

#### CASSA DI RISPARMIO DI PARMA E PIACENZA S.P.A.

(incorporated with limited liability as a "Società per Azioni" under the laws of the Republic of Italy and registered at the Companies' Registry of Parma under registration number 02113530345)

#### Euro 8,000,000,000 Covered Bond (Obbligazioni Bancarie Garantite) Programme

#### unconditionally and irrevocably guaranteed as to payments

#### of interest and principal by

#### CARIPARMA OBG S.r.l.

(incorporated as a limited liability company in the Republic of Italy and registered at the Companies'

Registry of Milan under registration number 02113530345)

Except where specified otherwise, capitalised words and expressions in this Base Prospectus have the meaning given to them in the section entitled "*Glossary*".

Under this Euro 8,000,000,000 covered bond programme (the "**Programme**"), Cassa di Risparmio di Parma e Piacenza S.p.A. ("**Cariparma**" or the "**Issuer**") may from time to time issue *obbligazioni bancarie garantite* (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 8,000,000,000 (or its equivalent in other currencies calculated as described herein). Cariparma OBG S.r.1. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Covered Bond Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of a portfolio of mortgages assigned to the Guarantor by the Sellers and certain other assets held by the Guarantor, including funds generated by the portfolio and such assets. Recourse against the Guarantor under the Covered Bond Guarantee is limited to the Cover Pool.

This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the competent authority in the Grand Duchy of Luxembourg for the purposes of the Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, which includes amendments made by Directive 2010/73/EU (the "**2010 Amending Directive**"), to the extent such amendments have been implemented in a relevant Member State, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of Covered Bonds under the Programme during the period 12 months after the date hereof. The CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Law on Base Prospectuses for securities.

Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of Directive 2004/39/EC. The Programme also permits Covered Bonds to be issued on the basis that (i) they will be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer or (ii) they will not be admitted to listing, trading and/or quotation system.

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An investment in Covered Bonds issued under the Programme involves certain risks. See the section entitled "*Risk Factors*" of this Base Prospectus for a discussion of certain risks and other factors to be considered in connection with an investment in the Covered Bonds.

The Covered Bonds will be issued in dematerialised form and will be held on behalf of their ultimate owners by Monte Titoli S.p.A. whose registered office is in Milan, at Piazza degli Affari, No.6, Italy, ("**Monte Titoli**") for the account of the relevant Monte Titoli account holders. Monte Titoli will also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**"). The Covered Bonds issued in dematerialised form will at all times be held in book entry form and title to the Covered Bonds will be evidenced by book-entries in accordance with the provisions of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented (the "**Financial Laws Consolidated Act**") and implementing regulations and with the joint regulation of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

Each Series or Tranche may, on or after the relevant issue, be assigned a rating specified in the relevant Final Terms by any rating agency which may be appointed from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds. Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "CRA Regulation") will be disclosed in the Final Terms. The credit ratings included or referred to in this Base Prospectus have been issued by the Rating Agencies, each of which is established in the European Union and has been registered under the CRA Regulation published on the website of the European Securities and Markets Authority ("ESMA") pursuant to the CRA Regulation (for more information please visit the ESMA webpage http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs). In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation, unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

A credit rating is not a recommendation to buy, sell or hold Covered Bonds and may be subject to revision, suspension or withdrawal by any or all of the Rating Agencies and each rating shall be evaluated independently of any other.

The Covered Bonds of each Series or Tranche will mature on the date mentioned in the applicable Final Terms (each a "**Maturity Date**"). Before the relevant Maturity Date, the Covered Bonds of each Series or Tranche will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in the Conditions (as defined below)).

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Base Prospectus.

Arranger and Dealer for the Programme Crédit Agricole Corporate & Investment Bank, Milan branch

The date of this Base Prospectus is 12 July 2013.

#### **RESPONSIBILITY STATEMENTS**

The Issuer accepts responsibility for the information contained in this Base Prospectus.

To the best of the knowledge and belief of the Issuer, (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.

The Covered Bonds Guarantor accepts responsibility for the information included in this Base Prospectus in the sections headed "*Description of the Covered Bonds Guarantor*" and any other information contained in this Base Prospectus relating to itself. To the best of the knowledge and belief of the Covered Bonds Guarantor, (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.

#### NOTICE

This Base Prospectus is a Base Prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purposes of giving information which, according to the particular nature of the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the Covered Bonds Guarantor and of the rights attaching to the Covered Bonds.

This Base Prospectus should be read and understood in conjunction with any supplement thereto and with any document incorporated herein by reference (see section "*Documents incorporated by reference*"). Full information on the Issuer and any Series of Covered Bonds is only available on the basis of the combination of the Base Prospectus and the relevant Final Terms.

Capitalised terms used in this Base Prospectus shall have the meaning ascribed to them in the "*Terms and Conditions of the Covered Bonds*" below, unless otherwise defined in the single section of this Base Prospectus in which they are used. For the ease of reading this Base Prospectus, the "*Glossary*" below indicates the page of this Base Prospectus on which each capitalised term is first defined.

The Issuer has confirmed to the Dealer (as defined herein) that this Base Prospectus contains all information with regard to the Issuer and the Covered Bonds which is material in the context of the Programme and the issue and offering of Covered Bonds thereunder; that the information contained herein is accurate in all material respects and is not misleading; that any opinions and intentions expressed by it herein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer, the omission of which would make this Base Prospectus as a whole or any statement therein or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

No person has been authorised by the Issuer to give any information which is not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer, the Dealer or any party to the Transaction Documents (as defined in the Conditions).

This Base Prospectus is valid for twelve months following its date of publication and it and any supplement hereto as well as any Final Terms filed within these twelve months reflects the status as of their respective dates of issue. The offering, sale or delivery of any Covered Bonds may not be taken

as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial condition of the Issuer since such date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer has undertaken with the Dealer to supplement this Base Prospectus or publish a new Base Prospectus if and when the information herein should become materially inaccurate or incomplete and has further agreed with the Dealer to furnish a supplement to the Base Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Base Prospectus which is capable of affecting the assessment of the Covered Bonds and which arises or is noted between the time when this Base Prospectus has been approved and the final closing of any Series or Tranche of Covered Bonds offered to the public or, as the case may be, when trading of any Series or Tranche of Covered Bonds on a regulated market begins, in respect of Covered Bonds issued on the basis of this Base Prospectus.

Neither the Arranger nor the Dealer nor any person mentioned in this Base Prospectus, with exception of the Issuer and the Covered Bonds Guarantor, is responsible for the information contained in this Base Prospectus, any document incorporated herein by reference, or any supplement thereof, or any Final Terms or any document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

The Arranger and the Dealer have not verified the information contained in this Base Prospectus. None of the Dealer or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Covered Bonds Guarantor, the Arranger or the Dealer that any recipient of this Base Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealer or the Arranger undertakes to review the financial condition or affairs of the Issuer, the Covered Bonds Guarantor or the Cariparma Crédit Agricole Banking Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealer or the Arranger.

The distribution of this Base Prospectus, any document incorporated herein by reference and any Final Terms and the offering, sale and delivery of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms come are required by the Issuer and the Dealer to inform themselves about and to observe any such restrictions.

For a description of certain restrictions on offers, sales and deliveries of Covered Bonds and on the distribution of the Base Prospectus or any Final Terms and other offering material relating to the Covered Bonds, see section "*Selling Restrictions*" of this Base Prospectus. In particular, the Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended. Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons.

Neither this Base Prospectus, any amendment or supplement thereto, nor any Final Terms (or any part thereof) constitutes an offer, nor may they be used for the purpose of an offer to sell any of the Covered Bonds, or a solicitation of an offer to buy any of the Covered Bonds, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

The language of the Base Prospectus is English. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

This Base Prospectus may only be used for the purpose for which it has been published.

This Base Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

In this Base Prospectus, references to "€' or "euro" or "Euro" are to the single currency introduced at the start of the Third Stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to "U.S.\$" or "U.S. Dollar" are to the currency of the Unites States of America; references to "£" or "UK Sterling" are to the currency of the United Kingdom; reference to "Japanese Yen" is to the currency of Japan; reference to "Swiss Franc" or "CHF" are to the currency of the Swiss Confederation; references to "Italy" are to the Republic of Italy; references to laws and regulations are, unless otherwise specified, to the laws and regulations of Italy; and references to "billions" are to thousands of millions.

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

Each initial and subsequent purchaser of a Covered Bond will be deemed, by its acceptance of the purchase of such Covered Bond, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Base Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The Arranger is acting for the Issuer and no one else in connection with the Programme and will not be responsible to any person other than the Issuer for providing the protection afforded to clients of the Arranger or for providing advice in relation to the issue of the Covered Bonds.

