compliance, even partially, by the relevant Originator of one or more of the provisions of the relevant Warranty and Indemnity Agreement, the related Transfer Agreement, the Servicing Agreement and/or the other Transaction Documents to which it is party or of any laws, rules or regulations in connection with Receivables, the Loans, the Loan Agreements, the Mortgages, the Real Estate Assets, Collateral Guarantees and the Insurance Policies;

(iii) set-off of the Receivables with payment obligations resulting from the relevant Originator under the Loan Agreements, Mortgages, Collateral Guarantees, the Insurance Policies or other agreements, deeds, documents, facts or circumstances, raised or relied upon by Debtors, Guarantors or Mortgagors, unless those objections are based exclusively on certain conditions by the Issuer before or after the date of the relevant Warranty and Indemnity Agreement;

(iv) unsuccessful collection or recovery of Receivables by the Issuer due to the exercise of the right to a resolution, annulment, declaration of invalidity or termination with regard to the Loan Agreements, Mortgages, Insurance Policies, the Collateral Guarantees and any other act or supplementary document;

Pursuant to the Warranty and Indemnity Agreements, if at any time, the representations and warranties given by the Issuer in relation to the Receivables, the Loans, the Loan Agreements, the Mortgages, the Collateral Guarantees, Insurance Policies and the Real Estate Asset are false, incorrect or incomplete and provided that the breach is not remedied by the relevant Originator within 20 days following notification from the Issuer of the breach (the "**Grace Period**"), the Issuer (without prejudice to what is described further below under has the right to re-transfer to the relevant Originator, by giving written notice to it (the "**Notice of Re-transfer**") within 30 Business Days starting from the maturity of the Grace Period, the Receivables to which the false, incorrect or misleading representation or warranty refers (the "**Affected Receivables**"). The effectiveness of the re-transfer is subject to payment by the relevant Originator of the purchase price of the Affected Receivables to the relevant Collection Account (the "**Affected Receivables Purchase Price**").

The Affected Receivables Purchase Price will be equal to: (a) the Purchase Price of the Affected Receivables *less* any principal amount recovered or collected by the Issuer on the Affected Receivables; *plus* (b) interest accrued or accruing on the Individual Purchase Price of the Affected Receivables from the relevant Issue Date (included) until the Payment Date (excluded) immediately following the date on which the relevant payment of the Affected Receivables Purchase Price has been made, calculated, with reference to each Affected Claim, at the interest rate applied to such Affected Claim; *plus* (c) costs and documented expenses (including, but not limited to, legal fees and expenses and relevant VAT, if applicable) incurred by the Issuer in relation to the Affected Receivables as at the date of payment of the Affected Receivables Purchase Price. The Affected Receivables Purchase Price shall be paid within 15 Business Days following receipt by the relevant Originator of the Notice of Re-transfer. Within the date of payment of the Affected Receivables Purchase Price, the relevant Originator shall deliver to the Issuer: (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) dated not more than 10 days before the date of payment of the Affected Receivables Purchase Price; (ii) a solvency certificate signed by a legal representative duly authorized by the relevant Originator; Any and all costs, expenses and duties in relation to the re-transfer of the Affected Receivables will be borne by the relevant Originator.

The Issuer will exercise in any case the right, granted to it by the Warranty and Indemnity Agreements, to be indemnified in the following cases once it has obtained the consent of the Representative of the Noteholders:

(i) if the re-transfer price is not paid within 15 Business Days starting from the day on which the relevant Originator receives written Notice of the Re-transfer, and in any other case in which the re-transfer is not finalised for any reason; or

(ii) if, at any time, the representations and warranties contained into the Warranty and Indemnity Agreements, other than to those referring to the Loans, the Mortgage, the Loans Agreement, the Receivables, the Collateral Guarantees and the Real Estate Asset are false, incorrect or misleading; or

(iii) in relation to (a) any damage or loss suffered by the Issuer and related to the Affected Receivables which exceeds the Affected Receivables Purchase Price, and (b) any reasonable cost/expense that for any reason was not included in the Affected Receivables Purchase Price; or

(iv) in any case in which the Issuer considers appropriate, with the prior written consent of the Representative of the Noteholders, in the interest of the Transaction (and such opinion is confirmed by a consultant (advisor)) to apply provision of clause 5 of the relevant Warranty and Indemnity Agreement instead of exercising the right of re-transfer as provided by clause 6 of the relevant Warranty and Indemnity Agreement.

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

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

3. DESCRIPTION OF THE SERVICING AGREEMENT

On 17 March 2017, as amended on 24 March 2017, the Issuer, BPB (the "**Servicer**") and CRO entered into a servicing agreement (the "**Initial Servicing Agreement**"), pursuant to which the Servicer has agreed to carry out the (i) administration, management, collection and recovery (if any) of the Iinitial Receivables, under the terms and conditions specified thereunder, and (ii) act as "*soggetto incaricato della riscossione dei crediti e dei servizi di cassa e pagamento e responsabile della verifica della conformità delle operazioni alla legge e al prospetto informativo*", pursuant to Article 2, paragraph 3, point c) and paragraph 6-bis of the Securitisation Law.

In the context of a restructuring of the Securitisation, the Issuer, BPB and CRO entered into on 22 January 2018 an amendment and restatement agreement of the Initial Servicing Agreement, pursuant to which the Servicer has agreed to carry out the services mentioned in point (i) and (ii) above also in relation to the Subsequent Receivables (the "**Servicing Agreement**").

Pursuant to the Servicing Agreement, the Servicer has agreed to carry out certain activities in order to administer and service the relevant Initial Portfolios and Subsequent Portfolios on behalf of the Issuer and in particular to collect amounts due in respect thereof ("**Receivables Administration**") and to commence and pursue enforcement proceedings and to negotiate and settle the Receivables in default ("**Defaulted Receivables Management**").

Pursuant to the terms of the Servicing Agreement, the Servicer shall comply with certain credit and collection policies specified in the Servicing Agreement (the "**Credit and Collection Policies**") in relation to the collection and recovery activities carried out on behalf of the Issuer and shall provide the Issuer quarterly servicing reports (each, a "**Quarterly Servicer's Report**"). The Servicer shall be entitled to settle and renegotiate the Receivables only in accordance with the Servicing Agreement.

The Servicer shall give directions to pay all collections and recoveries received by it in respect of the relevant Portfolio (the "**Collections**") to the Collection and Recoveries Account no later than 20:00 (Italian time) on the Business Day after the date of effective collection by the Servicer. The Servicer will convert any non-cash collections received by it into equivalent amounts of cash and will credit such cash to Collection and Recoveries Account.

The Servicer shall be entitled to settle and renegotiate the Receivables only in accordance with the Servicing Agreement. In particular the Servicer may, with respect to the Receivables (other than the Defaulted Receivables), carry out the following agreements:

(i) the modification of the interest rate, such agreements having as their object:

(a) the modification from fixed rate to floating interest rate;

(b) the modification from floating interest rate to fixed rate;

(c) the reduction of the interest rate or of the spread applicable to the Loan; and

(d) with regard to the Loan Agreements having a floating interest rate with a floor only, the modification of the relevant floor.

(ii) the modification of the final maturity of the Loan Agreements;

(iii) 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 Loans which are provided by mandatory provisions of law or by way of the relevant Originator voluntarily adhering to the relevant regulation, will not be taken into account for the purpose of determining the renegotiation limits indicated under the Servicing Agreement).

In all cases under (i), (ii) and (iii) above, subject to the following conditions being met:

(1) in relation to the modification (i.e. extension or reduction) of the final maturity of the Loan Agreements under point (ii) above the renegotiation agreement shall not provide for payments of any instalment on a date which falls after 30 June 2047;

(2) in relation to any moratorium agreement (*"accordi di moratoria"*) providing for the suspension of payment of the instalments under point (iii) above (the "**Suspension**"):

(a) each Suspension shall be granted for a maximum period of 12 (twelve) months;

(b) in case the Suspension results in a postponement of the final maturity date of the relevant Loan the new final maturity date of the relevant Loan shall not fall after 30 June 2047; and

(3) the following limits shall be met:

(a) the outstanding principal amount of the Receivables comprised in the Portfolios 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 20% of the outstanding principal amount of the Receivables comprised in the Portfolios as of the relevant Effective Date (the "**Overall Threshold**"), and

(b) without prejudice to the Overall Threshold, the outstanding principal amount of the Receivables comprised in the Portfolios which are the subject of the Suspension at the same time, shall not exceed, in relation to each Quarterly Collection Period, 5% of the outstanding principal amount of the Receivables comprised in the Portfolios, calculated as of the same date (the "**Provisional Threshold**").

For the avoidance of any doubt, if a Receivable which is the subject of a Suspension, ceases to benefit from the Suspension, such Receivable will no longer be counted for the purpose of verifying if the Provisional Threshold is met;

(4) in relation to any modification of the amortisation plan of the 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 the Servicer intends to make any renegotiation for the modification of the interest rate, according to the relevant paragraphs above, the Servicer shall indemnify the Issuer for the expenses and fees incurred and shall pay to the Issuer a corresponding indemnity calculated in accordance with the Servicing Agreement (if any).

Subject to compliance with the Credit and Collection Policies under the Servicing Agreement in relation to the Defaulted Receivables, the Servicer will not agree to the release of the Debtors, enter into settlements with these, renegotiate the terms of Loan Agreements or make restrictions or reductions to Mortgages (except in cases where it is required by law) if such releases, transactions, renegotiations, restrictions or reductions:

I. involve a waiver to a Defaulted Receivable, or to amounts due under the it, for an amount of more than 7% of the principal amount of the Receivable as at the date of the qualification of the same as a Defaulted Receivable, unless such waiver is considered by the Servicer, based on its reasonable assessment and considering the prospects for the recovery of the Defaulted Receivable, the most effective mean of recovering the same;

II. involve a postponement of the payment dates on which each Instalment is due or the date on which full payment of a Defaulted Receivable is due by more than twelve (12) months, provided that in any case such date may not fall later than 30 June 2047;

III. in the case of restrictions or reductions in Mortgages, result in an increase of the ratio existing as at the relevant Effective Date, between (X) the Residual Amount of a Defaulted Receivable secured by the Mortgage, and (Y) the lower of the amount guaranteed by the Mortgage and the value of the Real Estate; and

IV. the total number of renegotiations relating to the activities referred to in points I, II and III in this point (4), and performed up to one year and one day after the redemption of the Senior Notes, concerns Loan Agreements whose Receivables have an outstanding principal amount higher than 6% of the principal amount of all the Receivable as a the relevant Effective Date,

without the prior written consent of the Issuer and the Representative of the Noteholders.

The Servicer has expressly waived its rights to compensation that may be provided for by law other than the servicing fees. The Servicer has also expressly waived its rights to

exercise any right of set-off for the amounts due to it by the Issuer against the Collections or any other amount owed by the Servicer to the Issuer, except for those amounts paid to the Issuer and undue.

The Servicer has undertaken, *inter alia*, with respect to the activities in relation to which they have been appointed pursuant to the Servicing Agreement:

(a) to perform the Receivables Administration with care, diligence and professionalism, implementing any necessary or advisable activity pursuant to the Servicing Agreement;

(b) to proceed with care, diligence and professionalism, by implementing every necessary or advisable activity for the recovery of the Receivables when non-fulfilment events occur and for the Defaulted Receivables Management in compliance with the Credit and Collection Policies and, more in particular, the recovery of the Defaulted Receivables and to promote the relevant proceedings or in other words intervene in Legal Proceedings that are already pending, or again to gain admittance to the liabilities of Insolvency Proceedings already underway

(c) to maintain an effective system of general and accounting controls so as to ensure compliance with the provisions of its obligations under the Servicing Agreement;

(d) save for what is provided for in the Credit and Collection Policies under the Servicing Agreement, not to authorise any waiving of any Receivable, Mortgage or Collateral Securities pursuant to the, or otherwise in relation to the Loan Agreements and not to authorise other changes of the same substantially prejudicial for the interests of the Issuer, unless it is what is obliged by law, the judicial or other authorities, or unless it is what is authorised by the Issuer and by the Representative of the Noteholders;

(e) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Receivables from all other funds of the Servicer;

(f) to ensure that the Transaction is consistent with the law and this Prospectus;

(g) to comply with all authorisations, approvals, licenses and consents required for the fulfilment of the relevant obligations under the Servicing Agreement; and

(h) to co-operate with the Back-up Servicer or with the Substitute Servicer by providing the same with all the information requested from time to time, and make available the same structure and human resources making up the various competent structures within his organisation for a reasonable period of time, in order to allow the Back-up Servicer or the Substitute Servicer to learn the applications of the Originators dedicated to the Issuer and the means of compiling the Securitisation reports and, therefore, should the contracting party in the Servicing Agreement change, to be able to use the management and IT systems of every Servicer.

In the event of a material breach, by the Servicer, of any of its obligations undertaken pursuant to the Servicing Agreement in relation to the Receivables Administration and/or the Defaulted Receivables Management, the Issuer and the Representative of the Noteholders may, jointly or severally, fulfil or, as the case may be, to appoint third parties to fulfil, in the name and on behalf of the Servicer, such material obligations. It remains understood that such activities by the Issuer and/or of the Representative of the Noteholders will not constitute tacit termination (*revoca tacita*) of the Servicer's appointment.

The Issuer may revoke the appointment of the Servicer, and appoint a substitute of the Servicer (the "**Servicer's Substitute**"), in certain circumstances including, *inter alia*:

(i) the Servicer is declared insolvent, or the competent judicial authorities establish the extraordinary administration, its winding up or the or the appointment of a subject

encharged of the winding-up or administrator or a resolution is adopted by the Servicer aimed at obtaining these measures or the Servicer is admitted to a Bankruptcy Proceeding, or a resolution is adopted by the Servicer aimed at obtaining the admission to a Bankruptcy Proceeding, or the Servicer no longer have the authorisation to excercise the banking activity or no longer meets the requirements set forth by the law or by the Bank of Italy for the subjects that assume the tasks provided for under the Servicing Agreement in the context of a securitization transaction;

(ii) failure by the Servicer to deposit or pay any amount that it would be required to deposit or pay under the Servicing Agreement and the other Transaction Documents no later than 2 (two) Business Days after the relevant due date;

(iii) a breach of the obligations under the Servicing Agreement which remain unremedied for more than 10 calendar days after a written demand of compliance sent by the Issuer and/or the Representative of the Noteholders.

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

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

4. THE BACK-UP SERVICING AGREEMENT

Under a back-up servicing agreement entered into on 17 March 2017 (the "**Back-Up Servicing Agreement**"), among the Issuer, the Servicer, CRO and Zenith Service S.p.A. ("**Zenith**" or the "**Back-Up Servicer**"), Zenith has undertaken to act as Servicer's Substitute in case of termination of the appointment of BPB as Servicer, according to the Servicing Agreement.

In the context of a restructuring of the Securitisation, the Issuer, the Servicer, CRO and Zenith Service S.p.A. entered into on or about the Subsequent Issue Date an amendment agreement of the Back-Up Servicing Agreement, pursuant to which the Back-Up Servicer has undertaken to act as Servicer's Substitute also in relation to the Subsequent Receivables.

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

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

5. THE MANDATE AGREEMENT

Under a mandate agreement entered into on or prior to the Initial Issue Date between the Issuer and the Representative of the Noteholders, as subsequently amended and restated on or about the Subsequent Issue Date in the context of a restructuring of the Securitisation (the "**Mandate Agreement**"), the Representative of the Noteholders is empowered to take such action in the name of the Issuer, *inter alia*, following the service of a Trigger Notice, as the Representative of the

Noteholders may deem necessary to protect the interests of the Noteholders and the Other Issuer Creditors.

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

In the event of any disputes arising out of or in connection with the Mandate Agreement, including all non-contractual obligations thereof, the parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

6. THE CORPORATE SERVICES AGREEMENT

Under a corporate services agreement entered into on 17 March 2017 between the Issuer and the Corporate Services Provider, as subsequently amended and restated on 22 January 2018 in the context of a restructuring of the Securitisation (the "**Corporate Services Agreement**"), the Corporate Services Provider shall provide the Issuer with certain corporate administration and management services. These services shall include the book-keeping of the documentation in relation to the meetings of the Issuer's quotaholders, directors and auditors and the meetings of the Noteholders, maintaining the quotaholders' register, preparing tax and accounting records, preparing documents necessary for the Issuer's annual financial statements and liaising with the Representative of the Noteholders.

7. THE INTERCREDITOR AGREEMENT

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

In the Intercreditor Agreement each of the Noteholders and the Other Issuer Creditors have acknowledged and agreed that: (a) each Originator may (or, as the case may be, shall) repurchase individual Receivables pursuant to the terms respectively of the Servicing Agreement and the Warranty and Indemnity Agreements; and (b) the Servicer may dispose of individual Receivables on behalf of the Issuer according to the terms of, and within the limits permitted by, the Servicing Agreement.

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

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

8. CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

Under an agreement entered into on or prior to the Initial Issue Date between the Issuer, the Servicer, CRO, the Transaction Bank, the Cash Manager, the Calculation Agent, the Back-Up Servicer, the Paying Agent and the Representative of the Noteholders, as subsequently amended and restated on or

about the Subsequent Issue Date in the context of a restructuring of the Securitisation (the "**Cash Allocation, Management and Payments Agreement**"):

(a) the Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders;

(b) the Paying Agent will calculate the amount of interest payable on the Notes on each Payment Date;

(c) the Calculation Agent will perform certain other calculations in respect of the Notes and set out, in a payments report, the payments due to be made by the Issuer on each Payment Date in accordance with the applicable Priority of Payments and to prepare investors' reports providing information on the performance of the Portfolios; and

(d) the Transaction Bank and the Cash Manager will provide the Issuer with certain cash administration and investment services, in relation to the monies standing, from time to time, to the credit of the relevant Accounts.

The Cash Allocation, Management and Payments Agreement is in English language. The Cash Allocation, Management and Payments Agreement and all non-contractual obligations arising out of or in connection with the Cash Allocation, Management and Payments Agreement shall be governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Cash Allocation, Management and Payments Agreement including all non-contractual obligations thereof, the parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

9. THE SERIES 1 NOTES SUBSCRIPTION AGREEMENT

Pursuant to subscription agreements entered into on or prior to the Initial Issue Date between, *inter alios*, BPB, CRO, the Issuer and the Representative of the Noteholders and an institutional investor (the "**Series 1 Notes Subscription Agreement**"), (i) such institutional investor has subscribed for the Class A1 Notes and paid to the Issuer the issue price for the such Notes and (ii) each of the BPB and CRO has subscribed for the Class B1 Notes and Class B2 Notes respectively and paid to the Issuer the issue price for the such Notes and BPB, CRO and such institutional investor appointed the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Series 1 Notes Subscription Agreement is in English language and all non-contractual obligations arising out or in connection with the Series 1 Notes Subscription Agreement are governed by and construed in accordance with English law.

In the event of any disputes arising out of or in connection with the Series 1 Notes Subscription Agreement including all non-contractual obligations thereof, the parties have agreed to submit to the exclusive jurisdiction of the courts of England.

10. THE CLASS A2 NOTES SUBSCRIPTION AGREEMENT

Pursuant to a subscription agreement entered into on or prior to the Subsequent Issue Date between, *inter alios*, the European Investment Bank, BPB, CRO, the Issuer and the Representative of the Noteholders (the "**Class A2 Notes Subscription Agreement**"), the European Investment Bank has agreed to subscribe and pay for the Class A2 Notes upon the terms and subject to the conditions thereof, and appointed the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Class A2 Notes Subscription Agreement is in English language and all non-contractual obligations arising out or in connection with the Class A2 Notes Subscription Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Class A2 Notes Subscription Agreement including all non-contractual obligations thereof, the parties have agreed to submit to the exclusive jurisdiction of the courts of Milan, Italy.

11. THE SERIES 2 CLASS A1 NOTES AND CLASS M NOTES SUBSCRIPTION AGREEMENT

Pursuant to a subscription agreement entered into on or prior to the Subsequent Issue Date between, *inter alios*, BPB, CRO, the Issuer and the Representative of the Noteholders (the "**The Series 2 Class A1 Notes and Class M Notes Subscription Agreement**" and, together with the Class A2 Notes Subscription Agreement, the "**Series 2 Notes Subscription Agreement**"), BPB has agreed to subscribe and pay for the Series 2 Class A1 Notes and the Class M Notes and paid to the Issuer the issue price for such Notes and appointed the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Series 2 Class A1 Notes and Class M Notes Subscription Agreement is in English language and all non-contractual obligations arising out or in connection with the Series 2 Class A1 Notes and Class M Notes Subscription Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection the Series 2 Class A1 Notes and Class M Notes Subscription Agreement including all non-contractual obligations thereof, the parties have agreed to submit to the exclusive jurisdiction of the courts of Milan, Italy.

12. THE QUOTAHOLDERS' AGREEMENT

Under the terms of an agreement entered into on or prior to the Initial Issue Date between the Quotaholder, BPB, the Representative of the Noteholders and the Issuer, as subsequently amended and restated on or about the Subsequent Issue Date in the context of a restructuring of the Securitisation (the "**Quotaholder's Agreement**") certain rules shall be set out in relation to the corporate governance of the Issuer.

In particular, the Quotaholder has agreed, *inter alia*, not to create any pledge, or encumbrance (including "*usufrutto*") over the quota nor otherwise dispose for any reason of the quota representing the quota capital of the Issuer held by it, without a prior written consent of *inter alios* the Representative of the Noteholders and prior to the delivery of a written notice to, *inter alios*, the rating agencies.

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

13. THE STICHTING CORPORATE SERVICES AGREEMENT

Pursuant to a stichting corporate services agreement entered into on or prior to the Initial Issue Date, as subsequently amended and restated on or about the Subsequent Issue Date in the context of a restructuring of the Securitisation (the "**Stichting Corporate Services Agreement**"), between the Issuer, the Stichting Corporate Services Provider and Stichting Seychelles, the Stichting Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to Stichting Seychelles.