In connection with the issue of any Series under the Programme, the Dealer or the Dealers (if any) which is specified in the relevant Final Terms as the stabilising manager (the "Stabilising Manager") or any person acting for the Stabilising Manager may over-allot any such Series or effect transactions with a view to supporting the market price such Series at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this and there is no assurance that the Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Series and 60 days after the date of the allotment of any such Series. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

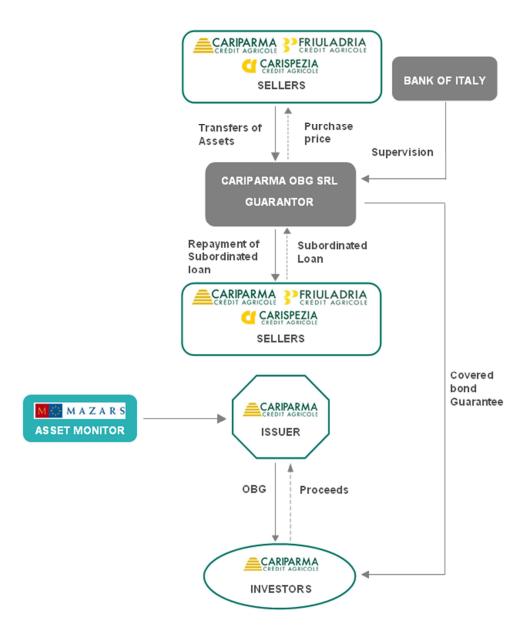
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#### **OVERVIEW OF THE PROGRAMME**

This section constitutes an overview of the structure relating to the Programme. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Base Prospectus shall have the same meaning in this overview.

#### **Structure Diagram**



#### **Structure Overview**

- *Programme*: Under the terms of the Programme, the Issuer will issue Covered Bonds (*Obbligazioni Bancarie Garantite*) to Covered Bondholders on the relevant Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Covered Bond Guarantee.
- Subordinated Loan Agreements: Under the terms of the Subordinated Loan Agreements, as amended from time to time, each Seller will from time to time grant to the Guarantor a Term Loan for the purposes of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool and, subsequently, the purchase from the relevant Seller of Eligible Assets and Top-Up Assets in order to remedy a breach of the Tests or support a further issue of Covered Bonds. Amounts owed to the Sellers by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee. Prior to the delivery of an Issuer Default Notice, each Term Loan will be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the relevant Pre-Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, provided that such repayment does not result in a breach of any of the Tests or, in relation to the relevant Seller, of the Relevant Portfolio Test. Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds, subject to repayment in full (or, prior to service of a Guarantor Default Notice, the accumulation of funds sufficient for the purposes of such repayment) of all Covered Bonds. The Guarantor will only be allowed to use the Term Loans granted to it under each Subordinated Loan Agreement for the purpose of purchasing Eligible Assets and/or Top-Up Assets from the relevant Sellers or the Issuer (pursuant to subordinated loans to be granted by the Issuer, upon occurrence of the circumstances set out in the Cover Pool Management Agreement) and will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the Cariparma Crédit Agricole Banking Group. Accordingly, an essential pre-condition for a breach of Tests to be remedied is that the Sellers that transferred the Portfolio of Eligible Assets with respect to which the shortfall causing the Tests being breached occurred (failing which, the Issuer and, failing the Issuer, the other Sellers) have or are capable of selling sufficient Eligible Assets and/or Top-Up Assets to the Guarantor as will allow the Tests to be met on the appropriate Calculation Date.
- *Covered Bond Guarantee*: Under the terms of the Covered Bond Guarantee, the Guarantor has provided a guarantee as to payments of interest and principal under the Covered Bonds, and other amounts due by the Issuer to the Other Issuer Creditors. The Guarantor has agreed to pay the Guaranteed Amounts unpaid by the Issuer on the scheduled date and in the amounts determined in accordance with the relevant Final Terms and applicable Priority of Payments. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct, unconditional and unsubordinated obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law. Pursuant to the Securitisation and Covered Bond Law, the recourse of the Covered Bondholders and the Other Issuer Creditors, as well as of the Other Creditors, to the Guarantor under the Covered from the Issuer. Payments made by the Guarantor under the Covered Bond Guarantee will be made subject to, and in

accordance with, the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

- *The proceeds of Term Loans*: The Guarantor will use the proceeds of the Term Loans received under the Subordinated Loan Agreements from time to time to purchase from the Sellers the Initial Portfolio and each New Portfolio, consisting of Eligible Assets, in accordance with the terms of the Master Loan Purchase Agreement, and any other Eligible Assets and/or Top-Up Assets which are necessary to remedy a breach of the Tests. To protect the value of the Portfolio, the Calculation Agent will be obliged to verify satisfaction of the Statutory Tests (as described below) on each Calculation Date.
- *Guarantor Available Funds*: Prior to service of an Issuer Default Notice on the Issuer and the Guarantor under the Covered Bond Guarantee the Guarantor will:
- apply Interest Available Funds to pay interest due on the Term Loans, but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Interest Priority of Payments (including, but not limited to, the Release Reserve Amount to be credited to the Reserve Fund Account). For further details of the Pre-Issuer Event of Default Interest Priority of Payments, see "*Cashflows*" below; and
- apply Principal Available Funds towards (subject to compliance with the Tests and, in relation to the relevant Seller, of the Relevant Portfolio Test) repaying Term Loans but only after payment of certain items ranking higher in the relevant Pre-Issuer Event of Default Principal Priority of Payments. For further details of the Pre-Issuer Event of Default Principal Priority of Payments, see "*Cashflows*" below.

Following service on the Issuer and the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds and payments to the Other Issuer Creditors and Other Creditors when due for payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Sellers will only be entitled to receive payment from the Guarantor of interest and repayment of principal under the Term Loans after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds, the Other Issuer Creditor and the Other Creditors have been paid in full (or sufficient funds have been set aside for such purpose).

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Covered Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Early Termination Amount in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see "*Cashflows*" below.

- *Statutory Tests*: The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:
  - 1. the Nominal Value Test;
  - 2. the Net Present Value Test; and
  - 3. the Interest Coverage Test.
- *Amortisation Test*: The Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date.
- *Extendable obligations under the Covered Bond Guarantee*: An Extended Maturity Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that if the Issuer fails to pay a Final Redemption Amount, the relevant redemption payment dates shall be extended.
- Extended Maturity Date: If the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the relevant Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Guarantor on or before the Extension Determination Date (for example because following the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor has or will have insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred and shall become due and payable one year later, on the Extended Maturity Date (subject to any applicable grace period). However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the Interest Payment Date on which the Final Redemption Amount is paid in full.
- Servicing: Pursuant to the Master Servicing Agreement entered into by Cassa di Risparmio di Parma e Piacenza S.p.a. as Master Servicer, each Seller in its capacity as Sub-Servicer, and the Guarantor: (i) the Guarantor has appointed the Master Servicer to carry out the administration, management and collection activities and to act as "soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento" pursuant to article 2, sub-paragraph 3, of the

Securitisation and Covered Bond Law in relation to the Cover Pool; and (ii) the Master Servicer has delegated to each Seller, in its capacity as Sub-Servicer, responsibility for carrying-out on behalf of the Guarantor the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor.

- Asset Monitoring: Pursuant to an engagement letter the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, inter alia, (i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-UP Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitor Agreement entered into by the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Issuer Default Notice, with the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.
- *Further Information*: For a more detailed description of the transactions summarised above relating to the Covered Bonds, see, amongst other relevant sections of this Base Prospectus, *"Summary of the Programme"*, *"Terms and Conditions of the Covered Bonds"*, *"Overview of the Transaction Documents"*, *"Credit Structure"*, *"Cashflows"* and *"The Portfolio"*, below.

# GENERAL DESCRIPTION OF THE PROGRAMME

# PARTIES

Issuer	Cassa di Risparmio di Parma e Piacenza S.p.A. (Cariparma S.p.A.) (" <b>Cariparma</b> "), a bank incorporated in Italy as a joint stock company, having its registered office at via Università, 1, Parma 43121, Italy, registered with the Companies' Register of Parma under number 02113530345 and with the register of banks held by the Bank of Italy under number 5435, authorised to carry out business in Italy pursuant to the Consolidated Banking Act, parent company of Cariparma Crédit Agricole banking group registered with the register of banking groups held by the Bank of Italy under number 5435 and subject to direction and coordination of Crédit Agricole S.A
Guarantor	Cariparma OBG S.r.l., a special purpose entity incorporated under the laws of Italy pursuant to article 7-bis of Law 130 dated 30 April 1999 (" <b>Law 130</b> ") having its registered office at Via Gustavo Fara 26, Milan, Italy, fiscal code and VAT number 07893100961 and enrolment with the companies register of Milan number 07893100961, enrolled in the register under number 42029 held by Bank of Italy pursuant to article 106 of the Consolidated Banking Act, being part of Gruppo bancario Cariparma Crédit Agricole, having as its sole purpose the ownership of the Cover Pool and the granting of the Guarantee.
Sellers	Cariparma
	Cassa di Risparmio della Spezia S.p.A. ("Carispe")
	Banca Popolare Friulandria S.p.A. ("BPF")
Arranger	Crédit Agricole Corporate & Investment Bank, Milan branch (" <b>CACIB</b> "), a bank incorporated under the laws of France having its registered office at 9, Quai du Président Paul Doumer - 92920 Paris La Défense Cedex (France), enrolment with the companies register of Nanterre under no. Siren 304 187 701, acting though its branch based in Milan at Piazza Cavour, no. 2 fiscal code, VAT number 11622280151 and enrolled with the register of the banks held by the Bank of Italy with no. 5276, Bank of Italy code no. 3432.2.
Dealer(s)	CACIB and any other dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific Series of Covered Bonds

issued or on an ongoing basis.

- Calculation AgentPursuant to the terms of the Cash Allocation Management<br/>and Payments Agreement, CACIB (or any other entity<br/>being appointed as such in the future) will act as<br/>Calculation Agent.
- Principal Paying AgentPursuant to the terms of the Cash Allocation Management<br/>and Payments Agreement, Cariparma (or any other entity<br/>being appointed as such in the future) will act as Principal<br/>Paying Agent until the delivery of an Issuer Default Notice,<br/>and, subsequently, Credit Agricole Corporate and<br/>Investment Bank, Milan Branch.
- Master ServicerPursuant to the terms of the Master Servicing Agreement,<br/>Cariparma will act as Master Servicer.
- Sub-ServicersEach Seller, other than Cariparma, will act as individual<br/>Sub-Servicers under the Sub-Servicing Agreements.
- **Representative of the Covered** Zenith Service S.p.A., as Representative of the Covered **Bondholders** Bondholders, a company incorporated under the laws of Italy having its registered office at Via Guidubaldo del Monte 61, 00197, Rome, Italy, fiscal code and administrative offices at Via Gustavo Fara 26, 20124 Milan, Italy, VAT number and enrolment with the companies register of Rome number 02200990980,enrolled under number 32819 and 32590.2 with the registers of financial intermediaries held by Bank of Italy pursuant to articles 106 and 107 of the Consolidated Banking Act. The Representative of the Covered Bondholders will act as such pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions and the Mandate Agreement and the Deed of Charge, if any.

Asset Monitor A reputable firm of independent accountants and auditors will be appointed as Asset Monitor pursuant to a mandate granted by the Issuer and the Asset Monitor Agreement. The initial Asset Monitor will be Mazars S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code and enrolment with the companies register of Milan number 01507630489, registered under number 97909 with the special register of accounting firms held by CONSOB pursuant to Article 161 of the Financial Services Act, is the asset monitor under the Programme. Mazars S.p.A. is included in the Register of Certified Auditors held by the Ministery for Economy and Finance – Stage general accounting office, at no. 70625.

Asset Swap Providers	Any counterparty of the Guarantor under any Asset Swap Agreement.
Liability Swap Providers	Any counterparty of the Guarantor under any Liability Swap Agreement.
Account Bank	Cariparma will act as Account Bank pursuant to the Cash Allocation Management and Payments Agreement.
Guarantor Corporate Servicer	Zenith Service S.p.A., a company incorporated under the laws of Italy, has been appointed as Guarantor Corporate Servicer pursuant to the Corporate Services Agreement.
Listing Agent	CACEIS Bank Luxembourg, whose registered offices is at 5 Allée Scheffer, L-2520 Luxembourg.
THE PROGRAMME	
Programme description	A covered bond issuance programme under which Covered Bonds ( <i>Obbligazioni Bancarie Garantite</i> ) will be issued by the Issuer to the Covered Bondholders.
Programme size	The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 8,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Agreement.
THE COVERED BONDS	
Form of Covered Bonds	The Covered Bonds will be issued in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in dematerialised form are held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli account holders. Monte Titoli will act as depository for Euroclear and Clearstream. The Covered Bonds issued in dematerialised form will at all times be in book entry form and title to the Covered Bonds will be evidenced by book entries. No physical document of title will be issued in respect of the covered bonds issued in dematerialised form.
Denomination of Covered Bonds	The Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the Economic Area in circumstances which require the publication of a base prospectus under the Prospectus Directive

will be Euro 100,000 (or where the relevant Tranche is denominated in a currency other than Euro, the equivalent amount in such other currency).

- **Status of the Covered Bonds** The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a winding-up, liquidation, dissolution or bankruptcy of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor in accordance with the Securitisation and Covered Bond Law.
- **Specified Currency** Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).
- Maturities The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
- Redemption The applicable Final Terms relating to each Series of Covered Bonds will indicate either (a) that the Covered Bonds of such Series of Covered Bonds cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following an Issuer Event of Default or Guarantor Event of Default), (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders on a date or dates specified prior to the specified Maturity Date and at a price and on other terms as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms or (c) that such Covered Bonds will be redeemable at the option of the Covered Bondholders, as provided in Condition 7 (Redemption and Purchase), letter (f) (Redemption at the option of Covered Bondholders) and in the applicable Final Terms.
- Extended Maturity DateThe applicable Final Terms relating to each Series of Covered<br/>Bonds issued may indicate that the Guarantor's obligations under<br/>the Covered Bond Guarantee to pay Guaranteed Amounts equal to<br/>the Final Redemption Amount of the applicable Series of Covered

Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount on the Maturity Date for such Series of Covered Bonds and if the Guarantor does not pay the final redemption amount in respect of the relevant Series of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the Extended Maturity Date. If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date indicated in the Final terms falling not less than one calendar year after the relevant Maturity Date.

For further details, see Condition 7(b) (*Extension of maturity*).

The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:

- (i) the Nominal Value Test;
- (ii) the Net Present Value Test; and
- (iii) the Interest Coverage Test.

Further to the Statutory Tests, the Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date. For further details on the above, see "Credit Structure" below

Asset Monitoring Pursuant to an engagement letter the Issuer will appoint the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities

Tests

concerning, inter alia, (i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-Up Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitor Agreement to be entered into by the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Issuer Default Notice, with the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

Issue PriceCovered Bonds may be issued at par or at a premium or discount to<br/>par on a fully-paid or partly-paid basis.

InterestCovered Bonds may be interest-bearing or non-interest-bearing.<br/>Interest (if any) may accrue at a fixed rate or a floating rate or other<br/>variable rate and the method of calculating interest may vary<br/>between the issue date and the maturity date of the relevant Series.<br/>Covered Bonds may also have a maximum rate of interest, a<br/>minimum rate of interest or both (as indicated in the applicable<br/>Final Terms). Interest on Covered Bonds in respect of each Interest<br/>Period, as agreed prior to issue by the Issuer and the relevant<br/>Dealer(s), will be payable on such Interest Payment Dates, and will<br/>be calculated on the basis of such Day Count Fraction, in each case<br/>as may be agreed between the Issuer and the relevant Dealer(s).

**Fixed Rate Covered Bonds** Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Floating Rate Covered Bonds Floating Rate Covered Bonds will bear interest at a rate determined:

	(a)	on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
	(b)	on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
	(c)	on such other basis as may be agreed between the Issuer and the relevant Dealer(s),
	in each	n case, as set out in the applicable Final Terms.
	betwee	Largin (if any) relating to such floating rate will be agreed en the Issuer and the relevant Dealer(s) for each issue of ng Rate Covered Bonds, as set out in the applicable Final
Taxation	tax dec made, respec numbe	yments in relation to Covered Bonds will be made without duction except where required by law. If any tax deduction is the Issuer shall be required to pay additional amounts in t of the amounts so deducted or withheld, subject to a er of exceptions including deductions on account of Italian ute tax pursuant to Decree No. 239.
		the Covered Bond Guarantee, the Guarantor will not be to pay any such additional amounts.
	For fu	rther detail, see Condition 9 (Taxation).
Issuer cross default	other Accord indebte Issuer) to an Defaul Defaul serves Guaran	Series of Covered Bonds will cross-accelerate as against each but will not otherwise contain a cross default provision. dingly, neither an event of default in respect of any other edness of the Issuer (including other debt securities of the nor acceleration of such indebtedness will of itself give rise Issuer Event of Default. In addition, an Issuer Event of it will not automatically give rise to a Guarantor Event of it, <i>provided however that</i> , where a Guarantor Event of to occurs and the Representative of the Covered Bondholders a Guarantor Default Notice upon the Guarantor, such not Default Notice will accelerate each Series of outstanding ed Bonds issued under the Programme.
	For fu	rther detail, see Condition 10 (a) (Issuer Events of Default).
Listing and admission to trading	Progra Base F Stock	eation has been made for Covered Bonds issued under the mme during the period of 12 months from the date of this Prospectus to be listed on the official list of the Luxembourg Exchange and admitted to trading on the Regulated Market Luxembourg Stock Exchange.
Governing Law	The C	overed Bonds and any non-contractual obligations arising

out of, or in connection, thereof will be governed by Italian law or by any other law as set out in the relevant Final Terms. The Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law, except for the Swap Agreements and Deed of Charge, if any, which will be governed by English law.

#### THE GUARANTOR AND THE COVERED BOND GUARANTEE

**Covered Bond Guarantee** Payments of Guaranteed Amounts in respect of the Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payments in respect of such Guaranteed Amounts when due for payment are subject to the conditions that an Issuer Event of Default has occurred, and an Issuer Default Notice has been served on the Issuer and on the Guarantor or, if earlier, a Guarantor Event of Default has occurred and a Guarantor Default Notice has been served on the Guarantor.

The obligations of the Guarantor will accelerate once the Guarantor Default Notice mentioned above has been delivered to the Guarantor. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct, unconditional and unsubordinated obligations of the Guarantor collateralised by the Cover Pool and recourse against the Guarantor is limited to such assets.

For further detail, see "Overview of the Transaction Documents – Covered Bond Guarantee".

Suspension of Payments If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer (the "Article 74 Event"), the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the Guaranteed Amounts due and payable within the entire period in which thesuspension continues (the "Suspension Period").