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

14. MASTER DEFINITIONS AGREEMENT

Pursuant to the terms of a master definitions agreement entered into on or prior to the Initial Issue Date, as subsequently amended and restated on or about the Subsequent Issue Date in the context of a restructuring of the Securitisation (the "**Master Definitions Agreement**"), the definitions of certain terms used in the Transaction Documents were set out.

The Master Definitions Agreement is in English language. The Master Definitions Agreement and all non-contractual obligations arising out or in connection with the Master Definitions Agreement shall be governed by and construed in accordance with Italian law.

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

WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND RELEVANT ASSUMPTIONS

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

Calculations as to the expected maturity and 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 tables below show the expected average life and the expected maturity of the Rated Notes, based, among other things, on the following assumptions:

(i) all Receivables are duly and timely paid and there are no Delinquent Receivables or Defaulted Receivables at any time;

(ii) the constant prepayment rate as per table below, has been applied to the Portfolio in homogeneous terms;

(iii) no Trigger Event occurs in respect of the Notes;

(iv) no redemption for taxation pursuant to Condition 8.4 (*Redemption for Taxation*) has occurred in respect of the Notes;

(v) the Issuer will not exercise its option to redeem the Notes pursuant to Condition 8.3 (*Optional Redemption*);

(vi) the terms of the 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 Portfolio is made according to the Transaction Documents;

(ix) the fees and the costs payable under the Transaction Documents by the Issuer in connection with the Transaction under the items from (i) to (iv) of the Pre-Trigger Notice Priority of Payments have been included.

The actual performance of the Receivables 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 Receivables 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.

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

CONSTANT PREPAYMENT RATE (% PER ANNUM)	Class A1 Notes	
	Estimated Weighted Average Life (years)	Estimated Maturity
0.0%	0.98	22-Dec-19
3.0%	0.86	22-Sep-19
5.0%	0.80	22-Jun-19
7.0%	0.74	22-Jun-19
9.0%	0.69	22-Jun-19

CONSTANT PREPAYMENT RATE (% PER ANNUM)	Class A2 Notes	
	Estimated Weighted Average Life (years)	Estimated Maturity
0.0%	2.75	22-Mar-21
3.0%	2.43	22-Dec-20
5.0%	2.26	22-Sep-20
7.0%	2.11	22-Jun-20
9.0%	1.98	22-Mar-20

CONSTANT PREPAYMENT RATE (% PER ANNUM)	Class M Notes	
	Estimated Weighted Average Life (years)	Estimated Maturity
0.0%	3.75	22-Jun-21
3.0%	3.30	22-Dec-20
5.0%	3.06	22-Sep-20
7.0%	2.85	22-Sep-20
9.0%	2.68	22-Jun-20

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes. In these Conditions, references to the "holder" of a Note and to the "Noteholders" are to the ultimate owners of the Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 83-bis of the Financial Laws Consolidation Act and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published in the Official Gazette number 54 of 4 March 2008. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders, attached as an Exhibit to, and forming part of, these Conditions.

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 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 1 Class A1 Notes**"); the Euro 302,800,000 Series 1 Class B1 Variable Return Asset Backed Notes due December 2057 (the "**Class B1 Notes**" or the "**Series 1 Class B1 Notes**") and the Euro 49,000,000 Series 1 Class B2 Variable Return Asset Backed Notes due December 2057 (the "**Class B2 Notes**" or "**Series 1 Class B2 Notes**" and, together with the Series 1 Class B1 Notes, the "**Junior Notes**"; the Junior Notes together with the Series 1 Class A1 Notes, the "**Series 1 Notes**") have been issued by 2017 Popolare Bari SME S.r.l. (the "**Issuer**") on 28 March 2017 (the "**Initial Issue Date**") and the Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A1 Notes**" and, together with the Series 1 Class A1 Notes, the "**Class A1 Notes**"); the Euro 150,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A2 Notes**" or the "**Class A2 Notes**", and together with the Class A1 Notes the "**Class A Notes**" or the "**Senior Notes**"); and the Euro 57,400,000 Series 2 Class M Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class M Notes**" or the "**Class M Notes**" and together with the the Senior Notes, the "**Rated Notes**"; the Class M Notes together with the Series 2 Class A1 Notes and the Series 2 Class A2 Notes, the "**Series 2 Notes**"; the Series 2 Notes together with the Series 1 Notes, the "**Notes**") are issued by the Issuer on 28 February 2018 (the "**Subsequent Issue Date**"), in the context of a securitisation transaction (the "**Transaction**" or the "**Securitisation**") to finance the purchase, pursuant to article 1 of Italian Law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*) ("**Law 130**" or the "**Securitisation Law**"), of:

(i) a portfolio (the "**BPB Initial Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Initial Receivables**") originated by Banca Popolare di Bari S.c.p.a. ("**BPB**") pursuant to a transfer agreement entered into on the 17th March 2017, as amended on 24th March 2017, (the "**BPB Initial Transfer Agreement**"), at a purchase price equal to Euro 722,516,623.87 (the "**BPB Initial Portfolio Purchase Price**" as calculated in accordance with the BPB Initial Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all BPB Initial Receivables and (y) an additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Installments due and unpaid by not longer than 30 days as from the relevant Effective Date in relation to the BPB Initial Portfolio ("**BPB Initial Additional Purchase Price**");

(ii) a portfolio (the "**CRO Initial Portfolio**" and together with the BPB Initial Portfolio, the "**Initial Portfolios**" and each a "**Initial Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**CRO Initial Receivables**" and together with the BPB Initial Receivables, the "**Initial Receivables**") originated by Cassa di Risparmio di Orvieto S.p.A. ("**CRO**" and, together with BPB, the "**Originators**") pursuant to a transfer agreement entered into on the 17th March 2017, as amended on 24th March 2017, (the "**CRO Initial Transfer Agreement**" and together with the

BPB Initial Transfer Agreement, the "**Initial Transfer Agreements**"), at a purchase price equal to Euro 116,674,393.84 (the "**CRO Initial Portfolio Purchase Price**" as calculated in accordance with the CRO Initial Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all CRO Initial Receivables and (y) additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the relevant Effective Date in relation to the CRO Initial Portfolio (the "**CRO Initial Additional Purchase Price**" and together with the BPB Initial Additional Purchase Price, the "**Initial Additional Purchase Price**");

(iii) a portfolio (the "**BPB Subsequent Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**BPB Subsequent Receivables**") originated by BPB pursuant to a transfer agreement entered into on 22 January 2018 (the "**BPB Subsequent Transfer Agreement**" and together with the BPB Initial Transfer Agreement, the "**BPB Transfer Agreements**" and each a "**BPB Transfer Agreement"**), at a purchase price equal to Euro 249,537,850.04 (the "**BPB Subsequent Portfolio Purchase Price**" as calculated in accordance with the BPB Subsequent Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all BPB Subsequent Receivables and (y) an additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Installments due and unpaid by not longer than 30 days as from the relevant Effective Date in relation to the BPB Subsequent Portfolio ("**BPB Subsequent Additional Purchase Price**"); and

(iv) a portfolio (the "**CRO Subsequent Portfolio**" and together with the BPB Subsequent Portfolio, the "**Subsequent Portfolios**" and each a "**Subsequent Portfolio**") of monetary claims and connected rights arising under mortgage loan agreements and unsecured loan agreements (the "**CRO Subsequent Receivables**" and together with the BPB Subsequent Receivables, the "**Subsequent Receivables**") originated by CRO pursuant to a transfer agreement entered into on 22 January 2018 (the "**CRO Subsequent Transfer Agreement**" and together with the CRO Initial Transfer Agreement the "**CRO Transfer Agreements**" and each a "**CRO Transfer Agreement**"; the CRO Subsequent Transfer Agreement together with the BPB Subsequent Transfer Agreement, the "**Subsequent Transfer Agreements**"; the Subsequent Transfer Agreements together with the Initial Transfer Agreements, the "**Transfer Agreements**"), at a purchase price equal to Euro 57,673,539.05 (the "**CRO Subsequent Portfolio Purchase Price**" as calculated in accordance with the CRO Subsequent Transfer Agreement) being the sum of (x) the aggregate of the Individual Purchase Price of all CRO Subsequent Receivables and (y) additional purchase price corresponding to an amount equal to the Interest Accruals, Suspended Interest and to the interest component, default interest component and charges relating to the Instalments due and unpaid by not longer than 30 days as from the relevant Effective Date in relation to the CRO Subsequent Portfolio (the "**CRO Subsequent Additional Purchase Price**" and together with the BPB Subsequent Additional Purchase Price, the "**Subsequent Additional Purchase Price**").

In the context of a restructuring of the Transanction on 16 January 2018, pursuat to two retransfer agreements entered into between the Issuer and each of BPB and CRO (the "**BPB Retransfer Agreement**" and the "**CRO Retransfer Agreement**", and collectively, the "**Retransfer Agreements**"), the Originators have repurchased from the Issuer certain Initial Receivables which have been classified as non-performing loans (pursuant to the ECB Guidelines) and that did not meet the criteria to enable the Class A Notes to be classified as Eligible Assets in accordance with the ECB Guidelines, together with other Initial Receivables agreed between the Issuer and the Originators.

The principal source of payment of amounts due under the Notes will be collections and recoveries (the "**Collections**") made in respect of the Portfolios from the relevant Effective Date. By operation of article 3 of Law 130, the Issuer's Rights (as defined below) and all the amounts deriving therefrom

will be segregated from all the other assets of the Issuer and amounts deriving therefrom and will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors (as defined below) in accordance with the applicable Priority of Payments (as set out in Condition 6 (*Priority of Payments*). The Issuer's Rights and all the amounts deriving therefrom may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations against the Other Issuer Creditors.

Any reference below to a "**Class**" of Notes or a "**Class**" of Noteholders shall be a reference to the Class A Notes, the Class M Notes and the Junior Notes, as the case may be, or to the respective ultimate owners thereof. Any reference below to the "**Class A Noteholders**" are to the beneficial owners of the Class A Notes and references to the "**Class M Noteholders**" are to the beneficial owners of the Class M Notes and references to the "**Junior Noteholders**" are to the beneficial owners of the Junior Notes and references to the "**Noteholders**" are to the beneficial owners of the Class A Notes, Class M Notes and Junior Notes.

1. INTRODUCTION

1.1 Noteholders entitled to benefit of and bound by the Transaction Documents

The Noteholders are entitled to the benefit of, accept to be bound by and are deemed to have notice of all the provisions of the Transaction Documents.

1.2 Provisions of Conditions subject to Transaction Documents

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

1.3 Copies of Transaction Documents available for inspection

Copies of the Transaction Documents are available for inspection by the Noteholders during normal business hours at the registered office of: (i) the Issuer being, as at the Subsequent Issue Date, Via Vittorio Alfieri, 1, Conegliano (Treviso), Italy; (ii) the Representative of the Noteholders being, as at the Subsequent Issue Date, Via Vittorio Alfieri, 1, Conegliano (Treviso), Italy; and (iii) the Paying Agent being, as at the Subsequent Issue Date, Piazza Lina Bo Bardi, 3, Milan, Italy.

1.4 Description of Transaction Documents

1.4.1 Pursuant to the (i) the BPB Transfer Agreements, BPB has assigned and transferred without recourse (*pro soluto*) the BPB Portfolios to the Issuer and (ii) the CRO Transfer Agreements, CRO has assigned and transferred without recourse (*pro soluto*) the CRO Portfolios to the Issuer, in accordance with the Securitisation Law and subject to the terms and conditions provided therein.

1.4.2 Pursuant to the Warranty and Indemnity Agreements, the Originators have given certain representations and warranties in favour of the Issuer in relation to the relevant Portfolios and certain other matters and have agreed to indemnify the Issuer in respect of certain costs, liabilities and expenses of the Issuer incurred in connection with the purchase and ownership of the relevant Portfolios.

1.4.3 Pursuant to the Servicing Agreement the Servicer has agreed (i) to act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to the Securitisation Law and will be responsible for ensuring that the Securitisation complies with the law and the Prospectus pursuant to article 2 paragraph 6-*bis*

of the Securitisation Law; and (ii) to provide the Issuer with administration, collection and recovery services in respect of the Portfolios.

1.4.4 Pursuant to the Corporate Services Agreement the Corporate Services Provider has agreed to provide to the Issuer certain services in relation to the management of the Issuer.

1.4.5 Pursuant to the Cash Allocation, Management and Payments Agreement the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Servicer, the Corporate Services Provider and the Paying Agent have agreed to provide the Issuer with calculation, notification, reporting and agency services together with account handling and payment services in relation to moneys and Eligible Investments from time to time standing to the credit of the Issuer's Accounts. The Cash Allocation, Management and Payments Agreement also contains certain provisions relating to, *inter alia*, the calculation (by the Calculation Agent) and the payment (by the Paying Agent) of principal, Interest Payment Amount, and Variable Return in respect of the Junior Notes.

1.4.6 Pursuant to the Intercreditor Agreement provision is made as to the order of application of Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be entitled to exercise certain of the Issuer's rights in respect of the Portfolios and the Transaction Documents.

1.4.7 Pursuant to the Mandate Agreement the Representative of the Noteholders, subject to a Trigger Notice being served upon the Issuer and, subject to the fulfilment of certain conditions, upon failure by the Issuer to exercise its rights under the Transaction Documents, is authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.

1.4.8 Pursuant to the Quotaholders' Agreement certain rules have been set forth in relation to the corporate management of the Issuer.

1.4.9 Pursuant to the Back-Up Servicing Agreement, Zenith Service S.p.A. has agreed to act as Back-Up Servicer. In particular, Zenith Service S.p.A. has agreed to act as servicer of the Portfolios on substantially the same terms set forth in the Servicing Agreement, should the appointment of BPB, as servicer be terminated pursuant to the terms of the Servicing Agreement.

1.4.10 Pursuant to the Stichting Corporate Services Agreement, the Stichting Corporate Services Provider undertook to provide the Stichting with certain services set out thereunder.

1.4.11 Pursuant to the Notes Subscription Agreements, the initial holders of the Notes have agreed to subscribe and pay for Class A2 Notes upon the terms and subject to the conditions thereof and have the Representative of the Noteholders to perform the activities described in these Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is a party.

1.4.12 Pursuant to the Master Definitions Agreement the definitions and interpretation of certain terms and expressions used in the Transaction Documents have been agreed by the parties to the Transaction Documents.

2. DEFINITIONS AND INTERPRETATION

2.1 Definition

In these Conditions, the following expressions shall, except where the context otherwise requires and save where otherwise defined, have the following meanings:

"**Additional Purchase Price**" means the sum of the Initial Additional Purchase Price and the Subsequent Additional Purchase Price.

"**Agent**" means each of the Transaction Bank, the Cash Manager, the Paying Agent and the Calculation Agent, appointed pursuant to the Cash Allocation Management and Payments Agreement.

"**AIFM Regulation**" means the Commission Delegated Regulation (EU) no. 231/2013, as the same may be amended from time to time.

"**Arrangers**" means J.P. Morgan and SocGen.

"**Back-up Servicer**" means Zenith Service S.p.A., 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 Back-up Servicing Agreement.

"**Back-Up Servicing Agreement**" means the agreement entered into on or about the Initial Issue Date between the Issuer, BPB and the Back-up Servicer, as subsequently amended on or about the Subsequent Issue Date, pursuant to which Zenith Service S.p.A. has agreed to act as Back-Up Servicer.

"**Bankruptcy Law**" means Italian Royal Decree number 267 of 16 March 1942.

"**Bankruptcy Proceedings**" means any bankruptcy or similar proceeding provided for under Italian law (in particular the Bankruptcy Law and the Consolidated Banking Act), including, but not limited to, the following proceedings: *liquidazione coatta amministrativa*, *concordato preventivo*, *concordato fallimentare*, and the proceedings as set forth by article 182 *bis* and article 67, paragraph 3, of the Bankruptcy Law.

"**BPB**" means Banca Popolare di Bari S.c.p.a.

"**BPB Group**" means the Banca Popolare di Bari group.

"**BPB Initial Additional Purchase Price**" has the meaning attributed to the definition "*Prezzo di Acquisto Aggiuntivo*" in the BPB Initial Transfer Agreement.

"**BPB Initial Portfolio**" means the portfolio of BPB Initial Receivables which are sold to the Issuer by BPB pursuant to the BPB Initial Transfer Agreement.

"**BPB Initial Receivables**" means the Receivables assigned by BPB pursuant to the BPB Initial Transfer Agreement.

"**BPB Initial Transfer Agreement**" means a transfer agreement entered into between the Issuer and BPB on the 17th March 2017, as subsequently amended and supplemented.

"**BPB Portfolios**" means the BPB Initial Portfolio and the BPB Subsequent Portfolio and a "**BPB Portfolio**" any of them.

"**BPB Portfolio Purchase Price**" means the purchase price of the BPB Portfolios to be paid by the Issuer to BPB and equal to (i) Euro 722,516,623.87 pursuant to the BPB Initial Transfer Agreement in connection with the BPB Initial Portfolio and (ii) Euro 249,537,850.04 pursuant to the Subsequent Transfer Agreement in connection with the BPB Subsequent Portfolio.

"**BPB Receivables**" means the BPB Initial Receivables and the BPB Subsequent Receivables.

"**BPB Retransfer Agreement**" means the transfer agreement entered into on 16 January 2018 between the Issuer and BPB pursuant to which BPB repurchased from the Issuer certain BPB Initial Receivables which have been classified as non-performing loans (pursuant to the ECB Guidelines) and that did not meet the criteria to enable the Class A Notes to be classified as Eligible Assets in accordance with the ECB Guidelines, together with other BPB Initial Receivables agreed between the Issuer and BPB.

"**BPB Subsequent Additional Purchase Price**" has the meaning attributed to the definition "*Prezzo di Acquisto Aggiuntivo*" in the BPB Subsequent Transfer Agreement.

"**BPB Subsequent Portfolio**" means the portfolio of BPB Subsequent Receivables which are sold to the Issuer by BPB pursuant to the BPB Subsequent Transfer Agreement.

"**BPB Subsequent Receivables**" means the Receivables assigned by BPB pursuant to the BPB Subsequent Transfer Agreement.

"**BPB Subsequent Transfer Agreement**" means a transfer agreement entered into between the Issuer and BPB on 22 January 2018, as subsequently amended and supplemented.

"**BPB Transfer Agreements**" means the BPB Initial Transfer Agreement and the BPB Subsequent Transfer Agreement and a "**BPB Transfer Agreement**" means any of them.

"**Business Day**" means (i) in respect on any day on which a payment in or a purchase of Euro is to be made, a day which is a TARGET Day and (ii) in respect of any other day, a day (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, Luxembourg and London.

"**Calculation Agent**" means Securitisation Services S.p.A., 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 date falling 5 (five) Business Days before a Payment Date.

"**Cancellation Date**" means the earlier date of (i) following collection in full and/or the completion of any proceedings for the recovery of all Receivables, the date on which all such collections and recoveries are paid in accordance with the applicable Priority of Payments, (ii) following the sale in whole of the Portfolios and the enforcement in full of the Issuer's Rights, the date on which the proceeds of such sale and/or enforcement (if any) are paid in accordance with the applicable Priority of Payments, 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 Priority of Payments).

"**Capital Requirements Regulation**" or "**CRR**" means the Regulation (EU) No. 575/2013, as the same may be amended from time to time.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on or about the Initial Issue Date, as amended on or about the Subsequent Issue Date, between, *inter alios*, the Issuer, the Servicer, the Representative of the Noteholders, the Transaction Bank, the Corporate Services Provider, the Cash Manager, the Calculation Agent and the Paying Agent.

"**Cash Manager**" means BNP Paribas Securities Services, Milan Branch, 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**" means the amounts from time to time standing to the credit of the Cash Reserve Account.

"**Cash Reserve Account**" means the Euro denominated account established in the name of the Issuer with the Transaction Bank with IBAN number IT 53 D 03479 01600 000802116003, or such substitute or replacement account as may be opened in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Amount**" means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

"**Cash Reserve Available Amount**" means: (a) in respect of any Payment Date falling prior to the service of a Trigger Notice, the amount to be drawn from the Cash Reserve Account equal to the difference, if negative, between the Issuer Available Funds (net of the amount to be distributed pursuant to item (iii) of the Issuer Available Funds) and the amounts necessary to pay items from (*First*) to (*Fifth*) of the Pre-Trigger Notice Priority of Payments on such Payment Date and (b) on the first Payment Date following service of a Trigger Notice, or on the Payment Date on which the Class

A Notes are redeemed in full or cancelled, all amounts standing to the credit of the Cash Reserve Account.

"**Cash Reserve Initial Amount**" means Euro 12,543,534.47.

"**Class**" shall be a reference to a class of Notes being the Class A Notes, the Class M Notes and the Junior Notes and "**Classes**" shall be construed accordingly.

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

"**Class A Notes**" means Class A1 Notes and the Class A2 Notes.

"**Class A1 Notes**" means the Series 1 Class A1 Notes and the Series 2 Class A1 Notes.

"**Class A2 Notes**" means Euro 150,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due December 2057.

"**Class A2 Notes Subscriber**" means the European Investment Bank.

"**Class A2 Notes Subscription Agreement**" means the notes subscription agreement entered into on or prior to the Subsequent Issue Date between, *inter alios*, the Issuer, the Originators, the Class A2 Notes Subscriber and the Representative of the Noteholders.

"**Class B1 Notes**" or the "**Series 1 Class B1 Notes**" means the Euro 302,800,000 Class B1 Variable Return Asset Backed Notes due December 2057.

"**Class B1 Notes Subscriber**" means BPB.

"**Class B1 Variable Return**" means any amount payable to the Class B1 Notes pursuant to Conditions 6.3 and 7.4.