Following an Article 74 Event:

- the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for payment of the amounts due and payable under the Covered Bonds during the Suspension Period at their relevant due dates, *provided that* it shall be entitled to claim any such amounts from the Issuer.
- The Suspension Period shall end upon delivery by the

Representative of the Covered Bondholders of a notice to the Issuer, the Guarantor and the Asset Monitor (the "**Article 74 Event Cure Notice**"), informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Issuer Events of Default If any of the following events (each, an "Issuer Event of Default") occurs and is continuing:

- (i) Non-payment: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (iii) *Cross-default*: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or
- (v) Article 74 resolution: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (vi) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (vii) *Breach of Tests*: the Tests are breached and are not remedied within the Test Grace Period;,

then the Representative of the Covered Bondholders shall serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Covered Bond Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, that the Issuer Event of Default may be temporary.

Upon service of an Issuer Default Notice upon the Issuer and the

#### Guarantor:

 No further Series of Covered Bonds: the Issuer may not issue any further Series of Covered Bonds;

- (ii) Covered Bond Guarantee:
  - (a) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under the Conditions, subject to and in accordance with the terms of the Covered Bond Guarantee and the Priority of Payments;
  - (b) the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee;
  - (c) if (i) the right of the Guarantor under letter
    (b) above is in any way challenged or revoked and (ii) a Programme Resolution of the Covered Bondholders has been passed to this effect, the Covered Bonds will become immediately due and payable by the Issuer, at their Early Termination Amount together with accrued interest thereon and the Guarantor will no longer be entitled to request from the Issuer the amount set out under letter (b) above;
- (iii) Disposal of Assets: the Guarantor shall sell the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default referred to under item (v) (Article 74 resolution) above, the effects listed in items (i) (No further Series of Covered Bonds), (ii) (Covered Bond Guarantee) and (iii) (Disposal of Assets) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "Suspension Period"). Accordingly (A) the Guarantor, in accordance with Decree No. 310, shall be responsible for

the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds. For further detail, see Condition 10 (a) (Issuer Events of Default) **Guarantor Events of Default** If any of the following events (each, a "Guarantor Event of **Default**") occurs and is continuing: Non-payment: following delivery of an Issuer Default (i) Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or Insolvency: an Insolvency Event occurs with respect to the (ii) Guarantor; or (iii) Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in letter (i) above) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or (iv) Breach of Amortisation Test: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 event Cure Notice), the Amortisation Test is breached and is not remedied within

> (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

> then the Representative of the Covered Bondholders shall or, in the case of the Guarantor Event of Default under letter (iii) (*Breach of other obligation*) above shall, if so directed by a Programme Resolution, serve a Guarantor Default Notice on the Guarantor.

Upon service of a Guarantor Default Notice upon the Guarantor:

(i) Acceleration of Covered Bonds: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any

the Test Grace Period: or

accrued interest;

- (ii) Covered Bond Guarantee: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 9(a) (Gross-up by the Issuer)) in accordance with the Priority of Payments;
- (iii) *Disposal of assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and
- (iv) Enforcement: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders.

Guarantor Available FundsPrior to service of an Issuer Default Notice on the Issuer and the<br/>Guarantor under the Covered Bond Guarantee the Guarantor will:

- apply Interest Available Funds to pay interest due on the Term Loans, but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Interest Priority of Payments (including, but not limited to, the Release Reserve Amount to be credited to the Reserve Fund Account). For further details of the Pre-Issuer Event of Default Interest Priority of Payments, see "*Cashflows and Priorities*" below; and
- apply Principal Available Funds towards (subject to compliance with the Tests and, in relation to the relevant Seller, of the Relevant Portfolio Test) repaying Term Loans but only after payment of certain items ranking higher in the relevant Pre-Issuer Event of Default Principal Priority of Payments. For further details of the Pre-Issuer Event of Default Principal Priority of Payments, see "*Cashflows and Priorities*" below.

Following service on the Issuer and the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds and payments to the Other Issuer Creditors and Other Creditors when due for payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Sellers will only be entitled to receive payment from the Guarantor of interest and repayment of principal under the Term Loans after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds, the Other Issuer Creditor and the Other Creditors have been paid in full (or sufficient funds have been set aside for such purpose).

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Covered Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Early Termination Amount in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see "*Cashflows and Priorities*" below.

Cover PoolThe Covered Bond Guarantee will be collateralised by the Cover<br/>Pool constituted by (i) the Portfolio comprised of Mortgage Loans<br/>and related collateral assigned to the Guarantor by one or more<br/>Sellers in accordance with the terms of the relevant Master Loans<br/>Purchase Agreements and (ii) any other Eligible Assets and Top-<br/>Up Assets held by the Guarantor with respect to the Covered<br/>Bonds and the proceeds thereof which will, *inter alia*, comprise the<br/>funds generated by the Portfolio, the other Eligible Assets and the<br/>Top-Up Assets including, without limitation, funds generated by<br/>the sale of assets from the Cover Pool and funds paid in the context<br/>of a liquidation of the Issuer.

For further detail, see "Description of the Cover Pool".

Limited recourse The obligations owed by the Guarantor to the Covered Bondholders and, in general, to each of the Sellers, the Other Issuer Creditors and the Other Creditors are limited recourse obligations of the Guarantor, which will be paid in accordance with the applicable Priority of Payments. The Covered Bondholders, the Sellers, the Other Issuer Creditors and the Other Creditors will have a claim against the Guarantor only to the extent of the Guarantor Available Funds, including any amounts realised with respect to the Cover Pool, in each case subject to and as provided in the Covered Bond Guarantee and the other Transaction Documents.

Term Loans	The Sellers have granted, or shall grant, to the Guarantor a Term Loan for the purpose of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool. Subsequently, each Seller will grant further Term Loans to the Guarantor for the purposes of funding the purchase from the relevant Seller of Eligible Assets and Top-Up Assets in order to remedy a breach of the Tests or to support further issues of Covered Bonds. The Guarantor will pay interest in respect of each Term Loan but will have no liability to gross up for withholding. Payments from the Guarantor to the Sellers under the Term Loans will be limited recourse and subordinated and paid in accordance with the Priorities of Payments to the extent the Guarantor has sufficient Guarantor Available Fund.
	For further detail, see "Overview of the Transaction Documents – Subordinated Loan Agreement".
Eligible Assets and support for further issues	To support the issue of further Series of Covered Bonds, Eligible Assets may be acquired from one or more Sellers with the proceeds of the relevant Subordinated Loan Agreements entered into by such Sellers in order to ensure that the Cover Pool both before and after the issue of the new Series of Covered Bonds complies with the Tests.
Segregation of Guarantor's rights and collateral	The Covered Bonds benefit from the provisions of Article 7- <i>bis</i> of the Securitisation and Covered Bond Law, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.
	In accordance with Article 7- <i>bis</i> of the Securitisation and Covered Bond Law, prior to and following a winding-up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Covered Bond Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Covered Bondholders, to the Swap Providers under the Swap Agreements entered into in the context of the Programme, the Other Issuer Creditors and to the Other Creditors in satisfaction of the transaction costs.
	The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Covered Bond Guarantee or cancellation thereof.
Cross-collateralisation	All Eligible Assets and Top-Up Assets transferred from the Sellers to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof form the collateral supporting the Covered Bond Guarantee in respect of all Series of Covered

Bonds.

Claim under Covered Bonds	The Representative of the Covered Bondholders, for and on behalf of the Covered Bondholders, may submit a claim to the Guarantor and make a demand under the Covered Bond Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.
Guarantor cross-default	Where a Guarantor Event of Default occurs, the Representative of the Covered Bondholders will serve upon the Guarantor a Guarantor Default Notice, thereby accelerating the Covered Bond Guarantee in respect of each Series of outstanding Covered Bonds issued under the Programme. However, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default.
	For further detail, see Condition 10 (c) (Guarantor Events of Default).
Disposal of assets included in the Cover Pool	After the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor will be obliged to sell Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to pre-emption and other rights of the Sellers in respect of the Eligible Assets pursuant to the relevant Master Loans Purchase Agreement. The proceeds from any such sale will be applied as set out in the applicable Priority of Payments.
	For further detail, see Condition 10(c) (Guarantor Events of Default).
SALE AND DISTRIBUTION	
Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions to be set forth in the Programme Agreement.
Certain restrictions	Each Series of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area (including the United Kingdom and the Republic of Italy) and Japan. Other restrictions may apply in connection with the offering and sale of a particular Series of Covered Bonds, see " <i>Subscription and Sale</i> " below.

#### **RISK FACTORS**

This section describes the principal risk factors associated with an investment in the Covered Bonds and includes disclosure of all material risks in respect of the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. This section of the Base Prospectus is split into two main sections – General Investment Considerations and Investment Considerations relating to the Issuer and the Guarantor.

All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below. Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Covered Bonds issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on the information currently available to them or which they may not currently be able to anticipate. Neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any document incorporated by reference) and reach their own views prior to making any investment decision.

#### GENERAL INVESTMENT CONSIDERATIONS

#### Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the Covered Bonds will not benefit from any security or other preferential arrangement granted by the Issuer.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice or, if earlier, following the occurrence of a Guarantor Event of Default and service by the Representative of the Covered Bondholders of a Guarantor Default Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee. Although the Mortgage Receivables included in the Cover Pool are originated by the Issuer, they are transferred to the Guarantor on a true sale basis and an insolvency of the Issuer would not automatically result in the insolvency of the Guarantor.

#### **Obligations under the Covered Bonds**

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Representative of the Covered Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

#### Extraordinary Resolutions and the Representative of the Covered Bondholders

A meeting of Covered Bondholders may be called to consider matters which affect the rights and interests of Covered Bondholders. These include (but are not limited to): instructing the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee against the Issuer and/or the Guarantor; waiving an Issuer Event of Default or a Guarantor Event of Default; cancelling, reducing or otherwise varying interest payments or repayment of principal or rescheduling payment dates; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Transactions Documents. A Programme Resolution will bind all Covered Bondholders, irrespective of whether they attended the Meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution passed at a Meeting of the holders of the Covered Bonds of a Series shall bind all other holders of that Series, irrespective of whether they attended the Meeting and whether they voted in favour of the relevant Resolution.

In addition, the Representative of the Covered Bondholders may agree to the modification of the Transaction Documents without consulting Covered Bondholders to correct a manifest error or where such modification (i) is of a formal, minor, administrative or technical nature or an error established as such to the satisfaction of the Representative of the Covered Bondholders or (ii) in the opinion of the Representative of the Covered Bondholders, is not or will not be materially prejudicial to Covered Bondholders. It should also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Covered Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Covered Bondholders on its behalf). The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Covered Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Covered Bondholders. The Conditions limit the ability of each individual Covered Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Covered Bondholders the power to determine in accordance with the Rules of Organisation of the Covered Bondholders, whether any Covered Bondholder may commence any such individual actions.

# Representative of the Covered Bondholders' powers may affect the interests of the Covered Bondholders

In the exercise of its powers, trusts, authorities and discretions the Representative of the Covered Bondholders shall only have regard to the interests of the Covered Bondholders and the Other Creditors, as applicable, but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between these interests the Representative of the Covered Bondholders shall have regard solely to the interests of the Covered Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Covered Bondholders may not act on behalf of the Seller.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Covered Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Representative of the Covered Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding.

# Extendible obligations under the Covered Bond Guarantee

Upon failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their relevant Maturity Date (subject to applicable grace periods) and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds is not made in full by the Guarantor on or before the Extension Determination Date, then payment of such Guaranteed Amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an extended maturity date (the "**Extended Maturity Date**") to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on or before the Extension Determination Date.

To the extent that the Guarantor has received an Issuer Default Notice in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Guarantee Priority of Payments and as described in Conditions 7(b) (*Extension of maturity*) and 10(b) (*Effect of an Issuer Default Notice*). Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. The Extended Maturity Date will fall one year after the Maturity Date. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 7(b) (*Extension of maturity*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Interest Payment Date and on the Extended Maturity Date.

# Limited secondary market

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In addition, Covered Bonds issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Covered Bonds may be

adversely affected. In an illiquid market, an investor might not be able to sell its Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted by country specific reasons.

# Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

# Controls over the transaction

The Bank of Italy Regulations require that certain controls be performed by the Issuer aimed at, *inter alia*, mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the respective policies and controls could have an adverse effect on the Issuers' or the Guarantor's ability to perform their obligations under the Covered Bonds.

# Covered Bonds issued under the Programme

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds (in which case they will form part of such Series) or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share equally in the security granted by the Guarantor under the Covered Bond Guarantee. Following the service on the Issuer and on the Guarantor of an Issuer Event of Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Event of Default Notice on the Guarantor) the Guarantor will use all monies to pay guaranteed amounts in respect of the Covered Bonds when the same shall become due for payment subject to paying certain higher ranking obligations of the Guarantor in the Post-Issuer Default Priority of Payments. In such circumstances, the Issuer will only be entitled to receive payment from the Guarantor of interest, Premium and repayment of principal under the Subordinated Loan granted, from time to time, pursuant to the Subordinated Loan Agreement, after all amounts due under the Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. Following the occurrence of a Guarantor Event of Default and service of a Guarantor Event of Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Principal Amount Outstanding plus any interest accrued in respect of each Covered Bond, together with accrued interest

and any other amounts due under the Covered Bonds, and any Guarantor Available Funds will be distributed according to the Post Enforcement Priority of Payments.

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing holders of the Covered Bonds:

- (a) the Subordinated Loan granted by the Issuer to the Guarantor under the terms of the Subordinated Loan Agreement, may only be used by the Guarantor (i) as consideration for the acquisition of the Eligible Assets from each Seller pursuant to the terms of the Master Loans Purchase Agreement; and (ii) as consideration for the acquisition of the Top-Up Assets and/or other Eligible Assets from each Sellers pursuant to the terms of the Cover Pool Management Agreement; and
- (b) the Issuer must always ensure that the Tests are satisfied on each Calculation Date (and Test Calculation Date when required by Transaction Documents) in order to ensure that the Guarantor can meet its obligations under the Guarantee.

# Limits to Integration

The integration of the Cover Pool, whether through Eligible Assets or through Top-Up Assets, shall be carried out in accordance with the methods, and subject to the limits, set out in the Bank of Italy Regulations. More specifically, integration is allowed exclusively for the purpose of (a) complying with the tests provided for under the Decree No. 310; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant agreements or (c) complying with the limit of 15.00% in relation to certain Top-Up Asset including in the Cover Pool. Investors should note that integration is not allowed in circumstances other than as set out in the Bank of Italy Regulations and specified above.

# Tax consequences of holding the Covered Bonds - No Gross-up for Taxes

Potential investors should consider the tax consequences of investing in the Covered Bonds and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Issuer or, as the case may be, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Bondholders, as the case may be. The Issuer shall be obliged to pay an additional amounts pursuant to Condition 9 (*Taxation*) subject to customary exceptions including Decree No. 239 withholdings. Neither the Issuer nor the Guarantor shall be obliged to pay any additional amounts to the Bondholders in relation to withholdings or deductions on payments made by the Guarantor.

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident Guarantor under the Guarantee. For further details see the section entitled "*Taxation*".

# EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments The withholding tax system applies for a transitional period with the rate of withholding currently at 35%. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to

the exchange of information relating to such payments. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

# Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18th April, 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payments and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

# Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) it can legally invest in Covered Bonds (ii) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" arrangements and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

# Changes of law

The structure of the issue of the Covered Bonds is based on Italian law (and, in the case of the Swap Agreements, English law) in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to Italian or English law or administrative practice or to the law applicable to any Transaction Document and to administrative practices in the relevant jurisdiction. Except to the extent that any such changes represent a significant new factor or result in this Base Prospectus containing a material mistake or inaccuracy, in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will be under no obligation to update this Base Prospectus to reflect such changes.

# U.S. Foreign Account Tax Compliance Withholding

Pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"), the Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made, may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made on or after 1 January 2017 in respect of (i) any Covered Bonds issued or materially modified on or after the later of (a) January 1, 2014, and (b) the date that is six months after the date on which the final regulations

applicable to "foreign passthru payments" are filed in the Federal Register and (ii) any Covered Bond that are treated as equity for U.S. federal tax purposes, whenever issued.

Under existing guidance, this withholding tax may be triggered on payments on the Covered Bonds if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA, including any accompanying U.S. regulations or guidance) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer is required to withhold on "foreign passthru payments", and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI to or through which payment on such Covered Bonds is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to amounts paid with respect to the Covered Bonds is not completely clear. In particular, Italy has announced that it intends to enter into an intergovernmental agreement with the United States to help implement FATCA for certain Italian entities. The full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is not completely clear. The Issuer will be required to report certain information on its U.S. account holders to the government of Italy and/or the Italian Tax Authorities in order (i) to obtain an exemption from FATCA withholding on payments it receives and/or (ii) to comply with any applicable Italian law. However, it is not yet certain how the United States and Italy will address withholding on "foreign passthru payments" (which may include payments on the Covered Bonds) or if such withholding will be required at all.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of FATCA, none of the Issuer, the Guarantor, any paying agent or any other person would be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected.

Each Covered Bondholder should consult its own tax adviser to obtain a more detailed explanation of FATCA and to learn how FATCA might affect each holder in its particular circumstance.

# Securitisation and Covered Bond Law

The Securitisation and Covered Bond Law was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. As at the date of this Base Prospectus, no interpretation of the application of the Securitisation and Covered Bond Law as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 130 of 14 December 2006 ("Decree No. 130"), setting out the technical requirements for the guarantee which may be given in respect of covered bonds and (ii) Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (*Circolare* No. 263 of 27 December 2006), as amended and supplemented from time to time (the "Bank of Italy Regulations") concerning guidelines on the valuation of assets, the procedure for purchasing top-up assets and controls required to ensure compliance with the legislation. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation and Covered Bond Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Base Prospectus.

#### The return on an investment in Covered Bonds will be affected by charges incurred by investors

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

# **Priority of Payments**

The validity of contractual priority of payments such as those contemplated in this transaction has been challenged recently in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case, a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that, where a secured creditor subordinates itself to bondholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc 2011 UKSC 38 (the "**Perpetual Case**") unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of a flip clause contained in an English-law governed security document, stating that, provided that such clause forms part of a commercial transaction entered into in good faith which does not have as its predominant purpose, or one of its main purposes, the deprivation of one of the properties of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provision.