"**Class B2 Notes**" or the "**Series 1 Class B2 Notes**" means the Euro 49,000,000 Class B2 Variable Return Asset Backed Notes due December 2057.

"**Class B2 Notes Subscriber**" means CRO.

"**Class B2 Variable Return**" means any amount payable to the Class B2 Notes pursuant to Conditions 6.3 and 7.4.

"**Class M Notes**" or the "**Series 2 Class M Notes**" or the "**Mezzanine Notes**" means the Euro 57,400,000 Series 2 Class M Asset Backed Floating Rating Notes due December 2057.

"**Class M Noteholders**" or the "**Mezzanine Noteholders**" means the holders of the Class M Notes from time to time.

"**Class M 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 10%, provided that in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred.

"**Class M Notes Subscriber**" means BPB.

"**Collection and Recoveries Account**" means the Euro denominated account with IBAN Code: IT 02 B 03479 01600 000802116001 opened in the name of the Issuer with the Transaction Bank, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

"**Collateral Security**" means any personal guarantee or security ("*garanzia personale o reale*") (including the Mortgages and the Insurance Policies), granted or otherwise existing in relation to the relevant Loan in order to secure or guarantee the reimbursement of the Receivables and/or the obligations arising under the Loan Agreements.

"**Collections**" means all the amounts collected and/or recovered under the Receivables by the Issuer or by the Servicer on behalf of the Issuer.

"**Conditions**" means these terms and conditions.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993.

"**Corporate Services Agreement**" means the agreement executed on 17 March 2017, as subsequently amended on 22 January 2018, between the Issuer and the Corporate Services Provider.

"**Corporate Services Provider**" means Securitisation Services S.p.A., 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.

"**Credit and Collection Policies**" means the procedures for the collection and recovery of the Receivables applied by the Servicer and attached as a schedule to the Servicing Agreement.

"**Critical Obligations Rating**" or "**COR**" means the long-term rating assigned by DBRS to address the risk of default of particular obligations and/or exposures of certain banks that have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations.

"**CRO**" means Cassa di Risparmio di Orvieto S.p.A.

"**CRO Initial Additional Purchase Price**" has the meaning attributed to the definition "*Prezzo di Acquisto Aggiuntivo*" in the CRO Initial Transfer Agreement.

"**CRO Initial Portfolio**" means the portfolio of CRO Initial Receivables which are sold to the Issuer by CRO pursuant to the CRO Initial Transfer Agreement.

"**CRO Initial Receivables**" means the Receivables assigned by CRO pursuant to the CRO Initial Transfer Agreement.

"**CRO Initial Transfer Agreement**" means a transfer agreement entered into between the Issuer and CRO on the 17th March 2017, as subsequently amended and supplemented.

"**CRO Portfolios**" means the CRO Initial Portfolio and the CRO Subsequent Portfolio and a "**CRO Portfolio**" means any of them.

"**CRO Portfolio Purchase Price**" means the purchase price of the CRO Portfolios paid by the Issuer to CRO and equal to (i) Euro 116,674,393.84 pursuant to CRO Initial Transfer Agreement in relation to the CRO Initial Portfolio and (ii) Euro 57,673,539.05 pursuant to the CRO Subsequent Transfer Agreement in relation to the CRO Subsequent Portfolio.

"**CRO Receivables**" means the CRO Initial Receivables and the CRO Subsequent Receivables.

"**CRO Retransfer Agreement**" means the transfer agreement entered into on 16 January 2018 between the Issuer and CRO pursuant to which CRO repurchased from the Issuer certain CRO Initial Receivables which have been classified as non-performing loans (pursuant to the ECB Guidelines) and that did not meet the criteria to enable the Class A Notes to be classified as Eligible Assets in accordance with the ECB Guidelines, together with other CRO Initial Receivables agreed between the Issuer and CRO.

"**CRO Subsequent Additional Purchase Price**" has the meaning attributed to the definition "*Prezzo di Acquisto Aggiuntivo*" in the CRO Subsequent Transfer Agreement.

"**CRO Subsequent Portfolio**" means the portfolio of CRO Subsequent Receivables which are sold to the Issuer by CRO pursuant to the CRO Subsequent Transfer Agreement.

"**CRO Subsequent Receivables**" means the Receivables assigned by CRO pursuant to the CRO Subsequent Transfer Agreement.

"**CRO Subsequent Transfer Agreement**" means a transfer agreement entered into between the Issuer and CRO on 22 January 2018, as subsequently amended and supplemented.

"**CRO Transfer Agreements**" means the CRO Initial Transfer Agreement and the CRO Subsequent Transfer Agreement and a "**CRO Transfer Agreement**" means any of them.

"**Cumulative Default Ratio**" means, with reference to each Quarterly Collection Period, the ratio (expressed in percentage) between (i) the Outstanding Balance, as of the day on which they have become Defaulted Receivables, of the Receivables arising under those Loans that have become Defaulted Receivables during the period from the Subsequent Effective Date to the last day of such Quarterly Collection Period; and (ii) the Outstanding Balance, as of the Subsequent Effective Date, of all the Receivables comprised in the Portfolios.

"**Cut-off Date"** means with respect to the Initial Portfolios, the Subsequent Valuation Date and with respect to the Subsequent Portfolios, the Subsequent Effective Date.

"**DBRS**" means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

"**DBRS Eligible Institution Rating**" means the DBRS rating, as set out in the table below:

(i) Highest rating assigned to rated Notes	**(ii) DBRS Eligible Institution Rating**
(i) AAA	(ii) A
(iii) AA (high)	(iv) A (low)
(v) AA	(vi) BBB (high)
(vii) AA (low)	(viii) BBB (high)
(ix) A (high)	(x) BBB
(xi) A	(xii) BBB (low)
(xiii) A (low)	(xiv) BBB (low)
(xv) BBB (high)	(xvi) BBB (low)
(xvii) BBB	(xviii) BBB (low)
(xix) BBB (low)	(xx) BBB (low)

"**DBRS Eligible Investment Rating**" means the DBRS rating, as set out in the tables below:

(i) for investments maturing in 30 days or less:

Highest rating assigned to rated Notes	**DBRS Eligible Investment Rating**
AAA	A or R-1 (low)
AA (high)	A (low) or R-1 (low)

AA	BBB (high) or R-1 (low)
AA (low)	BBB (high) or R-1 (low)
A (high)	BBB or R-2 (high)
A	BBB (low) or R-2 (middle)
A (low)	BBB (low) or R-2 (low)
BBB (high)	BBB (low) or R-2 (low)
BBB	BBB (low) or R-2 (low)
BBB (low)	BBB (low) or R-2 (low)
BB (high)	BB (high) or R-3
BB	BB or R-4
BB (low)	BB (low) or R-4
B (high)	B (high) or R-4
B	B or R-4
B (low)	B (low) or R-5

(ii) for investments maturing in a period longer than 30 days:

Maximum Maturity	**Most senior Notes rated AA (low) and above**	**Most senior Notes rated between A (high) and A (low)**	**Most senior Notes rated BBB (high) and below**
90 days	AA (low) or R-1 (middle)	A (low) or R-1 (low)	BBB (low) or R-2 (middle)
180 days	AA or R-1 (high)	A or R-1 (low)	BBB or R-2 (high)
365 days	AAA or R-1 (high)	A (high) or R-1 (middle)	BBB or R-2 (high)

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

DBRS		Moody's		S&P		Fitch	
Long Term	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**	**Long Term**	**Short Term**
AAA	R-1 (high)	Aaa	P-1	AAA	A-1+	AAA	F1+
AA(high)		Aa1		AA+		AA+	
AA	R-1 (middle)	Aa2		AA		AA	
AA(low)		Aa3		AA-		AA-	
A(high)	R-1 (low)	A1		A+	A-1	A+	F1
A		A2		A		A	
A(low)		A3	P-2	A-	A-2	A-	F2
BBB(high)	R-2 (high)	Baa1		BBB+		BBB+	
BBB	R-2 (middle)	Baa2	P-3	BBB	A-3	BBB	F3
BBB(low)	R-2 (low) R-	Baa3		BBB-		BBB-	
BB(high)	R-4	Ba1		BB+		BB+	B
BB		Ba2		BB		BB	
BB(low)		Ba3		BB-		BB-	
B(high)		B1		B+		B+	
B	R-5	B2		B		B	
B(low)		B3		B-		B-	
CCC		Caa1		CCC+		CCC+	C
		Caa2		CCC		CCC	
		Caa3		CCC-		CCC-	
CC		Ca		CC		CC	
C		C		D		D	

"**DBRS Minimum Rating**" means: (a) if a Fitch public rating, a Moody's public rating and an S&P public rating (each, a "**Public Rating**") are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Rating remaining after disregarding the highest and lowest of such Public Ratings from such rating agencies (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Rating (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Rating (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

"**Debtor**" means any entity who entered into a Loan Agreement as principal debtor or guarantor or who is obliged for the payment or repayment of amounts due in respect of a Loan or who has assumed the Debtor's obligation under an "*accollo*", or otherwise.

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996.

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree 239.

"**Defaulted Receivables**" means any Receivables which is classified as "*in sofferenza*" by the Servicer pursuant to the Credit and Collection Policies and in compliance with the applicable rules "*Istruzioni di Vigilanza*" of the Bank of Italy or a Receivable which has at least, as the case may be: (i) 15 (fifteen) Unpaid Instalments in relation to Receivables with monthly Instalments; (ii) 8 (eight) Unpaid Instalments in relation to Receivables with Instalments which are paid every two months; (iii) 5 (five) Unpaid Instalments in relation to Receivables with quarterly Instalments; (iv) 3 (three) Unpaid Instalments in relation to Receivables with semi-annual Instalments and (v) 2 (two) Unpaid Instalments in relation to Receivables with annual Instalments.

"**ECB Guidelines**" means the *Guideline (EU) 2015/510 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 the *Guideline of the European Central Bank (ECB) of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (ECB/2014/31),* as subsequently amended and supplemented.

"**Effective Date**" means (i) in respect to the Initial Portfolios the 00:01 a.m. of 13 March 2017 and (ii) in respect to the Subsequent Portfolios the 00:01 a.m. of 17 January 2018.

"**Eligible Institution**" means a depository institution organised under the laws of any State which is a member of the European Union or of England or Wales or of the United States of America whose unsecured and unsubordinated debt obligations or deposit rating (or whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee issued by a depository institution organised under the laws of any state which is a member of the European Union or of England or Wales or of the United States of America whose unsecured and unsubordinated debt obligations or deposit rating) are rated as follows:

(a) as for its unsecured and unsubordinated debt obligations, they are rated at least as follows (1) the higher of (i) the rating one notch below the relevant institution's Critical Obligations Rating (COR) given by DBRS; and (ii) "A" by DBRS in respect of long-term debt, public or private, rating; or (2) in case the institution does not have a COR rating by DBRS, at least "A" by DBRS in respect of long-term debt, public or private, rating; or (3) if there is no such public or private rating, the DBRS Minimum Rating of "A"; and

(b) as for its relevant deposit rating, it is at least "Baa2" by Moody's.

"**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 Eligible Investments Maturity Date; (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 the Republic of Italy 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 an Eligible Institution in England or Wales or any other EU member state (and in any case are not held through a sub-custodian) and (iv) the debt securities or other debt instruments have at least the following ratings:

(A) with respect to DBRS, at least equal to the DBRS Eligible Investment Rating, considering (A) in case a public or private rating has been assigned by DBRS, the long-term or short term senior unsecured debt rating, or (B) in case in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating; and

(B) with respect to Moody's, a long term rating of at least "Aaa"; 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 (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 DBRS or Moody's, 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 the Republic of Italy 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 an Eligible Institution in England or Wales or any other EU member state.

"**Eligible Investments Maturity Date**" means any date falling two Business Day prior to each Calculation Date.

"**Euribor**" means the Euro-Zone Inter-bank offered rate.

"**Euro**", "**euro**", "**cents**" and "**€**" refer 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, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995.

"**Expenses**" means:

(i) any and all documented fees, costs, expenses and taxes and other amounts required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined, where applicable, in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transactions carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws;

(ii) all costs and taxes required to be paid to maintain the ratings of the Rated Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents; and

(iii) any other documented costs, fees and expenses and other amounts due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights.

"**Expenses Account**" means the Euro denominated account established in the name of the Issuer with Monte dei Paschi di Siena S.p.A. with IBAN No. IT 77 J 01030 61622 000001744872, or such other substitute account opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"**Final Maturity Date**" means the Payment Date falling in December 2057.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998.

"**First Payment Date**" means, with respect to the Series 1 Notes, the Payment Date of June 2017 and with respect to the Series 2 Notes, the Payment Date falling on March 2018.

"**First Quarterly Collection Date**" means (i) in respect to the Initial Portfolios 31 May 2017 and (ii) in respect to the Subsequent Portfolios 28 February 2018.

"**First Quarterly Collection Period**" means the period starting on the relevant Effective Date (inclusive) and ending on the relevant First Quarterly Collection Date (inclusive).

"**Fitch**" means Fitch Ratings, Inc.

"**Further Securitisation**" has the meaning ascribed to it in Condition 5 (*Covenants*).

"**Guarantor**" means each person, different from the Debtor who granted a Mortgage and/or another Collateral Security or which assumed in full or in part the obligations arising from a Loan Agreement.

"**Holder**" or "**holder**" of a Note means the ultimate owner of a Note.

"**Individual Purchase Price**" means the purchase price of each Receivable, equal to the Outstanding Principal Amount as of the Effective Date.

"**Initial Interest Period**" means the first Interest Period for the Notes, which shall begin on (and include) the relevant Issue Date and end on (but exclude) the relevant First Payment Date.

"**Initial Issue Date**" means 28 March 2017.

"**Initial Portfolio**" means together the BPB Initial Portfolio and the CRO Initial Portfolio.

"**Initial Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 17 March 2017 between the Issuer and the Originators.

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

(i) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition, emergency regulations, suspension of payments or reorganisation (including, without limitation "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy), including the seeking of liquidation, winding-up, reorganisation, dissolution, administration,) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "*pignoramento*" or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), and unless, in the opinion of the Representative of the Noteholders, such proceedings are not being disputed in good faith with a reasonable prospect of success; or

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

(iii) such company or corporation is in a situation that it has ceased to make payments, takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss, given by it in respect of any indebtedness or applies for suspension of payments

of any indebtedness given by it (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or

(iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or

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

"**Insolvency Proceedings**" means the bankruptcy or any other insolvency proceedings or analogous proceeding (including those provided under articles 67 (paragraph 3(d)) and 182-*bis* of the Bankruptcy Law) commenced, or to be commenced, against any Debtors, or to which the Issuer has had to intervene or has to intervene after the signing date of the Transfer Agreements.

"**Instalment**" means, with respect to each Loan Agreement, each monetary amount due from time to time under the Receivables by the relevant Debtor and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Company**" means each of the insurance companies with which the Insurance Policies have been stipulated.

"**Insurance Policies**" means any insurance policy entered into by an Originator, a Debtor and/ or a Guarantor in relation to a Real Estate Asset, whose relevant indemnity is destined to the repayment of a Receivable under the terms set out thereunder.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or prior to the Initial Issue Date, as amended on or about the Subsequent Issue Date, among, *inter alios*, the Issuer, the Originators, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider, the Paying Agent, the Transaction Bank, the Back-up Servicer, the Class A2 Notes Subscriber, the Stichting Corporate Services Provider and the Cash Manager.

"**Interest Accruals**" means with reference to each Receivable and to the relevant Effective Date, the interest component accrued on such Receivables but not yet due as at such date (excluding default interest, Suspended Interests and the interest component, default interest and charges relating to the Installments due and payable by no longer than 30 (thirty) days as from the relevant Effective Date).

"**Interest Determination Date**" means, with respect to the relevant Initial Interest Period, the date falling on the second Business Day immediately preceding the relevant Issue Date and with respect to each subsequent Interest Period, the date falling on the second Business Day immediately preceding the Payment Date at the beginning of such Interest Period.

"**Interest Instalment**" means the interest component of each payment due from a Debtor in respect of a Receivable.

"**Interest Payment Amount**" has the meaning ascribed to it under Condition 7.3.

"**Interest Period**" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date *provided that* the first Interest Period shall begin on (and include) the relevant Issue Date and end on (but exclude) the relevant First Payment Date.

"**Investment Account**" means the Euro denominated account opened in the name of the Issuer with the Transaction 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.

"**Investor Report**" means the report setting out setting out certain information with respect to the Notes, which shall be prepared and delivered by the Calculation Agent to the Issuer, the

Representative of the Noteholders, the Servicer, the Cash Manager, the Corporate Services Provider, the Paying Agent and the Rating Agencies in accordance with the Cash Allocation, Management and Payments Agreement.

"**Investors' Report Date**" means the date falling 3 (three) Business Days after each Payment Date.

"**Issue Date**" means (i) in respect of the Series 1 Notes, the Initial Issue Date and (ii) in respect of the Series 2 Notes, the Subsequent Issue Date.

"**Issue Price**" means, in respect of a Class of Notes, 100% of the Principal Amount Outstanding of the Notes of the relevant Class upon issue.

"**Issuer**" means 2017 Popolare Bari SME S.r.l.

"**Issuer Available Funds**" means, on any Calculation Date and in respect of the immediately following Payment Date, the aggregate of:

(i) all the Collections received by the Issuer from the Servicer or CRO, during the immediately preceding Quarterly Collection Period in respect of the Portfolios;

(ii) all positive amounts (other than the amounts already allocated under other items of the Issuer Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer's Accounts (other than the Quotaholder Account) during the immediately preceding Quarterly Collection Period;

(iii) the Cash Reserve Available Amount (if any) transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;

(iv) any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments (including, for the avoidance of doubt, interest, premium or any other amounts representing their yield), but excluding principal proceeds of Eligible Investments made with funds credited to the Cash Reserve Account and other amounts credited to the Payments Account 2 (two) Business Days prior to such Payment Date;

(v) all the proceeds deriving from the sale (in whole or in part), if any, of the Portfolios, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period;

(vi) all the proceeds deriving from the sale, if any, of individual Receivables, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period; and

(vii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents (including any payment made by the Originators) and any indemnity which the Issuer may directly recover from third parties under clause 5.3 of the Warranty and Indemnity Agreements during the immediately preceding Quarterly Collection Period;

for the avoidance of doubt, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Issuer's Accounts as at the immediately preceding Calculation Date.

"**Issuer's Accounts**" or "**Accounts**" means, collectively, the Expenses Account, the Quota Capital Account, the Collection and Recoveries Account, the Investment Account, the Payments Account and the Cash Reserve Account, and "**Issuer's Account**" or "**Account**" means any of them.

"**Issuer's Creditors**" means the Noteholders and the Other Issuer Creditors.

"**Issuer's Rights**" means any monetary right arising out in favour of the Issuer against the Debtors 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.

"**J.P. Morgan**" means 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.

"**Junior Noteholders**" means the holders, from time to time, of the Junior Notes.

"**Junior Notes**" means, together, the Class B1 Notes and the Class B2 Notes.

"**Liabilities**" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

"**Loan**" means each loan granted by the Originators to a Debtor, pursuant to a Loan Agreement, whose Receivables have been transferred by the Originators to the Issuer pursuant to the relevant Transfer Agreement.

"**Loan Agreement**" means a loan agreement entered into between each of the Originators and a Debtor according to which each of the Originators has granted a Loan to the Debtor against the payment of Instalments.

"**Local Business Day**" means any day on which banks are generally open for business in Milan and London and on which TARGET2 (or any successor thereto) is open.

"**Mandate Agreement**" means the mandate agreement entered into on or prior to the Initial Issue Date between the Issuer and the Representative of the Noteholders, as subsequently amended on or about the Subsequent Issue Date.

"**Master Definitions Agreement**" means the master definitions agreement entered on or about the Initial Issue Date between the Transaction Parties, as subsequently amended on or about the Subsequent Issue Date.

"**Monte Titoli**" means Monte Titoli S.p.A., a joint-stock company having its registered office at Piazza degli Affari 6, 20123 Milan, Italy.

"**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

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

"**Mortgage**" means any mortgage created on the Real Estate Assets to secure the relevant Receivable and the obligations arising from the relevant Loan Agreement.

"**Most Senior Class of Notes**" means (i) the Class A Notes; and (ii) following the full repayment of all the Class A Notes, the Class M Notes and (iii) following the full repayment of all the Class M Notes, the Junior Notes.

"**Noteholders**" means, together, the Class A Noteholders, the Class M Noteholders and the Junior Noteholders.

"**Notes**" means, together, the Class A Notes, the Class M Notes and the Junior Notes.

"**Notes Subscription Agreements**" means the Series 1 Notes Subscription Agreement and the Series 2 Notes Subscription Agreements and a "**Notes Subscription Agreement**" means any of them.

"**Obligations**" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Organisation of the Noteholders**" means the association of the Noteholders, organized pursuant to the Rules of the Organisation of the Noteholders.

"**Originators**" means CRO and BPB.

"**Other Issuer Creditors**" means the Originators, the Servicer, the Back-up Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider, the Stichting Corporate Services Provider, the Paying Agent, the Transaction Bank, the Cash Manager, the Class A2 Notes Subscriber and any party who at any time accedes to the Intercreditor Agreement.

"**Outstanding Balance**" means with respect to a Receivable the aggregate of the (i) Outstanding Principal Amount and (ii) all due and unpaid Principal Instalments.

"**Outstanding Notes Ratio**"means, with respect to any Payment Date and to the relevant Portfolio, the ratio, calculated as at the immediately preceding Calculation Date, between (i) the relevant Single Portfolio Notes Principal Amount Outstanding, and (ii) the Principal Amount Outstanding of all the Notes.

"**Outstanding Principal Amount**" means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not yet due on 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 28 th day of each of the following months: March, June, September and December in each year (or if such day is not a Business Day, the immediately succeeding Business Day).

"**Payments Account**" means the Euro denominated account established in the name of the Issuer with the Transaction Bank with IBAN No.: IT 76 C 03479 01600 000802116002, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report setting out all the payments to be made on the following Payment Date under the applicable Priority of Payments, which shall be prepared and delivered by the Calculation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Cash Manager, the Corporate Services Provider, the Paying Agent and the Rating Agencies in accordance with the Cash Allocation, Management and Payments Agreement before the delivery of a Trigger Notice.

"**Portfolio**" means any of the CRO Portfolios or the BPB Portfolios, as the case may be.

"**Portfolios**" means together the CRO Portfolios and the BPB Portfolios.

"**Post-Trigger Notice Priority of Payments**" means the Priority of Payments under the Condition 6.2 (*Post-Trigger Notice Priority of Payments*).

"**Pre-Trigger Notice Priority of Payments**" means the Priority of Payments under the Condition 6.1 (*Pre-Trigger Notice Priority of Payments*).

"**Principal Amount Outstanding**" means, on any date, (i) the principal amount of a Note or a Class of Notes as of the relevant Issue Date, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Payment Amount**" means, with reference to each Class of Notes and each Payment Date, the principal amount indicated as payable by the Calculation Agent in the relevant Payment Report on such Payment Date pursuant to the Cash Allocation, Management and Payments Agreement, on each Euro 1,000 nominal amount of Notes of each Class.

"**Priority of Payments**" means the order of priority pursuant to which the funds available to the Issuer to make payments on each Payment Date shall be applied on such Payment Date in accordance with this Conditions and the Intercreditor Agreement.

"**Prospectus**" means this prospectus prepared by the Issuer in relation to the Notes.

"**Quarterly Collection Date**" means the last calendar day of February, May, August and November in each year.

"**Quarterly Collection Period**" means each quarterly period which commences on a Quarterly Collection Date (excluded) and ends on the immediately following Quarterly Collection Date (included), provided that the first quarterly collection period shall commence on the relevant Effective Date (included) and end on the relevant First Quarterly Collection Date (included).

"**Quarterly Servicer's Report**" means the quarterly servicing report, containing information as to the collections and recoveries to be made in respect of the Portfolios during the immediately preceding Quarterly Collection Period, which the Servicer undertakes to prepare and submit on the Quarterly Servicing Report Date in accordance to the form attached to the Servicing Agreement.

"**Quarterly Servicing Report Date**" means the 12th Local Business Day following the end of each Quarterly Collection Period.

"**Quotaholder**" means Stichting Seychelles, a foundation (stichting) incorporated under the laws of the Netherlands, having its registered office at Barbara Strozzilaan, 101, 1083 HN Amsterdam, the Netherlands, enrolled with the companies' register of Amsterdam number 66786045.

"**Quotaholders' Agreement**" means the agreement executed on or prior to the Initial Issue Date between the Issuer, BPB, the Quotaholder and the Representative of the Noteholders, as subsequently amended on or about the Subsequent Issue Date.

"**Quota Capital Account**" means the Euro denominated account opened in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. with IBAN: IT 90 P 01030 61622 000001744779, 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.

"**Rating Agencies**" means Moody's and DBRS.

"**Real Estate Assets**" means any residential real estate property which has been mortgaged in favor of the Originators to secure the Receivables.

"**Receivables**" means together the CRO Receivables and the BPB Receivables.

"**Relevant Margin**" has the meaning ascribed to it in Condition 7.2.

"**Representative of the Noteholders**" means Securitisation Services S.p.A., or any successor or assigner thereto in accordance with the Conditions and the Rules of Organisation of the Noteholders.

"**Retention Amount**" means an amount equal to Euro 60,000.00, provided that on the Payment Date on which the Notes are redeemed in full the Retention Amount shall be the amount indicated by the Corporate Services Provider as necessary to cover the corporate expenses of the Issuer following full redemption of the Notes.

"**Retransfer Agreements**" means the BPB Retransfer Agreements and the CRO Retransfer Agreement.

"**Rules of the Organisation of the Noteholders**" or "**Rules**" means the rules of the organisation of the Noteholders attached as an Exhibit to the Conditions.

"**Securitisation**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

"**Securitisation Law**" means Italian Law number 130 of 30 April 1999.

"**Security Interest**" means:

(a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;

(b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or

(c) any other type of preferential arrangement having a similar effect.

"**Senior Notes**" means the Class A Notes.

"**Senior Noteholder(s)**" means the holder(s) of a Senior Note.

"**Series 1 Class A1 Noteholders**" means the holders of the Series 1 Class A1 Notes from time to time.

"**Series 1 Class A1 Notes**" means Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057.

"**Series 1 Class A1 Notes Subscriber**" means an institutional investor.

"**Series 1 Notes Subscription Agreement**" means the notes subscription agreement entered into on or about the Initial Issue Date between the Issuer, the Originators, the Series 1 Class A1 Notes Subscribers, the Class B1 Notes Subscriber, the Class B2 Notes Subscriber and the Representative of the Noteholders.

"**Series 2 Class A1 Noteholders**" means the holders of the Series 2 Class A1 Notes from time to time.

"**Series 2 Class A1 Notes**" means the Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057.

"**Series 2 Class A1 Notes Subscriber**" means BPB.

"**Series 2 Class A1 Notes and Class M Notes Subscription Agreement**" means the notes subscription agreement entered into on or prior to the Subsequent Issue Date between, *inter alios*, the Issuer, the Originators, the Series 2 Class A1 Notes Subscriber, the Class M Notes Subscriber and Representative of the Noteholders.

"**Series 2 Notes Subscription Agreements**" means, together, the Class A2 Notes Subscription Agreement and the Series 2 Class A1 Notes and Class M Notes Subscription Agreement.

"**Servicer**" means BPB or any other person from time to time acting as a Servicer.

"**Servicing Agreement**" means the agreement entered into on 17 March 2017 between, *inter alios*, the Issuer and the Servicer, as amended from time to time and on or about the Subsequent Issue Date.

"**Single Portfolio Available Funds**" means, in respect to each Portfolio and with reference to each Calculation Date and in respect of the immediately following Payment Date, (for Originators' accounting purposes), the aggregate (without duplication) of:

(i) all the Collections received by the Issuer through the Servicer, during the immediately preceding Quarterly Collection Period in respect of such Portfolio;
(ii) the relevant Outstanding Notes Ratio of all positive amounts (other than the amounts already allocated under other items of the Single Portfolio Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Issuer's Accounts (other than the Quotaholder Account) during the immediately preceding Quarterly Collection Period;
(iii) (a) with reference to the First Payment Date only, the relevant Single Portfolio Cash Reserve Initial Amount, and (b) on each Payment Date falling thereafter, the relevant Outstanding Notes Ratio of the Cash Reserve Available Amount (if any) transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;
(iv) the relevant Outstanding Notes Ratio of any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments made out the funds deriving from the relevant Portfolio (including, for the avoidance of doubt, interest, premium or any other amounts representing their yield), but excluding principal

proceeds of Eligible Investments made out the funds deriving from the relevant Portfolio with funds credited to the Cash Reserve Account and other amounts credited to the Payments Account 2 (two) Business Days prior to such Payment Date;

(v) the relevant Outstanding Notes Ratio of all the proceeds deriving from the sale (in whole), if any, of the Portfolios, in accordance with the provisions of the Transaction Documents;

(vi) all the proceeds deriving from the sale, if any, of individual Receivables contained in the relevant Portfolio, in accordance with the provisions of the Transaction Documents during the immediately preceding Quarterly Collection Period,

(vii) the relevant Outstanding Notes Ratio of any amounts (other than the amounts already allocated under other items of the Single Portfolio Available Funds) received by the Issuer from any party to the Transaction Documents (including any payment made by the Originators) during the immediately preceding Quarterly Collection Period.

"**Single Portfolio Cash Reserve Initial Amount**" means (i) with respect to the CRO Portfolios, an amount equal to Euro 1,7431952.51 and (ii) with respect to the BPB Portfolios, an amount equal to Euro 10,799,581.96.

"Single Portfolio Class A1 Notes Principal Amount Outstanding" means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class A1 Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class A1 Notes on the preceding Payment Dates.

"Single Portfolio Class A2 Notes Principal Amount Outstanding" "means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class A2 Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class A2 Notes on the preceding Payment Dates.

"Single Portfolio Class M Notes Principal Amount Outstanding" means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class M Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class M Notes on the preceding Payment Dates.

"Single Portfolio Initial Class A1 Notes Principal Amount Outstanding" means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Initial Issue Date of 86% of the Series 1 Class A1 Notes, equal to Euro 430,547,967.46 and the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Series 2 Class A1 Notes, equal to Euro 16,243,643; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Initial Issue Date of 14% of the Series 1 Class A1 Notes, equal to Euro 69,452,032.54 and the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Series 2 Class A1 Notes, equal to Euro 3,756,357.

"Single Portfolio Initial Class A2 Notes Principal Amount Outstanding" means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Class A2 Notes, equal to Euro 121,827,323; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Class A2 Notes, equal to Euro 28,172,677.

"Single Portfolio Initial Class M Notes Principal Amount Outstanding" means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 81% of the Class M Notes, equal to Euro 46,619,255; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Subsequent Issue Date of 19% of the Class M Notes, equal to Euro 10,780,745.

"Single Portfolio Notes Principal Amount Outstanding" means with respect to each Payment Date:

(i) with respect to BPB Portfolio, the aggregate of the relevant Single Portfolio Rated Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B1 Notes;

(ii) with respect to CRO Portfolio, the aggregate of the relevant Single Portfolio Rated Notes Principal Amount Outstanding, and the Principal Amount Outstanding of the Class B2 Notes;

in each case as at the immediately preceding Collection Date.

"**Single Portfolio Rated Notes Principal Amount Outstanding**" means, collectively, the Single Portfolio Class A1 Notes Principal Amount Outstanding, the Single Portfolio Class A2 Notes Principal Amount Outstanding and the Single Portfolio Class M Notes Principal Amount Outstanding.

"**Single Portfolio Priority of Payments**" has the meaning ascribed to it in Condition 6.3 (*Single Portfolio Priority of Payments*).

"**Single Portfolio Target Cash Reserve Amount**" means (i) with respect to the CRO Portfolios, an amount equal to 14% of the Cash Reserve Target Amount and (ii) with respect to the BPB Portfolios, an amount equal to 86% of the Cash Reserve Target Amount.

"**S&P**" means Standard and Poor's Rating Services.

"**SocGen**" means Société Générale, a bank organised as a public limited company (société anonyme) incorporated under the laws of the Republic of France with registered number 552120222 RCS Paris, having its registered office at 29, Boulevard Haussmann, 75009 Paris, France.

"**Solvency II Regulation**" means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive**.**

"**Stichting**" means Stichting Seychelles.

"**Stichting Corporate Services Agreement**" means the agreement executed on or about the Initial Issue Date, between the Issuer and the Stichting Corporate Services Provider, as subsequently amended on or about the Subsequent Issue Date.

"**Stichting Corporate Services Provider**" means Wilmington Trust SP Services (London) Limited, in its capacity as stichting corporate services provider, or its permitted successors or assigns from time to time or any other person for the time being acting as stichting corporate services provider pursuant to the Stichting Corporate Services Agreement.

"**Subsequent Issue Date**" means 28 February 2018.

"**Subsequent Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 22 January 2018 between the Issuer and the Originators.

"**Suspended Interest**" means the interest component (i) accrued during the suspension period ended prior to the relevant Effective Date and (ii) whose payment has been rescheduled in equal quotas throughout the entire amortization plan, as a consequence of a moratorium agreement which provides for the suspension of payment of the installment, whose effects ended prior to the relevant Effective Date.

"**Target Cash Reserve Amount**" means an amount equal to Euro 12,543,534.47.

"**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 launched on 19 November 2007, as amended, is open for the settlement of payments in Euro.

"**TARGET System**" means the TARGET2 system.

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**Third Parties Claims**" means any personal guarantee or security ("*garanzia personale o reale*"), privilege, lien, also arising from a foreclosure, seizure ("*sequestro*") or other similar judicial proceeding, reservation of property or other rights granted, established or otherwise arising in favour of third parties on goods, real estates, receivables or rights.

"**Three Month Euribor**" has the meaning ascribed to it in Condition 7.2 (*Interest Rate*).

"**Transaction**" means the securitisation of the Portfolios carried out by the Issuer.

"**Transaction Documents**" means together, the Transfer Agreements, the Retransfer Agreements, the Servicing Agreement, the Warranty and Indemnity Agreements, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the Back-up Servicing Agreement, the Mandate Agreement, the Corporate Services Agreement, the Stichting Corporate Services Agreement, the Quotaholders' Agreement, the Master Definitions Agreement, the Conditions, the Notes Subscription Agreements and any other document which may be entered into by the Issuer, from time to time in connection with the Securitisation.

"**Transaction Party**" has the meaning ascribed to it in Condition 2.2.3 (*Transaction Parties*).

"**Transfer Agreements**" means together the BPB Transfer Agreements and the CRO Transfer Agreements and a "**Transfer Agreement**" means any of them.

"**Trigger Event**" means any of the events described in Condition 12 (*Trigger Events*).

"**Trigger Notice**" means the notice served by the Representative of the Noteholders on the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Condition 12 (*Trigger Events*).

"**Unpaid Instalment**" means any Instalment that is not duly paid by the relevant Debtor within five days from the scheduled date for payment thereof in relation to Loan Agreements providing for monthly, bi-monthly, quarterly, semi-annual and annual payments.

"**Variable Return**" means, collectively, the Class B1 Variable Return and the Class B2 Variable Return.

"**Variable Return Amount**" means the Euro amount payable as Variable Return on each Junior Note in respect of such Calculation Date, calculated pursuant to the Cash Allocation Management and Payments Agreement.

"**VAT**" means "*Imposta sul Valore Aggiunto"* (IVA) as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to *IVA*) or elsewhere.

"**Warranty and Indemnity Agreements**" means the Initial Warranty and Indemnity Agreement and the Subsequent Warranty and Indemnity Agreement.

2.2 Interpretation

2.2.1 References in Condition

Any reference in these Conditions to:

- "**holder**" and "**Holder**" mean the ultimate holder of a Note and the words "**holder**", "**Noteholder**" and related expressions shall be construed accordingly;

- a "**law**" shall be construed as a reference to any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body and a reference to any provision of any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any such legislative measure is to that provision as amended or re-enacted;

- "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;

- a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.2.2 Transaction Documents and other agreements

Any reference to the Master Definitions Agreement, any other document defined as a "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Master Definitions Agreement, such other Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be amended, varied, novated, supplemented or replaced.

2.2.3 Transaction Parties

A reference to any person defined as a "**Transaction Party**" in these Conditions or in any Transaction Document shall be construed so as to include its and any subsequent successors and permitted assignees and transferees in accordance with their respective interests.

3. DENOMINATION, FORM AND TITLE

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

Title to the Notes will at all time be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 and 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 minimum denomination of the Notes is Euro 100,000 and integral multiples of Euro 1,000.

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

The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders attached to these Conditions as Exhibit 1, which shall constitute an integral and essential part of these Conditions.

Each Note is issued subject to and has the benefit of the Security Documents.

4. STATUS, SEGREGATION AND RANKING

4.1 Status

The Notes constitute direct, secured and limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of the Portfolios and pursuant to the exercise of the Issuer's rights under the Transaction Documents as further specified in Condition 9.2 (*Limited recourse obligations of the Issuer*). 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 of article 1469 of the Italian civil code.

4.2 Segregation by law and security

By virtue of the Securitisation Law, the Portfolios and the other Issuer's Rights are segregated from all other assets of the Issuer and any amount deriving therefrom will only be available both before and after a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any third party creditors of the Issuer in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

4.3 Ranking

Prior to or after the delivery of a Trigger Notice or an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or prior to or on the Final Maturity Date, in respect of the obligations of the Issuer to pay interest on the Rated Notes and Variable Return on the Class B Notes:

a) 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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) on the Class B Notes;

b) the Class M 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 M Notes, the repayment of principal on the Class B Notes and the payment of Variable Return (if any) but subordinated to the payment of interest on the Class A Notes, provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

c) the Class B 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 M Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class M Notes and the repayment of principal on the Class B Notes.

In respect of the obligations of the Issuer to repay principal on the Notes:

a) the Class A1 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the payment of interest on the Class A Notes and the payment of interest on the Class M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post-Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

b) the Class A2 Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class M Notes and the Class B Notes and the payment of the Variable Return, if any on the Class B Notes but subordinated to the repayment of principal on the Class A1 Notes, payment of interest on the Class A Notes and the payment of interest on the Class M Notes provided that, upon the occurrence of a Class M Notes Interest Subordination Event or in case of application of the Post - Trigger Notice Priority of Payments, payment of interest on the Class M Notes will become subordinated to the repayment of principal on the Class A Notes;

c) the Class M Notes will rank pari passu without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes and the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class M Notes and the repayment of principal on the Class A Notes;

d) the Class B Notes will rank pari passu without preference or priority amongst themselves and in priority to the payment of the Variable Return (if any) on the Class B Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class M Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class M Notes.

4.4 Obligations of Issuer only

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person, including the Originators, the Quotaholder of the Issuer or any Other Issuer Creditor. Furthermore, no person and none of such parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

5. COVENANTS

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or contemplated by any of the Transaction Documents:

5.1 Negative pledge

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Receivables, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Securitisation or undertakings or sell, lend, part with or otherwise dispose of all or any part of the Receivables, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Securitisation whether in one transaction or in a series of transactions save where provided in the Transaction Documents and in particular in Conditions 8.3 (*Optional Redemption*), 8.4 (*Redemption for taxation*) and 13.3 (*Sale of Portfolio*); or

5.2 Restrictions on activities

5.2.1 engage in any activity whatsoever which is not incidental to or necessary in connection with the Securitisation or any further securitisation complying with Condition 5.12 (*Further securitisations*) or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

5.2.2 have any *società controllata* (subsidiary) or *società collegata* (affiliate company) (as defined in article 2359 of the Italian Civil Code) or any employees or premises; or

5.2.3 at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and shall not do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or

5.2.4 become the owner of any real estate assets; or

5.2.5 become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed, administered in Italy or cease to have its centre of main interest in Italy; or

5.3 Dividends or distributions

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholder (or successor quotaholder(s)), or issue any further quota or shares; or

5.4 De-registrations

Ask for de-registration from the register of special purpose vehicles held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017, for as long as the Securitisation Law or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

5.5 Borrowings

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness incurred in respect of any further securitisation permitted pursuant to Condition 5.12 (*Further securitisations*) below) or give any guarantee, indemnity or security in respect of any indebtedness or in respect of any other obligation of any person or entity or become liable for the debts of any other person or entity; or

5.6 Merger

consolidate or merge with any other person or entity or convey or transfer its properties or assets substantially as an entirety to any other person or entity; or

5.7 No variation or waiver

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party including any power of consent or waiver in respect of the Portfolios, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

5.8 Bank accounts

open or have an interest in any bank account other than the Issuer's Accounts, the account on which its quota capital is deposited or any bank accounts opened in relation to any further securitisation permitted pursuant to Condition 5.12 *(Further securitisations*) below; or

5.9 Statutory documents

amend, supplement or otherwise modify its by-laws ("*statuto"*) or *atto costitutivo* except where such amendment, supplement or modification is required by a compulsory provision of Italian law or by the competent regulatory authorities; or

5.10 Corporate records

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.

5.11 Withdrawal of the rating of the Rated Notes

ask for the withdrawal of any rating assigned to any of the Rated Notes, so long as the relevant Class of Notes is outstanding.

5.12 Further securitisations

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

(i) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Transaction, further portfolios of monetary claims in addition to the Receivables either from the Originators or from any other entity (the "**Further Portfolios**");

(ii) securitising such Further Portfolios (each, a "**Further Securitisation**") through the issue of further debt securities additional to the Notes (the "**Further Notes**");

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

(A) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Receivables or any of the other Issuer's Rights;

(B) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;

(C) the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;

(D) the Representative of the Noteholders is satisfied that conditions (A) to (C) of this provision have been satisfied;

(E) the Issuer notifies in writing the Rating Agencies of its the intention to carry such Further Securitisation or grants any Further Security;

(F) such Further Securitisation does not negatively affect the eligibility of the Class A Notes as eligible collateral pursuant to the ECB Guidelines and the rating of any of the Rated Notes.

In giving any consent to the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

None of the covenants in this Condition 5 (*Covenants*) shall prohibit the Issuer from carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

6. PRIORITY OF PAYMENTS

6.1 Pre-Trigger Notice Priority of Payments

Prior to (i) the delivery of a Trigger Notice, or (ii) an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or (iii) a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (only if and to the extent that payments of a higher priority have been made in full) (the "***Pre-Trigger Notice Priority of Payments***"):

(i) *First*, (i) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter (ii) to credit to the Expenses Account the amount necessary, if any, to bring the balance thereof to an amount equal to the Retention Amount;

(ii) *Second*, to pay *pari passu* and *pro rata*(i) to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements within the limit of the Issuer Available Funds available for such purpose; and (ii) the amounts due by the Issuer to the Servicer under clause 3.2 of the Servicing Agreement;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the Receivables which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

(v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and on the Class A2 Notes;

(vi) *Sixth*, to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

(vii) *Seventh*, prior to the occurrence of a Class M Notes Interest Subordination Event, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class M Notes; *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

(viii) *Eighth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes for an amount equal to the relevant Principal Payment Amount;

(ix) *Ninth*, following redemption in full of the Class A1 Notes, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Principal Amount Outstanding of the Class A2 Notes for an amount equal to the relevant Principal Payment Amount;

(x) *Tenth*, following the occurrence of a Class M Notes Interest Subordination Event, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class M Notes, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

(xi) *Eleventh*, following redemption in full of the Class A Notes, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding of the Class M Notes for an amount equal to the relevant Principal Payment Amount.