In parallel proceedings in New York, the U.S. Bankruptcy Court for the Southern District of New York in Lehman Brothers Special Financing Inc.'s v. BNY Corporate Trustee Services Limited. (In re Lehman Brothers Holdings Inc.), Adv. Pro. No. 09-1242-JMP (Bankr. S.D.N.Y. May 20, 2009) examined the same flip clause and held that such a provision, which seeks to modify one creditor's position in a priority of payments when that creditor files for bankruptcy, is unenforceable under the U.S. Bankruptcy Code. Whilst leave to appeal was granted, the proceedings in the United States were settled before an appeal was heard. Therefore concerns still remain that the U.S. courts will diverge in their approach.

There remains the issue whether, in respect of the foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an English court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Regulations 2006 or any similar common law principles. Given the current state of U.S. law, this is likely to be an area of continued judicial focus in respect of multi-jurisdictional insolvencies.

Additionally, as a result of the conflicting statements of the English and New York courts there is uncertainty as to whether the English courts will give any effect to any New York court judgment. Similarly, if the Priorities of Payments are the subject of litigation in any jurisdiction outside England and Wales and such litigation results in a conflicting judgment in respect of the binding nature of the Priorities of Payments it is possible that termination payments due to that Hedging Counterparty would not be subordinated as envisaged by the Priorities of Payments and as a result, the Covered Bonds Guarantor's' ability to repay the Covered Bonds Holders in full may be adversely affected. There is a particular risk of conflicting judgments where an Hedging Counterparty (if any) is the subject of bankruptcy or insolvency proceedings outside of England and Wales.

# Risks related to the structure of a particular issue of Covered Bonds

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

# Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

# Fixed/Floating Rate Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate may be lower than then prevailing rates on its Covered Bonds.

# Interest rate risks

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

# Floating rate risks

Investment in Floating Rate Covered Bonds involves the risk for the Covered Bondholders of fluctuating interest rate levels and uncertain interest earnings.

# Covered Bonds issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### Modification, waivers and substitution

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

#### Base Prospectus to be read together with applicable Final Terms

The terms and conditions of the Covered Bonds included in this Base Prospectus apply to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Series (or Tranche) of Covered Bonds can be reviewed by reading the Conditions of the Covered Bonds as set out in full in this Base Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which apply and/or disapply, supplement and/or complete the Conditions of the Covered Bonds in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche).

#### INVESTMENT CONSIDERATIONS RELATING TO THE ISSUER

By subscribing the financial instruments issued by the Issuer, investors become lenders of the same Issuer. In this capacity, investors are subject to the risk that the Issuer cannot meet its obligations associated to the financial instruments issued, if its income and financial conditions deteriorate. As at the date of approval of the Base Prospectus, the Issuer's financial situation was such so as to ensure that its obligations to investors resulting from the issue of financial instruments are met.

#### Risks associated with pending legal proceedings

As at the date of the Base Prospectus, the Issuer and the group companies are/were parties to civil and administrative judiciary proceedings associated with their ordinary operations; for some of these proceedings, the Issuer has allocated, as recognized in its consolidated financial statements, a specific provision for contingencies and liability, intended to cover potential liabilities resulting from the same proceedings.

As at 31 December 2012, this provision amounted to a total of Euro 57.828 million including accruals for legal and tax disputes.

Even though the outcome of the many legal proceedings which the Cariparma Crédit Agricole Banking Group is a party to is intrinsically difficult to forecast and, therefore, it cannot be ruled out that an unfavourable outcome of some of them might impact the Group's financial, income and equity situation, the Issuer believes that the allocated provision is adequate to meet any unfavourable outcomes. Moreover, the above proceedings are not significant when considered individually.

For other information on the pending legal proceedings which the Group is a party to, reference is made to Section 8 "*The Issuer*" of the Base Prospectus.

#### Risks associated with the financial market crisis

Starting from 2008, the entire international banking system has been severely and negatively impacted by the crisis that began in the US banking system due to the exposures relating to the so-called subprime mortgages, which were at the base of bankruptcy or insolvency proceedings that have concerned the banking sector both in the United States and in Europe.

The systematic uncertainty that has been impacting on the Italian economy since the summer of 2011 has combined with a still very weak recovery. Sovereign debt crisis, which has impacted the Eurozone and out Country, has affected also banks' operations. In the course of the events that led to fall of the Italian Government and to the implementation of measures designed to balance the public accounts,

the sovereign debt crisis contagion to banks was very rapid. It caused, on the one hand, losses associated with the value of Government securities held in the Bank portfolio and, on the other hand, a marked worsening of liquidity conditions, in a time when authorities have been continuously focused on capital strengthening. Moreover, lending has progressively slowed down reflecting greater restrictions in funding, which added to the slowdown in demand from households and enterprises. Even though, between the end of 2011 and the beginning of 2012, financial markets improved, driven by signs of stabilization in the economic activity of some Countries and by the loosening of tensions in the debt markets of the Eurozone, uncertainty is still very significant. This has been substantiated by the wide fluctuations in the BTP-Bund spread, which have occurred also with no significant changes in the economic situation. The negative macroeconomic outlook, the close relationship between market performance and prices of securities of the banking sector, in addition to the requests of the European Supervisory Authority on banks' capital strengthening, all make the operational context for the next few years still very difficult. This situation is still developing and its possible evolution cannot be forecast yet.

Even though the Italian banking system seems to have been less impacted than the banking systems of other European Sovereign States, the crisis has generally made the conditions for lending more burdensome and caused a contraction of exchanges in the interbank market, as well as a widespread loss of credibility of Banks.

As at 31 December 2012, the Issuer had no exposure to US subprime mortgages, no relating hedging contracts or other credit derivatives on loans, no exposure to companies belonging to the Lehman Brothers Group, and no other exposure that could be referred to European Sovereign States which seemed to have been most impacted by the crisis due to their economic-financial situation (please, see page 8 of the Issuer's Annual Report for the year closed as at 31 December 2012, referred to in this Base Prospectus pursuant to Article 11 of the Prospectus Directive).

As at the same date, except for Index-linked policies with underlying securities issued by Glitnir Banki HF, which was wound up pursuant to a decision of the District Court of Reykyjavik of 22 November 2010, for an amount of Euro 49,550 thousand, the Issuer did not hold any financial instruments whose value, due to changes in the market variables, could significantly decrease thus deteriorating its financial soundness.

The Issuer believes that, between 31 December 2012 and the date of the approval of this Base Prospectus, no events occurred which are substantially relevant for the above purposes.

#### Liquidity risk

Liquidity risk, both short-term and medium-/long term, is the risk that, also due to maturity transformation, the Issuer is not able to meet its payment obligations due its inability to fund in the market (funding liquidity risk) and/or to divest its assets (market liquidity risk) and/or it has to bear very high expenses in order to meet these obligations.

In this regard, the performance of factors, such as sustainability of sovereign debt, plays a significant role. As at 31 December 2012, the book value of the exposure to Sovereign States was Euro 3,850.4million, of which 80.7% refers to Italy (see page 38 of the Annual Report and Consolidated Financial Statements of the Issuer for the year closed as at 31 December 2012, incorporated by reference to this Base Prospectus).

The Cariparma Crédit Agricole Banking Group has adopted a policy for the management of short-term liquidity (operating liquidity), i.e. the management of events impacting on the Issuer's and the

Cariparma Crédit Agricole Banking Group's liquidity position over a time horizon ranging between over-night and 12 months, which has the primary purpose to sustain the Group's ability to meet ordinary and extraordinary payment obligations and minimize the associated expenses. Preliminary to this policy for operating liquidity management is the definition of a short-term refinancing limit, calibrated using a method designed for ensuring a liquidity surplus over a one-year time horizon in a situation of market stress. This limit sets the short-term refinancing structure imposing a "non-concentration" on shorter maturities.

More in general, the Cariparma Crédit Agricole Banking Group implements the policy of essentially balancing funding and lending. In the light of the recent, lasting tensions in the capital markets, the Cariparma Crédit Agricole Banking Group set up liquidity reserves to be used in order to cope with any stress periods in accessing the regular funding sources.

The Issuer believes that the policies adopted and the controls implemented by the Cariparma Crédit Agricole Banking Group are adequate to keep liquidity risk under control. However, as at the date of the approval of this Base Prospectus, it cannot be ruled out that unknown and unexpected events occur which could negatively affect the Group's ability to meet its financial obligations.

For more information, both qualitative, on general aspects, processes and measurement of liquidity risk, and quantitative, please the Consolidated Financial Statements of the Issuer for the year closed as at 31 December 2012, incorporated by reference to this Base Prospectus).

# **Credit Risk**

Credit risk is associated to the event that the financial soundness and outlook of the Issuer or of the Cariparma Crédit Agricole Banking Group deteriorate due to the risk of losses resulting from any inability or refusal by customers (including Sovereign States) to meet their contractual obligations, relating to lending, commitments, letters of credit, derivatives instruments, foreign currency transactions and other transactions.

As at 31 December 2012, the book value of the exposure to Sovereign States was Euro 3,850.4 million, of which 80,7% refers to Italy (see page 38 of the Annual Report and Consolidated Financial Statements of the Issuer for the year closed as at 31 December 2012, incorporated by reference to this Base Prospectus).