(xii) *Twelfth*, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer Agreements and any amount due and payable but unpaid by the Issuer pursuant to the Warranty and Indemnity Agreements;

(xiii) *Thirteenth*, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by the Originators under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originator, as restitution of sums unduly paid by it to the Issuer and not expressly set forth in any other item; and (iii) any amount due and payable to them under any role (other than as Originators) under the Transaction Documents and not expressly set forth in any other item;

(xiv) *Fourteenth*, after the Rated Notes have been redeemed in full, to repay the Principal Amount Outstanding under the Class B1 Notes and the Class B2 Notes in accordance with Condition 6.3 (*Single Portfolio Priority of Payments*) for an amount equal to the relevant Principal Payment Amount, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

(xv) *Fifteenth*, to pay, *pari passu* and *pro rata*, the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes in accordance with Condition 6.3 (*Single Portfolio Priority of Payments*).

6.2 Post-Trigger Notice Priority of Payments

On each Payment Date following (i) the delivery of a Trigger Notice or (ii) an Optional Redemption pursuant to Condition 8.3 (*Optional redemption*), or (iii) a Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*) or on the Final Maturity Date, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (only if and to the extent that payments of a higher priority have been made in full) (the "***Post-Trigger Notice Priority of Payments***" and, together with the Pre-Trigger Notice Priority of Payments, the "**Priority of Payments**"):

(i) *First*, (i) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter, unless an Insolvency Event with regard to the Issuer has occurred, (ii) to credit to the Expenses Account the amount necessary, if any, to bring the balance thereof to an amount equal to the Retention Amount;

(ii) *Second*, to pay *pari passu* and *pro rata* (i) to the Originators (*pari passu* and *pro rata* according to the amounts then due) any amount due by the Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements; and (ii) the amounts due by the Issuer to the Servicer under article 3.2 of the Servicing Agreement;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof(i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the Receivables which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

(v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and on the Class A2 Notes

(vi) *Sixth*, to pay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes for an amount equal to the relevant Principal Payment Amount until the Class A Notes have been redeemed in full;

(vii) *Seventh*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class M Notes;

(viii) *Eighth*, to pay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class M Notes for an amount equal to the relevant Principal Payment Amount until the Class M Notes have been redeemed in full;

(ix) *Ninth*, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer Agreements and any amount due and payable but unpaid by the Issuer pursuant to the Warranty and Indemnity Agreements;

(x) *Tenth*, to pay to the Originators, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by the Originators under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originators, as restitution of sums unduly paid by it to the Issuer and not expressly set forth in any other item and (iii) any amount due and payable to them under any role (other than as Originators) under the Transaction Documents and not expressly set forth in any other item;

(xi) *Eleventh*, after the Rated Notes have been redeemed in full, to repay *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding under the Class B1 Notes and the Class B2 Notes for an amount equal to the relevant Principal Payment Amount, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

(xii) *Twelfth*, to pay, *pari passu* and *pro rata*, the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes.

6.3 Single Portfolio Priority of Payments

Prior to the delivery of a Trigger Notice, the Single Portfolio Available Funds shall be applied on each Payment Date to register, for Originators' accounting purposes, the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been registered in full):

(i) *First*, to register the payment (*pari passu* and *pro rata* according to the amounts then due) of (i) the relevant Outstanding Notes Ratio of any Expenses (which include, for the avoidance of doubts, any corporation and trade tax under any applicable law) (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period); and thereafter (ii) the relevant Outstanding Notes Ratio of the amounts necessary to be credited to the Expenses Account, if any, to bring the balance thereof to an amount equal to the Retention Amount;

(ii) *Second*, to register the payment pari passu and pro rata (i) to the relevant Originator (*pari passu* and *pro rata* according to the amounts then due) any amount due by the

Issuer as a restitution of the indemnities paid by any of the Originators to the Issuer in case such indemnities have been, at a later time, recovered by the Issuer from third parties as described in clause 5.3 of the Warranty and Indemnity Agreements; (ii) the amounts due by the Issuer to the Servicer under clause 3.2 of the Servicing Agreement;

(iii) *Third*, to register the payment (*pari passu* and *pro rata* according to the amounts then due), of the relevant Outstanding Notes Ratio of any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Representative of the Noteholders, the Transaction Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Stichting Corporate Services Provider and the Corporate Services Provider;

(iv) *Fourth*, to register the payment pari passu and pro rata of (i) any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer in respect of the relevant Portfolio under the Servicing Agreement, (ii) any such amounts due and payable (including any expenses, costs and fees incurred in the course of replacement) to any substitute servicer (if any) for the relevant Portfolio which may be appointed from time to time in accordance with the Servicing Agreement, and (iii) the relevant Outstanding Notes Ratio of any fees, costs, taxes, expenses and other amounts due and payable to the Back-up Servicer (including any expenses, costs and fees incurred in the course of its appointment);

(v) *Fifth*, to register the payment, *pari passu* and *pro rata*, of the interest due and payable on the relevant Single Portfolio Class A1 Notes Principal Amount Outstanding and on the relevant Single Portfolio Class A2 Notes Principal Amount Outstanding;

(vi) *Sixth* to register the crediting into the Cash Reserve Account of up to an amount equal to the relevant Single Portfolio Target Cash Reserve Amount;

(vii) *Seventh*, prior to the occurrence of a Class M Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class M Notes Principal Amount Outstanding; *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

(viii) *Eighth*, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof, of the relevant Single Portfolio Class A1 Notes Principal Amount Outstanding;

(ix) *Ninth*, following redemption in full of the Class A1 Notes, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof of the relevant Single Portfolio Class A2 Notes Principal Amount Outstanding;

(x) *Tenth*, following the occurrence of a Class M Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the relevant Single Portfolio Class M Notes Principal Amount Outstanding, *provided that* in any case starting from the Payment Date on which the Class A Notes are redeemed in full (excluded) the Class M Notes Interest Subordination Event shall be deemed as not having occurred;

(xi) *Eleventh*, following redemption in full of the Class A Notes, to register the repayment, *pari passu* and *pro rata* to the extent of the respective amounts thereof, of the relevant Single Portfolio Class M Notes Principal Amount Outstanding;

(xii) *Twelfth*, to register the payment to the relevant Originator, *pari passu* and *pro rata* according to the amounts then due, any amount due and payable as purchase price adjustments in respect of their respective Receivables not listed under the relevant Transfer Agreements but matching the criteria listed in the relevant Transfer

Agreements and any amount due and payable but unpaid by the Issuer to the relevant Originator pursuant to the Warranty and Indemnity Agreements;

(xiii) *Thirteenth*, to register the payment to the relevant Originator, *pari passu* and *pro rata* according to the amounts then due, (i) any amount due and payable as restitution of the insurance premia and relevant expenses advanced by such Originator under the relevant Transfer Agreements (ii) any amount due and payable to the relevant Originator, as restitution of sums unduly paid by it to the Issuer; and (iii) any amount due and payable to it under any role (other than as Originator) under the Transaction Documents and not expressly set forth in any other item;

(xiv) *Fourteenth*, up to (and including) the Payment Date on which the Rated Notes are redeemed in full, to the extent that the Single Portfolio Rated Notes Principal Amount Outstanding relating to a Portfolio is reduced to zero while the Single Portfolio Rated Notes Principal Amount Outstanding relating to the other Portfolio is higher than zero, to register the allocation of any surplus to the Single Portfolio Available Funds relating to the other Portfolio in an amount necessary to reduce the relevant Single Portfolio Rated Notes Principal Amount Outstanding to zero;

(xv) *Fifteenth*, following redemption in full of the Rated Notes, to register the repayment of any amount allocated in any preceding Payment Date under item (*Fourteenth*) above to the Single Portfolio Available Funds relating to the Portfolio from which such amount has been borrowed (deducting any amount already paid under this item in any preceding Payment Date);

(xvi) *Sixteenth*, following redemption in full of the Rated Notes, to register the repayment - *pari passu and pro rata*, among the Notes of the same Series - of the Principal Amount Outstanding of the relevant Series of Junior Notes, provided that the Principal Amount Outstanding of the Class B1 Notes and the Class B2 Notes shall not be lower than Euro 1,000,000 (until the last date a payment is made under respectively the Class B1 Notes and the Class B2 Notes); and

(xvii) *Seventeenth*, to register the payment - *pari passu* and *pro rata*, among the Notes of the same Series - of the Class B1 Variable Return (if any) on the Class B1 Notes and the Class B2 Variable Return (if any) on the Class B2 Notes.

It remains understood that all payments shall be made out of the Issuer Available Funds in accordance with the Pre-Trigger Notice Priority of Payments or Post- Trigger Notice Priority of Payments, while the Single Portfolio Available Funds shall be applied in accordance with the Single Portfolio Priority of Payments only to register, for Originators' accounting purposes, the actual contribution of the relevant Portfolio to such payments.

It is also understood that, following redemption in full of the Rated Notes, the Issuer Available Funds shall be applied to make payments under items (*Fourteenth*) and (*Fifteenth*) (both included) of the Pre-Trigger Notice Priority of Payments on the basis of the amounts registered under items from (*Fifteenth*) to (*Seventeenth*) (both included) of the Single Portfolio Priority of Payments in order to settle credits and debts resulting from the different contribution (if any) of each of the BPB Portfolio and the CRO Portfolio**.**

7. INTEREST – VARIABLE RETURN

7.1 Payment Dates and Interest Periods

Each of the Rated Notes bears interest on its Principal Amount Outstanding from (and including) the relevant Issue Date at a rate equal to Three Month EURIBOR (as defined below) (or in the case of the Initial Interest Period related to the Class A2 Notes and Class M Notes, the linear interpolation between the Euribor for one and two months deposits in Euro) *plus* the Relevant Margin.

Save as provided for in Condition 7.10 (*Unpaid Interest*), interest in respect of the Rated Notes is payable in Euro quarterly in arrear on each Payment Date.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Rated Notes as from (and including) the due date for redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (after as well as before judgment) at the Interest Rate from time to time applicable to the Notes until the monies in respect thereof have been received by the Representative of the Noteholders or Principal Paying Agent on behalf of the relevant Noteholders and notice to that effect is given in accordance with Condition 17 (*Notices*).

7.2 Interest Rate

The rate of interest applicable from time to time in respect of the Notes (the "**Interest Rate**") will be determined by the Paying Agent, in respect of each Interest Period, on the relevant Interest Determination Date.

The rate of interest applicable to each of the Notes for each Interest Period (other than the Initial Interest Period related to the Class A2 Notes and Class M Notes in respect of which the Interest Rate shall be the aggregate of the Relevant Margin and the linear interpolation between the Euribor for one and two months deposits in Euro) shall be the higher of (A) zero (0) and (B) the aggregate of:

(a) the Relevant Margin (as defined below); and

(b) (A) EURIBOR for three months deposits in Euro calculated as the arithmetic mean of the offered quotations to leading banks (rounded to three decimal places with the mid-point rounded up) for three months Euro deposits in the Euro-zone inter-bank market which appears on Page Euribor01 of Reuters Screen or (i) such other page as may replace Page Euribor01 on that service for the purpose of displaying such information or, (ii) if that service ceases to display such information, such page displaying such information on such equivalent service (or, if more than one, that one for which the Paying Agent received a prior written approval by the Representative of the Noteholders to replace the Reuters Page) (the "**Screen Rate**"), at or about 10:00 a.m. (London time) on the relevant Interest Determination Date; or

(B) if the Screen Rate is unavailable at such time for three months Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to three decimal places with the mid-point rounded up) of the rates notified to the Paying Agent at its request by each of the Reference Banks (as defined in Condition 7.9 (*Reference Banks and Paying Agent*) hereof as the rate at which three months 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 10:00 a.m. (London time) on the relevant Interest Determination Date. If, on any such Interest Determination Date, only two of the Reference Banks provide such quotations to the Paying Agent, the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of those two Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Paying Agent with such quotation, the Paying Agent shall forthwith consult with the Representative of the Noteholders and the Issuer for the purpose of agreeing one additional bank (or, where none of the Reference Banks provides such a quotation, two additional banks) to provide such a quotation or quotations to the Paying Agent (which bank or banks is or are in the sole and absolute opinion of the Representative of the Noteholders suitable for such purpose) and the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of such banks (or, as the case may be, the offered quotations of

such bank and the relevant Reference Bank). If no such bank (or banks) is (or are) so agreed or such bank (or banks) as agreed does not (or do not) provide such a quotation (or quotations), then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (A) of this Condition 7.2 (*Interest Rate*) shall have applied (the "**Three Month Euribor**").

For the purpose of these Conditions, the "**Relevant Margin**" means in respect of:

- Series 1 Class A1 Notes (i) 1.35% per annum until and including the Interest Period ending on the Payment Date falling on December 2017 (excluded); (ii) 1.35% per annum starting from (and including) the Payment Date falling on December 2017 and ending on the Subsequent Issue Date (excluded); (iii) 0.40% per annum starting from (and including) the Subsequent Issue Date and ending on (but excluding) the Payment Date falling on March 2018 and (iv) 0.40% per annum starting from and including the Interest Period starting from the Payment Date falling on March 2018 (included) and any Interest Period thereafter;
- Series 2 Class A1 Notes 0.39% *per annum*;
- Series 2 Class A2 Notes 0.52% *per annum*;
- Series 2 Class M Notes 0.70% *per annum.*

7.3 Determination of Interest Rate and Calculation of Interest Payment Amount

The Paying Agent shall, on each Interest Determination Date:

(i) determine the Interest Rate applicable to the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the relevant Issue Date); and

(ii) calculate the Euro amount (the "**Interest Payment Amount**") accrued on the Rated Notes in respect of each Interest Period. The Interest Payment Amount in respect of any Interest Period shall be calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the Rated Notes of each Class on the Payment Date at the commencement of such Interest Period (after deducting therefrom any payment of principal due on that Payment Date) or, in the case of the Initial Interest Period, on the relevant Issue Date, and by multiplying the product of such calculation by the actual number of days to elapse in the relevant Interest Period divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

7.4 Junior Notes Variable Return

A Variable Return may be payable on the Junior Notes of each Class in Euro on each Payment Date, in accordance with the applicable Priority of Payments. The Variable Return payable on the Class B1 Notes (the "**Class B1 Variable Return**") and the Variable Return payable on the Class B2 Notes (the "**Class B2 Variable Return**") on each payment Date will be determined by reference to the residual Issuer Available Funds available after making all payments due under items from (*First*) to (*Fourteenth*) (both included) of the Pre-Trigger Notice Priority of Payments or under items from (*First*) to (*Eleventh*) (both included) of the Post-Trigger Notice Priority of Payments (as applicable).

7.5 Calculation of Variable Return Amount

The Issuer shall, on each Calculation Date immediately preceding a Payment Date, calculate - or cause the Calculation Agent to calculate - the Euro amount (the "**Variable Return Amount**") payable as Variable Return on each Class B Note in respect of such Interest Period.

The Variable Return Amount payable in respect of any Interest Period in respect of each Class B Note is calculated by multiplying the amounts available to make the payment in respect of Variable Return on the Class B Notes, in accordance with the relevant Priority of Payments, by a fraction, the numerator of which is the then Principal Amount Outstanding of

a nominal amount of Euro 1,000 of each Class B Note of the relevant Series and the denominator of which is the then Principal Amount Outstanding of all the Class B Notes of the relevant Series, and rounding down the resultant figure to the nearest cent.

7.6 Publication of Interest Rate and Interest Payment Amount

The Paying Agent will cause the Interest Rate and the Interest Payment Amount applicable to each Interest Period and the Payment Date in respect of such Interest Payment Amount, to be notified promptly after their determination to the Issuer, the Representative of the Noteholders, the Calculation Agent, the Servicer, the Transaction Bank, Monte Titoli, Euroclear, Clearstream and the Irish Stock Exchange plc and will cause the same to be published through Monte Titoli (if requested by the Issuer and upon its instruction) in accordance with Condition 17 (*Notices*) hereof as soon as possible after the relevant Interest Determination Date, but in no event later than the first Business Day of the next following Interest Period in respect of such relevant Interest Determination Date.

7.7 Determination and Calculation by the Representative of the Noteholders

If the Paying Agent (or the Issuer or any other agent appointed for this purpose by the Issuer) does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Payment Amount and/or the Calculation Agent does not at any time calculate the Variable Return Amount (or the Issuer or any other agent appointed for this purpose by the Issuer), the Representative of the Noteholders shall:

7.7.1 determine the Interest Rate at such rate as (having regard to the procedure described in Condition 7.2 above (*Interest Rate*) it shall consider fair and reasonable in all circumstances; and/or (as the case may be), and

7.7.2 calculate the Interest Payment Amount in the manner specified in Condition 7.3 (*Determination of Interest Rate and Calculation of Interest Payment Amount*) above;

7.7.3 determine the Variable Return Amount for each Junior Note in the manner specified in Condition 7.5 (*Calculation of Variable Return Amount*);

and any such determination and/or calculation shall be deemed to have been made by the Paying Agent and/or the Calculation Agent, as the case may be.

7.8 Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7.2 (*Interest Rate*), whether by the Reference Banks (or any of them), the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of fraud (*frode*), wilful default (*dolo*) or gross negligence (*colpa grave*) be binding on the Reference Banks, the Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all the Noteholders and (in such absence as aforesaid) no liability to 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 discretions hereunder.

7.9 Reference Banks and Paying Agent

The Issuer shall ensure that, so long as any of the Rated Notes remains outstanding, there shall at all times be three Reference banks (the "**Reference Banks**"). The initial Reference Banks shall be Intesa Sanpaolo S.p.A., Barclays Bank Plc, BNP Paribas S.A. In the event that any such bank is unable or unwilling to continue to act as a Reference Bank or that any of them merges with another Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such. The Issuer shall insure that at all times a paying agent is appointed. If a new paying agent is appointed, a notice will be published in accordance with Condition 17 (*Notices*).

7.10 Unpaid Interest

Without prejudice to Condition 12, paragraph (a) (*Non-payment*), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the relevant Pre-Trigger Priority of Payments or the Post-Trigger Priority of Payments, as applicable), for the payment of interest on the Rated Notes on such Payment Date are not sufficient to pay in full the relevant Interest Payment Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Payment Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of these Conditions as if it were, Interest Payment Amount accrued on the Rated Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.

The Calculation Agent, based upon the information contained in the Payments Report, shall give notice to the Paying Agent, the Issuer and the Representative of the Noteholders and will cause the Paying Agent to give notice to that effect to Monte Titoli and the Noteholders in accordance with Condition 17 (*Notices*), no later than 3 (three) Business Days prior to any Payment Date, of any Payment Date on which the Interest Payment Amount on the Rated Notes will not be paid in full.

8. REDEMPTION, PURCHASE AND CANCELLATION

8.1 Final redemption

8.1.1 Unless previously redeemed in full or cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued but unpaid interest and Variable Return (to the extent applicable) on the Final Maturity Date.

8.1.2 The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided below in Conditions 8.2 (*Mandatory redemption*), 8.3 (*Optional redemption*) and 8.4 (*Redemption for taxation*), but without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

8.1.3 If the Issuer has insufficient Issuer Available Funds to repay the Notes in full on the Cancellation Date, then the Notes shall be deemed to be discharged in full and any amount in respect of principal, interest, Variable Return or other amounts due and payable in respect of the Notes shall be finally and definitively cancelled.

8.2 Mandatory redemption

On each Payment Date on which there are Issuer Available Funds available for payments of principal in respect of the Notes in accordance with the applicable Priority of Payments set out in Condition 6 (*Priority of Payments*), the Issuer will cause each €1,000 of nominal amount of each Note to be redeemed on such Payment Date in an amount equal to the relevant Principal Payment Amount determined on the related Calculation Date in accordance with the applicable Priority of Payment set out in Condition 6 (*Priority of Payments*).

8.3 Optional redemption

If no Trigger Notice has been served on the Issuer, unless previously redeemed in full, the Issuer may redeem the Rated Notes (in whole but not in part) and the Junior Notes (in whole or, subject to the prior consent of the Junior Noteholders, in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon and other amount due in connection with the relevant Notes), in accordance with the Post-Trigger Notice Priority of Payments on any Payment Date if one of the following conditions has been met: (x) the

Class A2 Notes have been redeemed in full on the Payment Date immediately preceding to the date of exercise of the call option granted to the Originators pursuant to clause 4.2 of the Intercreditor Agreement, or (y) the Rated Notes can be repaid in full at their Principal Amount Outstanding there being sufficient Issuer Available Funds for such purpose (therefore, without the Issuer being required to sell the Portfolios and using the proceeds deriving therefrom for such purpose).

The exercise of the optional redemption by the Issuer, shall be subject to the following:

(iii) that the Issuer has given at least 45 days' prior written notice to the Representative of the Noteholders, the Rating Agencies (to the extent one or more Classes of Notes is then rated by any of the Rating Agencies) and to the relevant Noteholders in accordance with Condition 17 (*Notices*) of its intention to redeem the Notes of each Class which are to be redeemed;

(iv) that prior to giving such notice, the Issuer has provided to the Representative of the Noteholders a certificate signed by an authorised representative of the Issuer on its behalf confirming that the Issuer will on the relevant Payment Date have the funds, not subject to the Security Interests of any person, required to redeem the relevant Notes in full (including for the avoidance of doubt the Principal Amount Outstanding of the Notes and all interest) (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any amount required to be paid under the Post-Trigger Notice Priority of Payments in priority to or *pari passu* with the relevant Notes (to be redeemed).