Even though lending is the core business of the Cariparma Crédit Agricole Group, it is performed with the objective to achieve a controlled growth of lending throughout the country by means of a risk-taking strategy focused on the most attractive geographic areas, customer segments and sectors of economic activity.

This strategy, which is agreed on with the Controlling Company, Crédit Agricole S.A., consists of identifying risk ceilings that can be taken with lending (sector and individual concentration risk limits, etc.) and ensuring that they are consistent with the Group's budget targets and business plan. Improvement of credit quality is pursued by means of constant monitoring of the loan portfolio, assessing compliance with the risk strategy agreed on, with a focus on major risk exposures.

The Issuer believes that the policies adopted by the Cariparma Crédit Agricole Banking Group can adequately keep credit risk under control; however, as at the date of approval of this Base Prospectus, it cannot be ruled out that unknown and unexpected events occur, which could negatively affect customers' ability to meet their contractual obligations thus generating negative effects on the Issuer's or the Group's financial soundness and outlook.

For more information, both qualitative, on general aspects, processes and measurement of credit risk, and quantitative, please, the Directors' Reports accompanying the Consolidated Financial Statements and the Separate Financial Statements, respectively at pages 15 and 225 and subsequent ones, as well as Part E, Section 1 page 154 and subsequent ones of the note to the Consolidated Financial Statements of the Issuer for the year closed as at 31 December 2012, incorporated by reference to this Base Prospectus.

# **Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes and or systems, human resources and/or external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risk, the Cariparma Crédit Agricole Banking Group, of which the Issuer is part, has pursued: (i) constant compliance with the requirements set by legislation for the use of TSA (Traditional Standardised Approach) for the calculation of the supervisory capital provided for by Basel 2; (ii) monitoring of risks and losses such as to allow for a management approach, especially in terms of mitigation measures; (iii) achievement of compliance with the requirements set by legislation for the use of AMA (Advanced Measurement Approaches) for the measurement of supervisory capital.

The Issuer believes that the policies adopted and the controls implemented by the Cariparma Crédit Agricole Banking Group are adequate to keep operational risk under control. However, as at the date of the approval of this Base Prospectus, it cannot be ruled out that unknown and unexpected events occur, such as damage or malfunctioning caused by extraordinary events, which could negatively affect operation of the systems designed for operational risk control, thus generating negative effects on the Issuer's financial position and performance.

For more information, both qualitative, on general aspects, management processes and approaches for the measurement of operational risk, and quantitative, please, see Part E, Section 4, page 202 and subsequent ones of the note to the Consolidated Financial Statements of the Issuer for the year closed as at 31 December 2012, referred to in this Base Prospectus, incorporated by reference to this Base Prospectus.

#### Risks associated with the Issuer's rating

The risk associated to the ability of an issuer to meet its obligations, generated by the issue of debt instruments and money market instruments, is defined by reference to credit ratings assigned by independent rating agencies. A credit rating is a measurement of solvency or credit worthiness of debtors and/or issuers of bonds, made in accordance with consolidated procedures for credit analysis. These measurements and the relating research help investors in analysing credit risks associated with financial instruments, since they give detailed information on issuers' ability to meet their obligations. The lower the rating assigned on the respective scale the higher the risk, measured by the respective rating agency, that the bonds will not be repaid or that they will not be repaid fully and/or promptly. A rating is not a recommendation to purchase, sell or hold any bond issued and may be suspended, lowered or withdrawn at any time by the rating agency by which it has been assigned. Suspension, lowering or withdrawal of an assigned rating can negatively affect the market price of the bonds issued.

In 2012, the rating of the Issuer and of the Cariparma Crédit Agricole Banking Group were negatively affected by a severely compromised macroeconomic situation, which saw, especially in the second half of the year, a further slowdown of the European economy and the downgrade by international rating agencies of certain European States, including Italy.

# The Issuer's financial performance is affected by "systemic risk"

In recent years, the global credit environment has been adversely affected by significant instances of default, and there can be no certainty that further such instances will not occur. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer.

# The Issuer's financial performance is affected by borrower credit quality and general economic conditions, in particular in Italy and Europe

The results of the Issuer may be affected by global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or their obligations. Interest rates rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Italy and in the Euro-zone and in the other markets in which the Issuer operates may influence its performance.

The Issuer monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Issuer will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Issuer's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Issuer's business, financial condition and results of operations.

# Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

#### Changes in regulatory framework

Cariparma Crédit Agricole Banking Group is subject to extensive regulation and supervision by the Bank of Italy, the Italian Securities and Exchange Commission (**CONSOB**), the European Central Bank and the European System of Central Banks. The banking laws to which the Cariparma Crédit Agricole Banking Group is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Cariparma Crédit Agricole Banking Group must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Cariparma Crédit Agricole Banking

Group, including proposed regulatory initiatives that could significantly alter the Cariparma Crédit Agricole Banking Group's capital requirements. In particular:

- the Bank of Italy issued in 2010 and 2011 a series of amendments to the Bank of Italy Circular No. 263 of 27 December 2006 (*Nuove Disposizioni di Vigilanza Prudenziale delle Banche*), as amended and supplemented the "**Bank of Italy Regulations**", for the purpose of implementing certain amendments to EU Directives 2006/48/EC and 2006/49/EC (together, the "**CRD**") and Directive 2007/64/EC, and has changed the criteria for assessing capital eligible to be included in Tier I Capital.
- EU Directive 2010/76/EU ("**CRD III**"), issued on 24 November 2010, has further amended the CRD as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. The CRD III has introduced a number of changes in response to the recent and current market conditions, such as:
  - increase of capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
  - imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and
  - restriction on the remuneration payable to individuals fulfilling roles with potential impact on a bank's risk profile.

The changes relating to remuneration have already come into force.

- Furthermore, in the fourth quarter of 2010, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("**Basel III**"), which envisages a substantial strengthening of existing capital rules, including through the following proposals:
  - raising the quality of the Core Tier 1 capital base in a harmonized manner (including through changes to the items which give rise to adjustments to that capital base and a reform of the capital structure);
  - introducing a requirement for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off on the occurrence of a bailout of the institution;
  - strengthening the risk coverage of the capital framework;
  - promoting the build up of capital buffers; and
  - introducing a new leverage ratio as well as short-term and long-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio).

In the European Union, the Basel III proposals are expected to be implemented by way of further changes to the CRD, which will be transposed into national law by EU Member States. On 20 July 2011, the European Commission has published a legislative package on proposed amendments to the CRD (the "**CRD IV**"), which reflects the consultation documents issued by the Basel Committee in December 2009 (the "**Basel III Proposal**"), later finalised in the form of Basel III; since few changes were made between the Basel III Proposal and Basel III, the CRD IV largely reflects Basel III. CRD IV will replace EU Directives 2006/48/EC and 2006/49/EC with a directive and a regulation. In April 2013, the European Parliament's plenary session voted in favour of the CRR/CRD IV and, on 20 June

2013, the Council of Ministers approved the CRR/CRD IV. Accordingly, upon publication in the Official Journal of the European Union, the regulation shall apply from 1 January 2014. The rules are subject to a series of transitional arrangements with the application in full of all measures to be completed before 1 January 2019.

Significant uncertainty remains around the final requirements and implementation of these proposed initiatives. If certain of these measures were implemented as currently proposed, in particular the changes proposed by the Basel Committee and the CRD IV consultation document relating to instruments that are eligible to be included within the Core Tier 1 Capital base, they would be expected to have a significant impact on the capital and asset and liability management of the Cariparma Crédit Agricole Banking Group.

Such changes in the regulatory framework and how they are implemented may have a material effect on all the European Banks and on the Cariparma Crédit Agricole Banking Group's business and operations as well. As the new framework of banking laws and regulations affecting the Cariparma Crédit Agricole Banking Group is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Cariparma Crédit Agricole Banking Group.

# The Issuer is subject to the current disruptions and volatility in the global financial markets

The Issuer is subject to the current disruptions and volatility in the global financial markets. During the course of 2011, the debt crisis in the Euro-zone has intensified and three countries (Greece, Ireland and Portugal) have requested the financial aid of the European Union and the International Monetary Fund. Credit quality has generally declined, as reflected by the repeated downgrades suffered by several countries in the Euro-zone periphery since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Eurozone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding.

# The Cariparma Crédit Agricole Banking Group's business is focused primarily on the Italian domestic market and therefore adverse economic conditions in Italy or a delayed recovery in the Italian market may have particularly negative effects on the Cariparma Group's financial condition and results of operations

Although the Cariparma Crédit Agricole Banking Group operates in many countries, Italy is its primary market. Its business is therefore particularly sensitive to adverse macroeconomic conditions in Italy.

The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other OECD nations, could have a material adverse effect on the Cariparma Crédit Agricole Banking Group's business, results of operations or financial condition.

In addition, any downgrade of the Italian sovereign credit rating, or the perception that such a downgrade may occur, may destabilise the markets and have a material adverse effect on the Cariparma Crédit Agricole Banking Group's operating results, financial condition and prospects as well as on the marketability of the Covered Bonds.