8.4 Redemption for Taxation

If the Issuer:

1. has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer; and
2. has given not more than 45 (forty-five) nor less than 15 (fifteen) calendar days' prior written notice to the Representative of the Noteholders and the Noteholders, in accordance with Condition 17 (*Notices*)

to the effect that, following the occurrence of certain legislative or regulatory changes, or official interpretations thereof by competent authorities, the Issuer:

(a) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Rated Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein or by any applicable authority having jurisdiction; or

(b) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Notes or the Issuer's assets in respect of the Securitisation (including where the total amount payable in respect of the Portfolio ceases to be receivable by the Issuer, including as a result of any of the Debtors being obliged to make a tax deduction in respect of any payment in relation to any Receivables);

and

3. in each case the Issuer shall have produced evidence reasonably acceptable to the Representative of the Noteholders that it has the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect of the Rated Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Rated Notes and all or part of its outstanding liabilities with respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Junior Notes,

the Issuer may (i) on the first Payment Date on which such necessary funds become available to it, redeem the Rated Notes in whole (but not in part) at their Principal Amount Outstanding (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Conditions to be paid in priority to or *pari passu* with the Rated Notes and amounts ranking prior thereto or *pari passu* therewith pursuant to the Pre-Trigger Notice Priority of Payments; and (ii) the Junior Notes in whole or in part (the Junior Noteholders having consented to such partial redemption) and pay any amounts required under the Conditions to be paid in priority to or *pari passu* with the Junior Notes.

8.5 Calculation of the Principal Payment Amount and the Principal Amount Outstanding

8.5.1 On each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:

(a) the amount of the Issuer Available Funds;

(b) the Principal Payment Amount, if any, in respect of each Notes of each Class of Notes; and

(c) the Principal Amount Outstanding of the Notes on the next following Payment Date (after applying any amounts to be redeemed in respect of the Class Rated Notes, in accordance with the relevant Priority of Payments);

8.5.2 The principal amount redeemable in respect of each Note of each Class of Notes (the "**Principal Payment Amount**") on any Payment Date shall be a *pro rata* share of the principal payment due in respect of such Class of Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Issuer Available Funds available to make the principal payment in respect of a Class of Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of a nominal amount of euro 1,000 of all the Notes of such Class and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of a nominal amount of euro 1,000 of the relevant Note.

8.6 Calculation by the Representative of the Noteholders in case of Issuer default

If the Issuer does not at any time for any reason make the calculation (or cause the Calculation Agent to calculate) under Condition 8.5 above, such amounts shall be calculated by (or on behalf of) the Representative of the Noteholders in accordance with these Conditions (based on information supplied to it by the Issuer or the Calculation Agent) and each such calculation shall be deemed to have been made by the Issuer.

8.7 Notice of calculation of the Principal Payment Amount, the Variable Return Amount and the Principal Amount Outstanding

The Issuer will cause each calculation with regard to the Principal Payment Amount, Principal Amount Outstanding in relation to the Notes and each calculation of Variable Return Amount in relation to each Class B Note to be notified immediately after calculation (through the Payments Report or the Trigger Event Report) to the Representative of the Noteholders, the Paying Agent, the Corporate Services Provider, the Servicer and the Back-up Servicer and, and, for so long as the Rated Notes are listed on the official list of the Irish Stock Exchange plc, the Irish Stock Exchange plc and will cause notice of each calculation of a Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Rated Notes to be given in accordance with Condition 17 (*Notices*) not later than three Business Days prior to each Payment Date.

8.8 Notice Irrevocable

Any such notice as is referred to in Condition 8.3 (*Optional redemption*) and Condition 8.7 (*Notice of calculation of the Principal Payment Amount, the Variable Return Amount and the Principal Amount Outstanding*) shall be irrevocable and, upon the expiration of notice pursuant to Condition 8.3 (*Optional redemption*), the Issuer shall be bound to redeem the Notes in the amount so published.

8.9 No purchase by Issuer

The Issuer is not permitted to purchase any of the Notes at any time.

8.10 Cancellation

All the Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

All Notes shall be in any case cancelled on the Cancellation Date.

9. <u>LIMITED RECOURSE AND NON PETITION</u>

9.1 Noteholders not entitled to proceed directly against the Issuer

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce any Security Interest granted by the Issuer in accordance with the Transaction Documents. In particular,

9.1.1 (i) no Noteholder is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce any Security Interest granted by the Issuer in accordance with the Transaction Documents and take any proceedings against the Issuer to enforce any Security Interest granted by the Issuer in accordance with the Transaction Documents and (ii) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) is entitled, otherwise than as permitted by the Transaction Documents, to directly enforce any Security Interest granted by the Issuer in accordance with the Transaction Documents and take any proceedings against the Issuer to enforce any Security Interest granted by the Issuer in accordance with the Transaction Documents;

9.1.2 no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer, provided however that this Condition

shall not prevent the Noteholders - in compliance with the Rules - from taking any steps against the Issuer which do not involve the commencement or the threat of commencement of legal proceedings against the Issuer or which do not amount to the commencement or to the threat of commencement to initiating an Insolvency Event in relation to the Issuer;

9.1.3 until the date falling on the later of (i) one year and one day (or, in the event of prepayment or early cancellation of the Notes, two years and one day) after the date on which the Notes have been redeemed in full or cancelled in accordance with the Conditions and (ii) one year and one day (or, in the event of prepayment or early cancellation of the notes, two years and one day) after the date on which any notes issued in the context of any further securitisation undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, 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 and only if the representative(s) of the noteholders of all other securitisations undertaken by the Issuer, if any, have been so directed by the appropriate resolutions of their respective noteholders in accordance with the relevant transaction documents) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer, provided however that this Condition 9.1.3 shall not prevent the Noteholders - in compliance with the Rules - from taking any steps against the Issuer which do not involve the commencement or the threat of commencement of legal proceedings against the Issuer or which do not amount to the commencement or to the threat of commencement to initiating an Insolvency Event in relation to the Issuer; and

9.1.4 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

9.2 Limited recourse obligations of the Issuer

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below;

9.2.1 each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments 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;

9.2.2 sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with the sums payable to such Noteholder; and

9.2.3 if the Servicer has certified to the Representative of the Noteholders and the Representative of the Noteholders is satisfied in that respect that there is no reasonable likelihood of there being any further realisations in respect of the Portfolios or the other Issuer's Rights which would be available to pay unpaid amounts outstanding under the Transaction Documents or the Notes and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 17 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolios or the other Issuer's Rights which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

10. PAYMENTS

10.1 Payments through Monte Titoli

Payment of principal, interest and Variable Return in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of the Monte Titoli Account Holders in whose accounts with Monte Titoli the Notes are held and thereafter credited by such Monte Titoli Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes, all in accordance with the rules and procedures of Monte Titoli.

10.2 Payments subject to fiscal laws

Subject to the express provisions of these Conditions, all payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations and no commissions or expenses shall be charged to the Noteholders in respect of such payments.

10.3 Payments on Business Days

The Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving any amount due as a result of the due date not being a business day in the place of payment to such Noteholder.

10.4 Change of Paying Agent

The Issuer (acting with the prior approval of the Representative of the Noteholders) reserves the right, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement, at any time to terminate the appointment of the Paying Agent by giving not less than three months' notice to be given in accordance with Condition 17 (*Notices*).

11. 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 Decree 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.

12. TRIGGER EVENTS

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

(a) Non-payment

(i) the Issuer defaults in the payment of any Interest Payment Amount on the Most Senior Class of Notes on a Payment Date;

(ii) the Issuer defaults in the payment of any Principal Payment Amount due and payable on the Notes on the Final Maturity Date,

unless any of such defaults has arisen by reason of technical default or error and the payment is made within 3 (three) Business Days (in respect of interest) or 5 (five) Business Days (in respect of principal) of the due date thereof;

(b) Breach of other obligations

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other

than any "Non-payment" referred above) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) calendar days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied;

(c) Insolvency of the Issuer

an Insolvency Event occurs with respect to the Issuer;

(d) Unlawfulness

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

(e) Security Interest

a Security Interest (if any) granted by the Issuer under the Transaction Documents becomes invalid, unenforceable or unlawful;

(f) Breach of Representation and Warranties

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is, in the sole and absolute opinion of the Representative of the Noteholders, incorrect in any material respect when made or deemed to be made, unless it has been remedied within 30 days after the Representative of the Noteholders has served a written notice to the Issuer requiring remedy;

then the Representative of the Noteholders:

(a) shall, in the case of the Trigger Event set out under points (*a*) and (*c*) above;

(b) shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, in the case of the Trigger Events set out under point (*b*) above;

(c) may at its sole and absolute discretion but shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes in case of any other Trigger Event,

give a written notice (a "**Trigger Notice**") to the Issuer (with copy to the Servicer and the Rating Agencies) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with interest accrued and unpaid thereon and that thereafter the Post-Trigger Notice Priority of Payments shall apply.

13. ENFORCEMENT

13.1 Proceedings

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may, at its discretion, take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest and Variable Return thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or to which it may incur by so doing.

13.2 Directions to the Representative of the Noteholders

The Representative of the Noteholders shall not be bound to take any action described in Condition 13.1 (*Proceedings*) and may take such action without having regard to the effect of such action on any individual Noteholder or on any Other Issuer Creditor, provided that

the Representative of the Noteholders shall not, and shall not be bound to, act at the request or direction of the Noteholders of any Class other than the Most Senior Class of Notes then outstanding unless:

13.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such Class; or

13.2.2 (if the Representative of the Noteholders is not of that opinion), such action is sanctioned by an Extraordinary Resolution of the Noteholders of each Class ranking senior to such Class.

13.3 Sale of Portfolios

In the following circumstances:

(i) in the case of Redemption for Taxation pursuant to Condition 8.4 (*Redemption for Taxation*); or

(ii) in the case of Optional Redemption pursuant to Condition 8.3 (*Optional Redemption*), or

(iii) if, after a Trigger Notice has been served on the Issuer (with a copy to the Servicer) pursuant to Condition 12 (*Trigger Events*), an Extraordinary Resolution of the holders of the Most Senior Class of Notes resolve to request the Issuer to sell all (or part only) of the Portfolios to one or more third parties,

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

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall (provided that any bankruptcy or similar proceeding has not been commenced towards the Issuer (including, without limitation, "*fallimento*", "*concordato preventivo*", "*liquidazione coatta amministrativa*", "*accordi di ristrutturazione*" and "*piani di risanamento*" in accordance with the meaning ascribed to those expressions by Italian law) and in any case if not prevented by, and in compliance with, any applicable law) subject to it being indemnified to its satisfaction, be entitled to sell the Portfolios in the name and on behalf of the Issuer. Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as Issuer Available Funds and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Post-Trigger Event Notice Priority of Payments.

In case of sale of the Portfolios pursuant to this Condition 13.3 (*Sale of the Portfolios*) and 12 (*Trigger Events*), the purchase price of the Receivables (other than any Receivables classified as "*in sofferenza*" or "*incagliato*" pursuant to the regulation issued by the Bank of Italy ("*Istruzioni di Vigilanza*") shall be equal to the Outstanding Principal Amount plus interests accrued and unpaid as at such date.

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

Within the date of payment of the purchase price related to the sale of the Receivable above described, the relevant purchaser shall deliver to the Issuer (or to the Representative of the Noteholders, in case of sale of the Portfolios after the service of a Trigger Notice): (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) dated not later than 10 (ten) Business Days before the date of the sale of the Portfolios; (ii) a solvency certificate signed by a legal representative duly authorized by the purchaser, dated the date of the sale of the Portfolios; and (iii) except where the issuance of the certificate is not permitted by the internal

rules applied by the relevant court, also a certificate from the appropriate bankruptcy court ("*tribunale civile – sezione fallimentare*") confirming that no insolvency petitions have been filed against such potential purchaser, dated not later than 10 (ten) Business Days before the date of the sale of the Portfolios.

The transfer of the Portfolios pursuant to this Condition 13.3 (*Sale of the Portfolios*) shall be construed as a "*vendita a rischio e pericolo del compratore*" pursuant to article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and article 1448 of the Italian civil code shall not apply. The transfer of the relevant Portfolio shall be subject to payments to the Issuer of the relevant purchase price.

The Issuer shall give notice of the sale of the Portfolios to the Paying Agent and to the Rating Agencies.

15. THE REPRESENTATIVE OF THE NOTEHOLDERS

15.1 The Organisation of the Noteholders

The Organisation of the Noteholders shall be established upon and by virtue of the issue of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes. The provisions relating to the Organisation of the Noteholders and the Representative of the Noteholders are contained in the Rules of the Organisation of the Noteholders.

15.2 Appointment of the Representative of the Noteholders

Pursuant to the Rules of the Organisation of the Noteholders there shall at all times be a Representative of the Noteholders. The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the terms of the Rules of the Organisation of the Noteholders. As regards the appointment of the first representative of the Noteholders, the Class A Noteholders, the Class M Noteholders and the Junior Noteholders by subscribing respectively for the Class A Notes, the Class M Notes and the Junior Notes and paying the relevant subscription price in accordance with the provisions of the Notes Subscription Agreements recognize the appointment of Securitisation Services S.p.A. as Representative of the Noteholders. Each Noteholder is deemed to accept such appointment.

15.3 Removal of the Representative of the Noteholders

Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed and can resign at any time. Such successor to 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 an Italian branch or through a branch situated in a European Union country; or

(b) a company or financial institution registered under article 106 of the Consolidated Banking Act; or

(c) any other entity permitted by specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Rules of the Organisation of the Noteholders contain provisions governing, *inter alia*, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility)

of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

16. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

17. NOTICES

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli.

So long as the Rated Notes are listed on the Irish Stock Exchange plc and the rules of the Irish Stock Exchange plc so require, any notice to Noteholders shall also be published on the website of the Irish Stock Exchange plc (www.ise.ie) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

In addition, so long as the Rated Notes are listed on the Irish Stock Exchange plc, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, the Transparency Directive.

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

18. NOTIFICATIONS TO BE FINAL

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of gross negligence or wilful default) be binding on the Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to 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 discretions hereunder.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing Law of Notes

The Notes are governed by Italian law.

19.2 Governing Law of Transaction Documents

All the Transaction Documents (except for the Stichting Corporate Services Agreement which is governed by Dutch law and the Series 1 Notes Subscription Agreement which is governed by English Law) are governed by Italian law.

19.3 Jurisdiction of courts

The Courts of Milan are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes.

EXHIBIT TO THE TERMS AND CONDITIONS OF THE NOTES

RULES OF THE ORGANISATION OF THE NOTEHOLDERS

Title I
GENERAL PROVISIONS

1. GENERAL

1.1. The Organisation of the Noteholders has been and is, respectively, created concurrently with the issue by 2017 Popolare Bari SME S.r.l. (the "**Issuer**") of and subscription for:

(i) the Euro 500,000,000 Series 1 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 1 Class A1 Notes**"), the Euro 302,800,000 Series 1 Class B1 Variable Return Asset Backed Notes due December 2057 (the "**Series 1 Class B1 Notes**") and the Euro 49,000,000 Series 1 Class B2 Variable Return Asset Backed Notes due December 2057 (the "**Series 1 Class B2 Notes**" and together with the Series 1 Class B1 Notes, the "**Junior Notes**" and together with the Series 1 Class A1 Notes, the "**Serie 1 Notes**") occurred on on 28 March 2017 (the "**Initial Issue Date**"); and

(ii) the Euro 20,000,000 Series 2 Class A1 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A1 Notes**" and, together with the Series 1 Class A1 Notes, the "**Class A1 Notes**"), the Euro 150,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class A2 Notes**" and together with the Class A1 Notes, the "**Class A Notes**" or the "**Senior Notes**"), the Euro 57,400,000 Series 2 Class M Asset Backed Floating Rate Notes due December 2057 (the "**Series 2 Class M Notes**" or the "**Class M Notes**" and, together with the the Senior Notes, the "**Rated Notes**"; the Class M Notes together with the Series 2 Class A1 Notes and the Series 2 Class A2 Notes, the "**Series 2 Notes**"; the Series 2 Notes together with the Senior 1 Notes, the "**Notes**") occurred on 28 February 2018 (the "**Subsequent Issue Date**"),

(iii) and is governed by the Rules of the Organisation of the Noteholders set out herein ("**Rules**").

1.2. The Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3. The contents of the Rules are deemed to be an integral part of each Note issued by the Issuer.

1.4. For the purposes of the Rules, (i) unless differently provided in these Rules, the Class A1 Notes and the Class A2 Notes shall be treated as a single class of Notes; (ii) the Class B1 Notes and the Class B2 Notes shall be treated as a single class of Notes.

2. DEFINITIONS AND INTERPRETATION

2.1. Definitions

2.1.1. In these Rules, the terms set out below have the following meanings:

"**Basic Terms Modification**" means any proposal:

(a) to make any modification of any date fixed for the payment of principal, interest or Variable Return in respect of the Notes of any Class:

(b) to reduce (if the Notes have a floating interest rate) the margin of such floating interest rate or (if the Notes have a fixed interest rate) the amount of the fixed interest rate applicable to any Notes or to change the interest rate from floating to fixed or vice versa;

(c) to reduce or cancel the amount of principal due in respect of the Notes;

(d) to make a modification which would have the effect of altering the majority required to pass a resolution or the quorum required at any Meeting or a modification of the holding of Notes required to give directions to the Representative of the Noteholders under these Rules or the Conditions;

(e) to make a modification of the currency in which payments due in respect of any Class of Notes are payable;

(f) to make a modification of the ranking of payments of the Interest Payment Amount, Variable Return or principal in respect of any of the Notes;

(g) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed;

(h) to resolve on the matter set out in Condition 9.1 (*Noteholders not entitled to proceed directly against issuer*);

(i) the appointment or removal of the Representative of the Noteholders; or

(j) to change this definition.

"**Blocked Notes**" means Notes which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Paying Agent for the purpose of obtaining from the Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required.

"**Block Voting Instruction**" means, in relation to a Meeting, a document issued by the Paying Agent:

(a) certifying that certain specified Notes are held to the order of the Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until the earlier of:

(b) a specified date which falls after the conclusion of the Meeting; and

(c) the surrender to the Paying Agent not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of the continuation that the Notes are Blocked Notes and notification of the release thereof by the Paying Agent to the Issuer and Representative of the Noteholders;

(d) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Paying Agent that the votes attributable to such Notes 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;

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

(f) authorising a named individual to vote in accordance with such instructions.

"**Chairman**" means, in relation to a Meeting, the individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than four fifthsof the votes cast.

"**Holder**" in respect of a Note means the ultimate owner of such Note.

"**Meeting**" means a meeting of Noteholders of any Class or Classes whether originally convened or resumed following an adjournment.

"**Ordinary Resolution**" means any resolution passed at a Meeting duly convened and held in accordance with the provisions contained in the Rules by a majority of the vote cast.

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or the person appointed to vote under a Block Voting Instruction, in each case, other than:

(a) any person whose appointment has been revoked and in relation to whom the Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and

(b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed.

"**Resolutions**" means Ordinary Resolutions and Extraordinary Resolutions collectively.

"**Specified Office**" means (i) with respect to the Paying Agent (a) the office specified against its name in the Master Definitions Agreement; or (b) such other office as the Paying Agent may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement and (ii) with respect to any additional or other Paying Agent appointed pursuant to Condition 10.4 (*Change of Paying Agent*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such Paying Agent in accordance with Condition 10.4 (*Change of Paying Agent*) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Voter**" means, in relation to any Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Paying Agent or a Proxy named in a Block Voting Instruction.

"**Voting Certificate**" means, in relation to any Meeting:

(a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008,;

or

(b) a certificate issued by the Paying Agent stating that Blocked Notes will not be released until the earlier of:

(1) a specified date which fails after the conclusion of the Meeting; and

(2) the surrender of such certificate to the Paying Agent; and the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders.

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its Specified Office.

"**48 hours**" means 2 consecutive periods of 24 hours.

2.1.2. Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in the Rules shall have the meanings and the constructions ascribed to them in the Conditions.

2.2. Interpretation

2.2.1. Any reference herein to an "**Article**" shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

2.2.2. A "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

3. PURPOSE OF THE ORGANISATION

3.1. Each Noteholder is a member of the Organisation of the Noteholders.

3.2. The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

Title II
MEETINGS OF THE NOTEHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1. Issue

4.1.1. A Noteholder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time.

4.1.2. A Noteholder may also obtain a Voting Certificate from the Paying Agent or require the Paying Agent to issue a Block Voting Instruction by arranging for Notes to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.

4.2. Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

4.3. Deemed holder

So long as a Voting Certificate or Block Voting Instruction is valid, the party named therein as Holder or Proxy, in the case of a Voting Certificate issued by a Monte Titoli Account Holder, the bearer thereof, in the case of a Voting Certificate issued by a Paying Agent and any Proxy named therein in the case of a Block Voting Instruction issued by the Paying Agent shall be deemed to be the Holder of the Notes to which it refers for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4. Mutually exclusive

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

4.5. References to the blocking or release

Reference to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS AND VOTING CERTIFICATES

A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid only if it is deposited at the Specified Office of the Paying Agent or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If such a Block Voting Instruction or Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Noteholders so requires, satisfactory evidence of the identity of each Proxy named in a Block Voting

Instruction or of each Holder or Proxy named in a Voting Certificate issued by a Monte Titoli Account Holder shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or Voting Certificate or the identity of any Proxy named in a Voting Certificate or Block Voting Instruction or the identity of any Holder named in a Voting Certificate issued by a Monte Titoli Account Holder.

6. CONVENING A MEETING

6.1. Convening a Meeting

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

6.2. Meetings convened by Issuer

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3. Time and place of Meetings

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

Meetings may be held where the attendees are located at different places connected by audio-conference or videoconference, provided that:

a) the Chairman may, also through its chairman office, ascertain the identity and legitimacy of those present, monitor the meeting, acknowledge and announce the outcome of the voting process;

b) the person drawing up the minutes may hear well the meeting events being the subject-matter of the minutes;

c) each attending person may follow and intervene in the discussions and vote the items on the agenda in real time; and

d) the Meeting being deemed to take place where the Chairman and the person drawing up the minutes will be.

7. NOTICE

7.1. Notice of meeting

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders, the Paying Agent with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

7.2. Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificate for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time and that for the purpose of obtaining Voting Certificates from the Paying Agent or appointing Proxies under a Block Voting Instruction, Notes must (to the satisfaction of the Paying Agent) be held to the order of or placed under the control of

the Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3. Validity notwithstanding lack of notice

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote, are represented at such Meeting and the Issuer and the Representative of the Noteholders are present at the Meeting.

8. CHAIRMAN OF THE MEETING

8.1. Appointment of Chairman

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

8.1.1. the Representative of the Noteholders fails to make a nomination; or

8.1.2. the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2. Duties of Chairman

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

8.3. Assistance to Chairman

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.

9. QUORUM

9.1. Subject to Article 19.2 (*Conflict of Interest*) below, the quorum at any Meeting convened to vote on:

9.1.1. an Ordinary Resolution relating to a Meeting of a particular Class or Classes will be one or more persons holding or representing at least 50 per cent. of the Principal Amount Outstanding of the Notes then outstanding in that Class or these Classes or, at any adjourned Meeting one or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.2. an Extraordinary Resolution, other than in respect of a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be one or more persons holding or representing at least 80 per cent. of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, one or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.3. an Extraordinary Resolution, in respect of a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), will be one or more persons holding or representing at least 80 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class, or at an adjourned Meeting, one or

more persons being or representing Noteholders of that Class whatever the Principal Amount Outstanding of the Notes so held or represented in such Class.

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

10.1. if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2. in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to paragraphs 10.3 and 10.4 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Noteholders provided that:

10.3. no Meeting may be adjourned more than once for want of a quorum; and

10.4. the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned Meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. NOTICE FOLLOWING ADJOURNMENT

12.1. Notice required

12.2. Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.2.1. 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.2.2. the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.3. Notice not required

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

13.1. Voters;

13.2. the board of directors and the auditors of the Issuer;

13.3. representatives of the Issuer and the Representative of the Noteholders;

13.4. financial advisers to the Issuer and the Representative of the Noteholders;

13.5. legal advisers to the Issuer and the Representative of the Noteholders;

13.6. any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

14. VOTING BY POLL

14.1. Every question submitted to a Meeting shall be decided by a poll.

14.2. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately.

14.3. The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

15. VOTES

15.1. Voting

Each Voter shall have on a poll, one vote for each € 1,000 in aggregate face amount of outstanding Notes represented or held by the Voter.

15.2. Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate appointing a Proxy state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he/she exercises the same way.

15.3. Voting tie

In the case of a voting tie, the relevant resolution shall be deemed to have been rejected.

16. VOTING BY PROXY

16.1. Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Issuer, the Representative of the Noteholders or the Chairman, has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

16.2. Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

17. ORDINARY RESOLUTIONS

17.1. Powers exercisable by Ordinary Resolution

Subject to Article 18 (*Extraordinary Resolutions*), a Meeting shall have power exercisable by Ordinary Resolution, to:

17.1.1. grant any authority, order or sanction which, under the provisions of the Rules or in the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

17.1.2. to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

17.2. Ordinary Resolution of a single Class

No Ordinary Resolution of any Class of Noteholders shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking with or senior to such Class (to the extent that there are Notes outstanding ranking with or senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

18. EXTRAORDINARY RESOLUTIONS

18.1. A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

18.1.1. approve any Basic Terms Modification;

18.1.2. approve any modification, abrogation, variation or compromise of the provisions of these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes which, in any such case, is not a Basic Terms Modification and which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;

18.1.3. authorise the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 12;

18.1.4. discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document; grant any authorisation or approval, which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

18.1.5. authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;

18.1.6. waive any breach or authorise any proposed breach by the Issuer or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Notes or any other Transaction Document or any act or omission which might otherwise constitute a Trigger Event under the Notes or which shall be proposed by the Issuer and/or the Representative of the Noteholders;

18.1.7. appoint any persons as a committee to represent the interests of the Noteholders and confer on any such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution;

18.1.8. authorise the Representative of the Noteholders (subject to its being indemnified and/or secured to its satisfaction) and/or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

18.2. Basic Terms Modification and amendments to Class A2 Notes

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

For the purpose of this Article 18.2, the Class A1 Notes and the Class A2 Notes shall be treated as separate Classes of Notes. Therefore, any Extraordinary Resolution involving a Basic Terms Modification shall always be transacted at separate Meetings of the Class A1 Noteholders and the Class A2 Noteholders.

No amendment to Class A2 Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Class A2 Noteholders.

18.3. Extraordinary Resolution of a single Class

No Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction, being understood that, for the purposes of this Article 18.3 (*Extraordinary Resolution of a single Class*), the Class A1 Notes and the Class A2 Notes shall be considered as a single Class of Notes and such Class, being the Class A Notes, ranks senior to Class M Notes and Junior Notes, the Class M Notes rank senior to the Junior Notes.

19. EFFECT OF RESOLUTIONS

19.1. Binding Nature

Subject to Article 17.2 (*Ordinary Resolution of a single Class*), Article 18.2 (*Basic Terms Modification and amendments to Class A2 Notes*) and Article 18.3 (*Extraordinary Resolution of a single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and:

19.1.1. any resolution passed at a Meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class M Noteholders and the Junior Noteholders;

19.1.2. any resolution passed at a Meeting of the Class M Noteholders duly convened and held as aforesaid shall also be binding upon all the Junior Noteholders;

19.1.3. all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

19.2. Conflict of Interest

In order to avoid conflict of interests that may arise as a result of the Originators having multiple roles in the Securitisation, those 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 Noteholders in accordance with the Conditions and these Rules to transact one or more of the following matters:

19.2.1. the termination of BPB in its capacity as Servicer and the appointment of a substitute servicer under the Servicing Agreement;

19.2.2. the delivery of a Trigger Notice upon the occurrence of a Trigger Event in accordance with Condition 12 (*Trigger Events*);

19.2.3. the direction of the sale of any of the Portfolios after the delivery of a Trigger Notice upon occurrence of a Trigger Event in accordance with Condition 12 (*Trigger Events*);

19.2.4. the enforcement of any of the Issuer's Rights against any of the Originators in any role under the Securitisation;

19.2.5. any amendment to any Transaction Document which, in the reasonable opinion of the Representative of the Noteholders, may be prejudicial to, or have a negative impact on the Holders of the Class A2 Notes;

19.2.6. any waiver of any breach or authorisation of any proposed breach by any of the Originators, (in any of its capacities under the Transaction Documents) of its obligations under or in respect of the Transaction Documents to which it is a party;

19.2.7. 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 Holders of the Class A2 Notes and any of 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 Notes are entirely held by the Originators.

19.3. Notice of Voting Results

Notice of the results of every vote on a Resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

20. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of the Rules.

21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be prima facie evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted at such Meeting shall be regarded as having been duly passed and transacted. The Minutes shall be recorded in the minute book of Meetings of Noteholders maintained by the Issuer (or the Corporate Services Provider on behalf of the Issuer).

22. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

23. JOINT MEETINGS

Subject to the provisions of the Rules and the Conditions and without prejudice to Article 18.2 (*Basic Terms Modifications and amendments to Class A2 Notes*), joint Meetings of the Class A Noteholders, Class M Noteholders and Junior Noteholders may be held to consider the same Ordinary Resolution or Extraordinary Resolution and the provisions of the Rules shall apply mutatis mutandis thereto.

24. SEPARATE AND JOINT MEETINGS OF NOTEHOLDERS

24.1. Notwithstanding the provisions of Articles, 18.3 (*Extraordinary Resolution of a single Class*) and 23 (*Joint Meetings*), the following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

(i) business which, in the sole 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, being understood that, for the purpose of this Article 24.1(i) the Class A1 Notes and the Class A2 Notes shall be treated as separate Classes of Notes;

(ii) business which, in the sole 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 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 joint Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion, being understood that, for the purpose of this Article 24.1(ii) the Class A1 Notes and the Class A2 Notes shall be treated as a single Class of Notes; and

(iii) business which, in the sole 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, being understood that, for the purpose of this Article 24.1(iii) the Class A1 Notes and the Class A2 Notes shall be treated as a single Class of Notes.

25. INDIVIDUAL ACTIONS AND REMEDIES

25.1. Each Noteholder has accepted and is bound by the provisions of Condition 9 (*Limited recourse and non petition*) of the Conditions and, accordingly, if any Noteholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Notes, any such action or remedy shall be subject to a Meeting not passing an Ordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

25.2. the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;

25.3. the Representative of the Noteholders will, without delay, call a Meeting in accordance with the Rules;

25.4. if the Meeting passes an Ordinary Resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and

25.5. if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

25.6. No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of the holders of the Most Senior Class of Notes has been held to resolve on such action or remedy in accordance with the provisions of this Article.

26. FURTHER REGULATIONS

Subject to all other provisions contained in the Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

Title III
THE REPRESENTATIVE OF THE NOTEHOLDERS

27. APPOINTMENT, REMOVAL AND REMUNERATION

27.1. Appointment

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 27, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

27.2. Identity of Representative of the Noteholders

The Representative of the Noteholders shall be:

27.2.1. a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or

27.2.2. a company or financial institution registered under article 106 of the Consolidated Banking Act; or

27.2.3. any other entity permitted by specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

27.3. The board of directors and the auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

27.4. Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes pursuant to Article 18 (*Extraordinary Resolutions*) or resigns pursuant to Article 28 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

27.5. After termination

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 27.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders the appointment of which has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes. In case of termination of the Representative of the Noteholders a written notice will be given to the Rating Agencies.

27.6. Remuneration

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Initial Issue Date, as agreed either in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

28. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Rating Agencies, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 27.1 (*Appointment*) and such new Representative of the Noteholders has accepted its appointment provided that if Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 27.2 (*Identity of the Representative of the Noteholders*).

29. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS

29.1. Representative of the Noteholders is legal representative

The Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

29.2. Meetings and Resolutions

Unless any Resolution provides to the contrary, the Representative of the Noteholders is responsible for implementing all Resolutions of the Noteholders. The Representative of the Noteholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

29.3. Delegation

The Representative of the Noteholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

29.3.1. act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders;

29.3.2. whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

The Representative of the Noteholders may also, whenever it considers to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any person(s) all or any of the powers, authorities and discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit, provided that: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 27.2; 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. Any cost and expense in relation to any such delegation shall be borne by the Representative of the Noteholders.

The Representative of the Noteholders 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 as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

29.4. Judicial Proceedings

The Representative of the Noteholders is authorised to initiate and to represent the Organisation of the Noteholders in any judicial proceedings including Insolvency Proceedings.

29.5. Consents given by Representative of Noteholders

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 in these Rules or in the Transaction Documents such consent or approval may be given retrospectively.

29.6. Discretions

Save as expressly otherwise provided herein or in any other Transaction Documents, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by

these Rules or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

29.7. Obtaining instructions

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security as specified in Article 30.2 (*Specific limitations*).

29.8. Trigger Events

The Representative of the Noteholders may certify whether or not a Trigger Event is in its sole opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

29.9. Remedy

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 the Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its sole opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

30. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

30.1. Limited obligations

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

30.2. Specific limitations

Without limiting the generality of Article 30.1, the Representative of the Noteholders:

30.2.1. shall not be 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 other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;

30.2.2. shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

30.2.3. except as expressly required in the Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;

30.2.4. shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules nor of any Transaction Document, nor of any other document nor any obligation nor 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 nor have any duty to make any investigation in respect of nor in any way be liable whatsoever for:

(a) the nature, status, creditworthiness or solvency of the Issuer;

(b) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Notes or the Portfolios;

(c) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

(d) 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; and

(e) any accounts, books, records or files maintained by the Issuer, the Servicer and/ or and the Paying Agent or any other person in respect of the Portfolios;

30.2.5. shall not be responsible for the receipt or application by the Issuer of the proceeds of the Issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;

30.2.6. shall have no responsibility for procuring or maintaining the listing of the Notes;

30.2.7. shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;

30.2.8. shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;

30.2.9. shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation 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 being remedied or not;

30.2.10. shall not be under any obligation to guarantee or procure the repayment of the Portfolios or any part thereof;

30.2.11. shall not be responsible for reviewing or investigating any report relating to the Portfolios provided by any person;

30.2.12. shall not be responsible for nor have any liability with respect to any loss or damage arising from the realisation of the Portfolios or any part thereof;

30.2.13. shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolios or any Transaction Document;

30.2.14. shall not be under any obligation to insure the Portfolios or any part thereof;

30.2.15. shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, any Noteholder, any Other Issuer Creditor or any other person as a result of the delivery by the Representative of the Noteholders of a certificate of material prejudice pursuant to Condition 13.2.1 on the basis of an opinion formed by it in good faith;

30.2.16. shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;

30.2.17. responsible for the maintenance of any rating of the Senior Notes and the Mezzanine Notes by the Rating Agencies or any other credit or rating agencies or any other person.

30.3. Specific Permissions

30.3.1. When in the Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, the Representative of the Noteholders shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regarded to the consequences of such exercise for any individual Noteholder resulting from his or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority.

30.3.2. The Representative of the Noteholders shall, as regards the exercise and performance of the powers, authorities, duties and discretions vested in it by the Transaction Documents, except where expressly provided otherwise herein or therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if, in the sole opinion of the Representative of the Noteholders, there is a conflict between their interests the Representative of the Noteholders will have regard solely to the interest of the Noteholders.

30.3.3. Where the Representative of the Noteholders is required to consider the interests of the Noteholders and, in its sole opinion, there is a conflict between the interests of the Holders of different Classes of Notes, the Representative of the Noteholders will consider only the interests of the Holders of the Most Senior Class of Notes.

30.3.4. The Representative of the Noteholders may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all costs, charges, damages, expenses and liabilities which may be suffered, incurred or sustained by it as a result. Nothing contained in the Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

30.3.5. The Representative of the Noteholders may, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Documents or the Notes, in considering whether that such exercise would not be materially prejudicial to the interests of the Noteholders and the Other Issuer Creditors, take into account, among the other things, any confirmation from the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such exercise.

30.4. Notes held by Issuer

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

30.5. Illegality

No provision of the Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its sole opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its sole opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

31. RELIANCE ON INFORMATION

31.1. Advice

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker, or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting.

31.2. Transmission of Advice

Any opinion, advice, certificate or information referred to in Article 31.1 (*Advice*) may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Noteholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

31.3. Certificates of Issuer

The Representative of the Noteholders may call for, and shall be at liberty to accept as sufficient evidence;

31.3.1. as to any fact or matter prima facie within the Issuer's knowledge, a certificate duly signed by an authorised representative of the Issuer on its behalf;

31.3.2. that such is the case, a certificate of an authorised representative of the Issuer on its behalf to the effect that any particular dealing, transaction, step or thing is expedient; and

31.3.3. as sufficient evidence that such is the case, a certificate signed by an authorised representative of the Issuer on its behalf to the effect that the Issuer has sufficient funds to make an optional redemption under the Conditions,

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 unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

31.4. Resolution or direction of Noteholders

The Representative of the Noteholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Noteholders, even though it may subsequently be found that there was some defect in the

constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Noteholders.

31.5. Certificates of Monte Titoli Account Holders

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

31.6. Clearing Systems

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

31.7. Certificates of Parties to Transaction Document

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by any party (other than the Issuer) to the Intercreditor Agreement or any other Transaction Document:

31.7.1. in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

31.7.2. as any matter or fact prima facie within the knowledge of such party; or

31.7.3. as to such party's opinion with respect to any issue,

and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any loss, liability, cost, damage, expense or charge incurred as a result of having failed to do so unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

31.8. Auditors

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

32. MODIFICATIONS

32.1. Modification

The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

32.1.1. any modification to these Rules, the Notes or to any of the Transaction Documents in relation to which its consent is required if, in the sole opinion of the Representative of the Noteholders, such modification is of a formal, minor, administrative or technical nature, is made to comply with mandatory provisions of law or is made to correct a manifest error;

32.1.2. any modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) in

relation to which its consent is required which, in the sole opinion the Representative of the Noteholders, is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes then outstanding and a prior written notice is given to the Rating Agencies; and

32.1.3. any modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of the Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 5.12 and which, in the sole opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the Holders of the Most Senior Class of Noteholders and a prior written notice is given to the Rating Agencies.

Any consent, approval or waiver by the Representative of the Noteholders shall be notified to the Rating Agencies.

32.2. Binding Notice

Any such modification referred to in Article 32.1 (*Modification*) shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter in accordance with provisions of the Conditions relating to notices of Noteholders and the relevant Transaction Documents.

32.3. Modifications requested by the Noteholders

The Representative of the Noteholders shall be bound to concur with the Issuer and any other party in making any modifications if it directed to do so by an Extraordinary Resolution of the Most Senior Class of Noteholders or, in the case of any modification which constitutes Basic Terms Modification, of the holders of each Class of the Notes but only if it is indemnified and/ or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

33. WAIVER

33.1. Waiver of Breach

The Representative of the Noteholders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its sole opinion the interests of the Holders of the Most Senior Class of Notes then outstanding shall not be materially prejudiced thereby:

33.1.1. authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the Notes or any of the Transaction Documents; or

33.1.2. determine that any Trigger Event shall not be treated as such for the purposes of the Transaction Documents,

without any consent or sanction of the Noteholders.

Any consent, approval or waiver by the Representative of the Noteholders shall be notified to the Rating Agencies

33.2. Binding Nature

Any authorisation, waiver or determination referred in Article 33.1 (*Waiver of Breach*) shall be binding on the Noteholders.

33.3. Restriction on powers

The Representative of the Noteholders shall not exercise any powers conferred upon it by this Article 33 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding but so that no such direction or request:

33.3.1. shall affect any authorisation, waiver or determination previously given or made; or

33.3.2. shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless each Class of Notes has, by Extraordinary Resolution, so authorised its exercise.

33.4. Notice of waiver

Unless the Representative of the Noteholders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Noteholders and the Other Issuer Creditors, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to notices and the relevant Transaction Documents.

34. INDEMNITY

Pursuant to the Notes Subscription Agreements, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders and without any obligation to first make demand upon the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under the Rules, the Notes or the Transaction Documents.

35. LIABILITY

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

Title IV
THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

36. POWERS

It is hereby acknowledged that, upon service of a Trigger Notice or prior to the service of a Trigger Notice, following the failure of the Issuer to exercise any right to which it is entitled, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian civil code, to exercise certain rights in relation to the Portfolios. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of

the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

Title V
GOVERNING LAW AND JURISDICTION

37. GOVERNING LAW

The Rules and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

38. JURISDICTION

The Courts of Milan will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Rules and any non-contractual obligations arising out thereof or in connection therewith.

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 sale of the Receivables pursuant to the Transfer Agreements by the Originators to the Issuer was respectively published on the Official Gazette No. 35, Part 2, on 23 March 2017 and on the Official Gazette No. 10, Part 2 on 25 January 2018 and registered with the Register of Enterprises of Treviso Belluno on 17 March 2017 and on 7 February 2018.

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 Receivables

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 Debtor (to the extent the same is subject to the Bankruptcy Law), the relevant payments or prepayments under a 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 Receivables 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.

The Issuer

Under the provisions of Article 5, paragraph 2, of the Securitisation Law, the standard limits and the other provisions related to the issue of securities prescribed for Italian companies (other than banks) under the Italian Civil Code (Articles from 2410 to 2420) are inapplicable to the Issuer.

Recent amendments on NPLs and UTPs securitisation transaction

In the context of the conversion to law of Decree Law n. 50 of 24 April 2017 (containing urgent provisions on financial matters, initiatives in favour of territorial authorities, further actions for areas affected by seismic events and development measures) (the "**Decree 50**"), some changes and supplements to the Securitisation Law have been made in order to, mainly, be a more useful management tool of the non performing loans (the "**NPLs**") of leasing companies, the non performing loans secured by assets and the unlikely to pay debts (the "**UTPs**").

The above provisions apply to NPLs and UTPs securitisation transactions and are mainly aimed to:

(i) facilitate the NPLs trade of leasing companies and secured NPLs;

(ii) facilitate the trade of NPLs and UTPs owed to banks by companies that are in a situation of crisis.

The above provisions have been published on 23 June 2017 in the Official Gazette of the Republic of Italy No 144 under its Ordinary Supplement (*Supplemento Ordinario*) No 31.

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 80% (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 Receivables

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.

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

In the event that the subrogation is not completed within 30 (thirty) business days from the relevant request from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1% of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

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.

Convention between the Ministry of Economy and Finance, ABI and associations of the representative of the companies

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

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

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

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended. ABI has clarified on one hand that securitised claims have not been expressly excluded from the object of the PMI

Convention and that assigning banks have to do any reasonable effort to satisfy the requests for Suspension also in respect of the securitized claims.

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

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

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

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013. On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan). On 30 December 2014, ABI and the associations of the representative of the companies agreed to extend the validity period of the July 2013 PMI Convention from 1 July 2013 until 30 March 2015 and to enter into a new convention by the same date. On 31 March 2015, ABI and the associations of the representative of the companies entered into a new convention (the "**2015 PMI Convention**"). The 2015 PMI Convention comprises three different programs:

"*Imprese in Ripresa*" program which regards the extensions and the suspension of the loan agreement given to small and medium enterprises;

"*Imprese di Sviluppo*" program which regards the financing of new projects carried out by the small and medium enterprises; and

"*Imprese e PA*" program which regards the disinvestment of claims to be paid by the Public Administration to the small and medium enterprises

"*Imprese in Ripresa*" program allows the small and middle-sized companies to require, inter alia: (i) a 12-month suspension of payments of instalments in respect of the principal of medium and long-term loans; and (ii) the extension of the final maturity of the loan agreements. In general, the loans which

may benefit of the provisions of the 2015 PMI Convention are the loans which (a) were outstanding as of the date of the entering to of the 2015 PMI Convention; and (b) did not benefit from the suspension or extension of the duration in the 24-months period prior to the date of the request of suspension or extension, except for the easing of terms generally applying by operation of law.

In particular:

the suspension under the 2015 PMI Convention applies on the condition that the instalments: (A) are timely paid; or (B) in case of late (or partial) payments, the relevant instalment has not been outstanding for more than 90 days from the date of the relevant request; and

the extension under the 2015 PMI Convention applies on the condition that such extension could not exceed three years for unsecured loans and four years for mortgage loans.

As further condition, in order to benefit either from the suspension or the extension of duration, middle-sized companies shall have, as at the date of the request, no positions which could be classified as unlikely to pay ("*inadempienze probabili*") and restructured ("*ristrutturate*"). The 2015 PMI Convention initially had a validity period ending on 31 December 2017, without prejudice to the rights of the parties to withdraw by 31 December of each year. On 13 December 2017, ABI and the associations of the representative of the companies agreed to extend the validity of the 2015 PMI Convention from 31 December 2017 to 31 July 2018.

Delegation of powers to the Italian Government for the reform of corporate reorganization and Insolvency Law

On 11 October 2017 the Italian Parliament approved the text of law which confers powers on the Italian government for an overall reform of insolvency law and corporate reorganization proceedings in the context of over-indebted corporate entities (the "**Delegated Legislation**"). The Italian government has 12 months from such date to adopt the relevant implementing law decrees.

The Delegated Legislation is the result of a review of the Italian legislative decree no. 267 of 16 March 1994 (hereinafter the "**Bankruptcy Law**") conducted by an experts' committee set up in 2015. Such review aims at introducing reform of insolvency legislation that is better suited to the current economic situation and consistent with the indications received from the European legislator.

The Delegated Legislation is inspired by the principle of an early detection and resolution of corporate insolvency also through flexible and modern reorganization methods; in such a context, the declaration of bankruptcy (now defines as "*judicial liquidation*") is considered as a last resort alternative in absence of other options that can guarantee continuation of the corporate activity.

In accordance with the above principles, the Delegated Legislation introduces the new "preemptive and assisted reorganisation procedures" further complementing in this way the regulation of the currently existing pre-insolvency proceedings (i.e. restructuring proceedings under Article 182*bis* and certified plans under Article 67(3)(d) of the Bankruptcy law) and insolvency proceedings (scheme of arrangements with creditors and bankruptcy). The reform of the so - called *extraordinary administration* proceedings has not been included in the scope of the Delegated Legislation and will likely require an *ad hoc* intervention.

The principal envisaged amendments to the current legal framework contained in the Delegated Legislation are as follows.

Stakeholders have long faced a difficulty in coordinating the restructuring proceedings of companies belonging to the same group. The legislation currently in force does not provide for the opening of a single restructuring proceedings with regard to multiple affiliated companies, this resulting in an inefficient process also compounded by the fact that different territorial courts have competence for each different single proceedings. Therefore in order to tackle such issues, the Delegated Legislation

provides for the introduction of a new joined proceedings for group insolvencies. More specifically, the Delegated Legislation introduces:

a) a definition of "corporate group" by reference to the criteria of direction and coordination referred to in Articles 2497 et seq. and 2545 *septies* of the Italian Civil Code (ICC); such criteria are presumed as met in case within the group there are controlling and controlled entities pursuant to Article 2359 of ICC;

b) joined single proceedings: the possibility for companies belonging to the same group to file a single application for approval of a debt restructuring plan agreement under Article 182*bis* of the Bankruptcy Law or admission to an out-of-court arrangement with creditors or judicial liquidation or a court settlement agreement before a single court of law (as determined in accordance with the European principle of "center of main interests" of the debtor); hence the subsequent appointment of only one single (i) judge and (ii) court-appointed receiver with regard to a scheme of arrangement or judicial dissolution and payment of a single fund of expenses in the case of a scheme of arrangement with creditors.

c) separate resolution meetings with regard to schemes of arrangement with creditors: in case of a scheme of arrangement, separate resolutions on the proposal by the creditors of each company and the exclusion of infra-group creditors from voting in order to mitigate any "distortion" effects;

d) subordination of infra-group debt in situations described by Article 2467 of the ICC (i.e. the company has resorted to additional debt in situations where a capital contribution was instead required), with the exception of infra-group loans granted in the context of schemes of arrangement or a debt restructuring agreement under Article 182*bis* of Bankruptcy Law;

e) extension of the receiver's powers with regard to solvent companies: in the event of a judicial liquidation, the power of the receiver, *inter alia*, to report irregularities in the management of the solvent companies of the group (e.g. Article 2409 of ICC) and to request their bankruptcy in the event of insolvency.

Preemptive Proceedings

As mentioned above, the Italian legislator has worked on the assumption (shared by the European regulator and business philosophy) that the successful recovery of a business largely depends on early detection of crisis situations, which instead the entrepreneur often tends to deny.

In order to facilitate a prompt detection of the crisis, on one hand the Delegated Legislation requires the entrepreneur to have in place an adequate corporate structure which can detect a crisis situation in a timely manner, and on the other hand, has introduced preemptive proceedings and crisis-assisted reorganization proceedings (the "**Preemptive Proceedings**") to induce the distressed company to tackle the crisis early on.

Such regulation however does not apply to listed and large companies on the assumption that, due to their dimension, such entities have adequate resources to detect the crisis and tackle it on an early stage.

The Preemptive Proceedings are based on a resolution of the crisis agreed with creditors and implemented through the assistance of a body of experts appointed directly by the debtor or indirectly by public creditors or corporate auditing enitities. The Preemptive Proceedings - which are to be conducted in a confidential manner – provide for the following:

a) the debtor who acknowledges a state of crisis files an application with a body set up in the relevant Chamber of Commerce (the "Commitee") in order to receive assistance in finding an agreed solution to the crisis with the creditors within a maximum period of 6 months;

b) qualified public creditors (including the Tax Agency and Social Security Agency) must (i) inform the relevant debtor that its debt exposure has exceeded a significant amount (which will be defined in the implementing decrees taking into account the dimension of the relevant company) and (ii) inform the supervisory entities and the Committee, in case the debtor has not addressed the problem within a 3 months period (such as by starting the Preemptive Proceedings, or by carrying out a scheme of arrangement or a debt restructuring);

c) in the event of the debtor's inaction, the above-mentioned public creditors must report to the supervisory entities and the Committee ongoing defaults of a significant amount (to be defined in the implementing decrees taking into account the dimension of the company);

d) in addition, in all cases of inaction on the part of the debtor (and regardless of reporting by qualified public creditors) the corporate auditing bodies, auditors and auditing firms are obliged to immediately notify the administrative entities of any well-grounded indications of a crisis situation and, in the event of inadequate or lacking response by these, the Committee;

e) during the proceedings, the debtor may apply to the relevant Court for the adoption of protective measures to enable the same to enter into negotiations protected from any action of creditors (in respect of such protective measures, the debtor may postpone the reduction of any losses pursuant to the provisions of Article 182 *sexies* the Bankruptcy Law with reference to the debt restructuring agreements and the schemes of arrangements;

f) if within six months from the start of the proceeding the Committee cannot identify appropriate measures to overcome the crisis situation and ascertains the state of insolvency, it will inform the Public Prosecutor (who will be able to file for bankruptcy where the conditions are met).

Finally, in order to encourage the use of Preemptive Proceedings, the Law provides for a system of incentives and penalties:

- Incentives:

1. for debtors who have taken action to overcome the crisis within 6 months from the first sign of its occurrence (using the assistance of the Committee or the proceedings for the approval of a debt restructuring agreement under Article 182*bis* of the Bankruptcy Law, or a scheme of arrangement with creditors): (a) there will no penalty for bankruptcy by fund distraction crimes and other bankruptcy offences when they have caused minor damage; (b) a mitigating circumstance with special effect for the other crimes and (c) a reduction of interest and penalties on tax debt;

2. for statutory auditors who immediately report to the directors well-grounded indications of a crisis situation and, in the event of inaction, inform the Committee: exemption from joint liability with the company directors for the damages resulting from events or omissions following their report;

- Penalties:

1. for qualified public creditors: loss of their priority in payment over their debt in case of failure to report to the supervisory entities and the Committee the persisting default on obligations of a significant amount by the relevant insolvent debtor.

Debt restructuring agreements pursuant to Article 182bis of Bankruptcy Law and certified plans under Article 67(3)(d) Bankruptcy Law

The amendments introduced by the Delegated Legislation aim to encourage the use of debt restructuring agreements under Article 182*bis* of the Bankruptcy Law ("**182*bis* Agreements**") which have not proved much popular so far.

As for the certified plans under Article 67(3)(d) of the Bankruptcy Law (the "**Certified Plans**"), the legislator has considered necessary to regulate more specifically their content in order to limit the possibility that these are drafted loosely.

Starting from the Agreements 182*bis* Agreements, the Delegated Legislation provides as follows:

a) extended application of the cram down: possibility to apply the "cram down" model envisaged in the case of arrangements with banks and financial intermediaries under Article 182*septies* of the Bankruptcy Law also to situations under 182*bis* Agreements which do not provide for liquidation (including the moratorium agreements): this means that, once the creditors have been assigned to homogeneous classes based on their economic and legal position, a company may bind all creditors belonging to a certain class to complying with agreements approved by at least 75% of creditors belonging to the relevant class provided that they have been informed of the opening of negotiations and have been enabled to participate to the resolution;

b) reduction/elimination of the required quorum: reduction or even elimination of the of the 60% quorum currently required by law for the use of such measure provided that: (a) the debtor offers to pay those who do not approve within 120 days from the approval of the restructuring (or from the maturity date in case of debt not expired as at the date of approval) and (b) does not apply for the judicial moratorium provided for in Article 182*bis*(6) of the Bankruptcy Law;

c) extension of protection: application of a debt moratorium starting from the opening and until the end of the proceedings (today it applies for only 60 days starting from the opening);

d) extension to members with unlimited liability: extension of the effects of the agreement to members with unlimited liability.

As for the certified plans, the Law merely requires that they be in writing, bear certain date and the content is precisely determined.

Schemes of Arrangement

The Law provides for a reorganisation of the provisions on the schemes of arrangement with creditors in order to preserve business continuity and simplification of proceedings. More specifically, the Delegated Legislation provides as follows:

a) marginalization of schemes of arrangement providing for liquidation: schemes of arrangements with liquidation are only possible where: (i) there is a contribution of external resources which appreciably increases payments in favours of creditors and (ii) a minimum payment of 20% of the total amount of unsecured loans is envisaged;

b) extending the powers of the relevant bankruptcy Court: the Court has the power to assess not only the legal but also the economic feasibility of a scheme of arrangement (this is a step back in respect of the "private" nature of the 2015 reform as well as of the same indications received from the Joint Sections of the Italian Supreme Court (*Corte di Cassazione*) that will not contribute to the success of the provision);

c) qualified majorities: a majority is required not only based on the amount of debt owed but also based on the number of voting creditors if a single creditor holds unsecured debt for an amount equal to or higher than the majority of those eligible to vote; furthermore, the Delegated Legislation calls for a specific regulation on conflict of interest situations. Such choice will make it difficult to carry out typical investment operations involving the purchase of receivables from distressed/insolvent companies in order to then "control" and approve the relevant scheme of arrangement proposal;

d) the definition of a scheme of arrangement in continuity and deferment of privileged claims: it is clarified that a scheme of arrangement in continuity refers to both mixed schemes of arrangements (continuity plus disposal of non-instrumental assets) and schemes of arrangement with indefinite continuity (i.e. characterised by the company's lease agreement entered into even before filing the appeal); furthermore, payment of privileged creditors may be postponed for more than a year, provided that they are granted voting rights;

e) stability of pre-deduction loans authorized by the court: a reorganization of the various forms of pre-deduction loan is set forth, and above all stability is recognized only to the pre-deduction of loan authorized by the court;

f) mandatory classification of creditors: creditors must necessarily be divided into classes if there are creditors assisted by third-party guarantees (and in other cases where there are homogeneous legal positions and economic interests that are to be identified by the Government);

g) electronic vote: the meeting of creditors is replaced by an electronic voting procedure;

h) provisional administration: in the event of obstruction by the debtor, the Court may entrust the implementation of the scheme of arrangement to a provisional administrator entrusted with the powers usually belonging to the creditors' meeting (this power is currently only provided if a competing proposal is accepted);

i) termination of the scheme arrangement proposal by the receiver: the receiver has the power to require, following the request from a creditor, that the scheme of arrangement be terminated, *inter alia*, for non-performance (currently, such right is recognised only to creditors);

j) mergers/demergers/transformations: in the case of extraordinary transactions (mergers, demergers and transformations), (i) the creditors' opposition is exercised in the context of the Schemes of Arrangement; (ii) the effects of extraordinary transactions are irreversible once executed; (iii) the right of withdrawal of shareholders is excluded in the presence of transactions impacting on the organization or financial structure of the company.

Judicial liquidation

The Delegated Legislation supplements the regulation of bankruptcy, now defined "*judicial liquidation*", and aims at standardizing and simplifying the relevant proceedings which however becomes now residual in cases where a restructuring that can achieve corporate continuity is possible (and reasonably achievable). Among the most important changes there are the following:

a) *the elimination of land privilege and special enforcement proceedings*: the creditors' right to proceed with special enforcement proceedings and to exercise procedural privileges, including land privilege, is excluded; the land privileges currently in force remain valid until two years starting from the date of publication of the last decree implementing the Delegated Legislation;

b) *assignment of assets to creditors*: the participation of creditors in the auctions of the debtors' assets is facilitated (however, certain aspects of the Delegated Legislation are not very clear on this point); to this end, a body is established which certifies “the reasonable probability of satisfaction of the debts incurred in respect of each proceeding” and which issues to the creditors who so request a debt certificate enabling them to participate to the relevant auction "in proportion to the probability of satisfaction of their credit"; the provision is presumably aiming at giving to the creditors the option to request the assignment of the debtor's assets and pay by means of their debt certificates as endorsed by the certifying body; in fact the law provides for the appointment of a “settlement and central counterparty system operator” which it can be presumed will oversee such operations; the relevant proceedings however remain still to be regulated;

c) *one type of proceedings*: judicial liquidation applies to every category of debtors (e.g. limited liability companies, individuals, professionals) with the sole exclusion of public entities;

d) *efficiency of the proceedings*: a number of further actions are planned in order to reduce the duration and cost of the procedure and make more effective and transparent the receiver’s activity as well as the process of determining the bankruptcy estate’s liabilities.

Finally, the Delegated Legislation also provides for some further measures intended to:

a) reorder and simplify over-indebtedness proceedings by prioritizing business continuity and ensuring the competitiveness of asset sale auctions;

b) regulate the relationship between judicial liquidation and criminal prevention measures by establishing, except where there is a prevailing concern regarding application of criminal law, the prevalence of the insolvency regime.

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**").

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF or a SICAV ("*Società di investimento a capitale variabile*") established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the relevant Rated Notes are held by an authorised intermediary, Interest accrued during the holding period on the Rated Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

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.

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 the Collective Investment Fund 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.

7. Wealth Tax on securities deposited abroad

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. In this case the above mentioned stamp duty provided for by article 13 of the tariff attached to Decree No. 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by article 13 of the tariff attached to the Stamp Duty Law does apply.

SUBSCRIPTION AND SALE

Under the Notes Subscription Agreements entered into among the Issuer, the Originators, the Representative of the Noteholders and the Notes Subscribers *inter alios*:

(i) An institutional investor has agreed to subscribe and pay for the Class A1 Notes in a principal amount of € 500,000,000;

(ii) BPB has agreed to subscribe and pay for the (a) Class M Notes in a principal amount of € 57,400,000; and (b) Class B1 Notes in a principal amount of €302,800,000;

(iii) CRO has agreed to subscribe and pay for the Class B2 Notes in a principal amount of €49,000,000;

(iv) EIB has agreed to subscribe and pay for the Class A2 Notes in a principal amount of € 150,000,000.

The Notes Subscription Agreement will be subject to a number of conditions and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") 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 Issuer and the Notes Subscriber, have represented and agreed they have 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 Issuer and the Notes Subscriber, nor their respective Affiliates nor any persons acting on the Issuer and the Notes Subscriber, or its respective Affiliates' 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 Notes Subscriber, 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 Notes Subscriber, has acknowledged 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 Notes Subscription Agreements, each of the Issuer and the Notes Subscriber, 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 Notes Subscriber, has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, 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 Notes Subscriber, has represented and agreed 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 the Consolidated Financial Act, the Consolidated Banking Act, 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 (including the reporting requirements, as applicable, pursuant to article 129 of the Consolidated Banking Act).

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 Notes Subscriber, has represented and agreed 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 de l'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 Notes Subscriber, has also represented and agreed in connection with the initial distribution of the Notes by it that:

(a) 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 *offrè au public de titres financiers* as defined in Article L. 411-1 of the French *Code monétaire et financier*);

(b) offers and sales of the Notes in the Republic of France will be made by it in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*)

acting for their own account, as defined in, and in accordance with Articles L411-1, 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 and D. 411-4 of the French *Code monétaire et financier* acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) as mentioned in Article L. 411-2, L. 533-16 and L. 533-20 of the French *Code monétaire et financier* (together the "**Investors**");

(c) offers and sales of the Notes in the Republic of France will be made by it 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 to L.621-8-3 of the French *Code monétaire et financier*).

United Kingdom

Each of the Issuer and the Notes Subscriber, has represented and warranted with respect to itself, that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply 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.

Prohibition of Sales to EEA Retail Investors

Each of the Issuer and the Notes Subscriber represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression "offer" includes 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.

General Restrictions

The Issuer, the Noteholders (including the Notes Subscriber) 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.

Persons into whose hands this Prospectus comes are required by the Issuer and the Notes Subscriber to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

(1) ***Consents and Authorisation***

The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by the quotaholder's resolutions of the Issuer which were enacted on 7 March 2017, 22 March 2017 and 12 February 2018. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

(2) ***Litigation***

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, since the date of its incorporation, a significant effect on the financial position or profitability of the Issuer.

(3) ***Clearing Systems***

The Notes have been accepted for clearance through Monte Titoli as follows:

Series 1 Class A1 Notes: ISIN IT0005247017

Series 2 Class A1 Notes: ISIN IT0005324592

Series 2 Class A2 Notes: ISIN IT0005324600

Series 2 Class M Notes: ISIN IT0005324634

Series 1 Class B1 Notes: ISIN IT0005247025

Series 1 Class B2 Notes: ISIN IT0005247033

(4) ***Funds Available to the Issuer***

The principal source of funds available to the Issuer for the payment of interest and Variable Return (if any) and the repayment of principal on the Series 1 Notes and Series 2 Notes will be collections made in respect of the Receivables thereunder.

(5) ***Information available on the 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.

(6) ***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 150,000 *per annum* (excluding any applicable value added tax).

(7) ***No adverse change***

Save as disclosed in this document, since its incorporation, there has been no adverse change or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer that is material in the context of the issue of the Notes.

(8) ***Documents***

So long as any of the Notes remains outstanding, copies of the following documents in electronic form, will be available for inspection during normal business hours at the registered office of the Issuer as at the Subsequent Issue Date, Via Vittorio Alfieri, 1 Conegliano (Treviso) Italy, at the registered office of the Representative of the Noteholders and the Paying Agent, being respectively located, as at the Subsequent Issue Date, in Via Vittorio Alfieri, 1 - Conegliano (TV), Italy and in in Piazza Lina Bo Bardi, 3, Milan, Italy:

1. Deed of incorporation and by-laws of the Issuer;
2. Annual financial statements of the Issuer;
3. Payments Reports and Investor Report;
4. Transfer Agreements;
5. Warranty and Indemnity Agreements;
6. Servicing Agreement;
7. Corporate Services Agreement;
8. Stichting Corporate Servicing Agreement;
9. Back-Up Servicing Agreement;
10. Intercreditor Agreement;
11. Cash Allocation, Management and Payments Agreement;
12. Quotaholder's Agreement;
13. Master Definitions and Construction Agreement;
14. Mandate Agreement;
15. Retransfer Agreements; and
17. this Prospectus.

(9) ***Listing***

Application has been made to the Irish Stock Exchange plc for the Senior Notes and the Class M Notes to be admitted to the official list and trading on its regulated market.
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 Irish Stock Exchange plc of the Senior Notes and of the Class M Notes are Euro 6,641.20 (inclusive of any applicable value added tax) which will be paid up-front on or about the date of this Prospectus.

THE ISSUER

2017 Popolare Bari SME S.r.l.
Via Vittorio Alfieri, 1
31015 Conegliano (Treviso)
Italy

ORIGINATORS

Banca Popolare di Bari S.c.p.a.
Corso Cavour 19
70122 Bari
Italy

Cassa di Risparmio di Orvieto S.p.a.
Piazza della Repubblica 21
05018 Orvieto (TR)
Italy

REPRESENTATIVE OF THE NOTEHOLDERS, CORPORATE SERVICES PROVIDER AND CALCULATION AGENT

Securitisation Services S.p.a.
Via Vittorio Alfieri, 1
31015 Conegliano (Treviso)
Italy

THE SERVICER

Banca Popolare di Bari S.c.p.a.
Corso Cavour 19
70122 Bari
Italy

PAYING AGENT, TRANSACTION BANK, CASH MANAGER

BNP Paribas Securities Services, Milan Branch
Piazza Lina Bo Bardi, 3
20124 Milan
Italy

BACK-UP SERVICER

Zenith Service S.p.a.
Via Gustavo Fara 26,
20124 Milan
Italy

ARRANGERS

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf, London
E14 5JP, United Kingdom

Société Générale
29, Boulevard Haussmann
75009 Paris
France