#### INVESTMENT CONSIDERATIONS RELATING TO THE GUARANTOR

#### Guarantor only obliged to pay Guaranteed Amounts when they are due for payment

Following service of an Issuer Default Notice on the Issuer and the Guarantor, under the terms of the Covered Bond Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are due for payment on each Interest Payment Date, *provided that*, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts on any Interest Payment Date thereafter, up to (and including) the Extended Maturity Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. In these circumstances the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

Subject to any grace period, if the Guarantor fails to make a payment when due for payment under the Covered Bond Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Covered Bondholders will accelerate the obligations of the Guarantor under the Covered Bond Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Covered Bondholders will have a claim under the Covered Bond Guarantee for an amount equal to the Early Termination Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Covered Bondholders will receive amounts from the Guarantor on an accelerated basis. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

#### Limited resources available to the Guarantor

Following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Covered Bondholders pursuant to the Covered Bond Guarantee. The Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the amount of interest and principal generated by the Portfolio and the timing thereof and (b) amounts received from the Swap Providers. The Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Guarantor Event of Default occurs and the Covered Bond Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Covered Bondholders. If, following enforcement and realisation of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

#### Reliance of the Guarantor on third parties

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Master Servicer and, in relation to the Mortgage Loans comprising each relevant Portfolio, the Sub-Servicers have been appointed to service Portfolios sold to the Guarantor and the Calculation Agent has been appointed to calculate and monitor compliance with the Statutory Tests and the Amortisation Test. In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realisation (if the Cover Pool

or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Master Servicer or any Sub-Servicer has failed to administer the Mortgage Loans adequately, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Covered Bond Guarantee, as described in the following two investment considerations.

If a Master Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Covered Bondholders will be entitled to terminate the appointment of the Master Servicer and, automatically, of any Sub-Servicer and appoint a new master servicer in its place. There can be no assurance that a substitute master servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms of the Master Servicing Agreement. The ability of a substitute master servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute master servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Covered Bond Guarantee.

Neither the Master Servicer nor any Sub-Servicer has any obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Master Servicer or any other Sub-Servicer under the Master Servicing Agreement.

The Representative of the Covered Bondholders is not obliged in any circumstances to act as the Master Servicer or any Sub-Servicer or to monitor the performance by the Master Servicer or any Sub-Servicer of their obligations.

#### **Reliance on Swap Providers**

To hedge against possible variations in the performance of the indexations in the Portfolio and EURIBOR with a certain designated maturity, the Guarantor may enter into one or more Asset Swap Agreements with one or more Asset Swap Providers. In addition, to mitigate against interest rate, basis risk, currency and/or other risks in respect of each Series of Covered Bonds issued under the Programme, the Guarantor is expected to enter into one or more Liability Swap Agreements with one or more Liability Swap Providers in respect of each Series.

If the Guarantor fails to make timely payments of amounts due under any Swap Agreement that may be entered into, then it will (unless otherwise stated in the relevant Swap Agreement) have defaulted under that Swap Agreement. A Swap Provider, unless otherwise stated in the relevant Swap Agreement, is only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement.

In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Provider may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor. Any amounts not paid by the Guarantor to a Swap Provider may in such circumstances incur additional amounts of interest by the Guarantor, which would rank senior to the amounts due on the Covered Bonds.

If the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Guarantor on

the payment date under the Swap Agreements, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. In addition, subject to the then current ratings of the Covered Bonds not being adversely affected, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to make payments under the Covered Bonds or the Covered Bond Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make such termination payment, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequately rated counterparty. In addition the Swap Agreements may provide that notwithstanding the downgrading of a Swap Provider and the failure by such Swap Provider to take the remedial action set out in the relevant Swap Agreement, the Guarantor may not terminate the Swap Agreement until a replacement swap provider has been found.

If the Guarantor is obliged to pay a termination payment under any Swap Agreement, such termination payment will, following the service of an Issuer Default Notice, rank pari passu and pro rata with amounts due to Covered Bondholders under the Covered Bond Guarantee.

Following the service of an Issuer Default Notice, payments by the Guarantor under the Liability Swap Agreements and Asset Swap Agreements, including any termination payment due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party, will rank pari passu and pro rata to amounts due on the Covered Bonds under the Covered Bond Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet their respective obligations under the Covered Bonds or the Covered Bond Guarantee.

# Differences in timings of obligations under the Liability Swaps

With respect to any Liability Swap Agreements, it is expected that the Guarantor will pay to the relevant Liability Swap Provider on each Guarantor Payment Date a fixed rate or a floating rate option such as, for Series of Covered Bonds denominated in Euro, a floating rate linked to EURIBOR. Each Liability Swap Provider is expected to make corresponding swap payments to the Guarantor on the Interest Payment Date of the relevant Series of Covered Bonds, which could be monthly, quarterly, semi-annual or annual.

Due to the mis-match in timing of payments under the Liability Swap Agreements, on many Guarantor Payment Dates, the Guarantor will be required to make a payment to the Liability Swap Provider without receiving a payment in return and therefore there can be no netting of payments except on the date when the Liability Swap Provider is required to make a payment to the Guarantor.

#### No gross up on withholding tax

In respect of payments made by the Guarantor under the Covered Bond Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

# Limited description of the Cover Pool

Covered Bondholders will not receive detailed statistics or information in relation to the Mortgage Loans in the Cover Pool, because it is expected that the constitution of the Cover Pool will frequently change due to, for instance:

- the Sellers selling further Mortgage Loans (or types of loans, which are of a type that have not previously been comprised in the relevant Portfolio transferred to the Guarantor); and
- the Sellers repurchasing Mortgage Loans in accordance with the Master Loans Purchase Agreement.

However, each Mortgage Loan will be required to meet the Eligibility Criteria (see "*Description of the Cover Pool* — *Eligibility Criteria*") and will be subject to the representations and warranties set out in the Warranty and Indemnity Agreement – see "*Overview of the Transaction Documents – Warranty and Indemnity Agreement*". In addition, the Nominal Value Test is intended to ensure that the aggregate Outstanding Principal Balance of the Cover Pool is at least equal to the Outstanding Principal Amount of the Covered Bonds for so long as Covered Bonds remain outstanding and the Calculation Agent will provide monthly reports that will set out certain information in relation to the Statutory Tests.

#### Sale of Eligible Assets following the occurrence of an Issuer Event of Default

If an Issuer Default Notice is served on the Issuer and the Guarantor, then the Guarantor will be obliged to sell Eligible Assets (selected on a random basis) in order to make payments to the Guarantor's creditors including making payments under the Covered Bond Guarantee, see "*Overview of the Transaction Documents*" – "*Cover Pool Management Agreement*".

There is no guarantee that a buyer will be found to acquire Eligible Assets at the times required and there can be no guarantee or assurance as to the price which can be obtained for such Eligible Assets, which may affect payments under the Covered Bond Guarantee. However, the Eligible Assets may not be sold by the Guarantor for less than an amount equal to the Required Outstanding Principal Balance Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Selected Loans for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount.

#### Realisation of assets following the occurrence of a Guarantor Event of Default

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Covered Bondholders will be entitled to enforce the Covered Bond Guarantee and to apply the proceeds deriving from the realisation of the Cover Pool towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments, as described in the section entitled "*Cashflows*" below.

There is no guarantee that the proceeds of realisation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Covered Bondholders) under the Covered Bonds and the Transaction Documents. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

# Factors that may affect the realisable value of the Cover Pool or the ability of the Guarantor to make payments under the Covered Bond Guarantee

Following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor, the realisable value of Eligible Assets comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Covered Bond Guarantee) by:

- default by Debtors of amounts due on their Mortgage Loans;
- changes to the lending criteria of the Sellers;
- set-off risks in relation to some types of Mortgage Loans in the Cover Pool;
- limited recourse to the Sellers;
- possible regulatory changes by the Bank of Italy, CONSOB or other regulatory authorities; and
- regulations in Italy that could lead to some terms of the Mortgage Loans being unenforceable.

Each of these factors is considered in more detail below. However, it should be noted that the Statutory Tests, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Mortgage Loans in the Cover Pool and moneys standing to the credit of the Accounts to enable the Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of an Issuer Default Notice on the Issuer and on the Guarantor and accordingly it is expected (although there is no assurance) that Eligible Assets and Top-Up Assets could be realised for sufficient prices to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

#### Default by Debtors in paying amounts due on their Mortgage Loans

Debtors may default on their obligations due under the Mortgage Loans for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage 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 or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Debtors' individual, personal or financial circumstances may affect the ability of Debtors to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of Debtors, and could ultimately have an adverse impact on the ability of Debtors to repay the Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

#### Changes to the lending criteria of the Sellers

Each of the Mortgage Loans originated by the Sellers will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the Sellers, but originated by a person other than a Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the relevant Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Sellers will warrant that (a) such

Mortgage Loans as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time of origination. The Sellers retain the right to revise their lending criteria from time to time subject to the terms of the Master Loans Purchase Agreement. An Originator may additionally revise its lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Debtors and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Covered Bond Guarantee. However, it should be noted that Defaulted Loans in the Cover Pool will be given a reduced weighting for the purposes of the calculation of the Statutory Tests and the Amortisation Test.

#### Legal risks relating to the Mortgage Loans

The ability of the Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to a number of legal risks. These include the risks set out below.

#### Set-off risks

The assignment of receivables under the Securitisation and Covered Bond Law is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee.

#### Usury Law

Italian Law number 108 of 7 March 1996, as amended by law decree No. 70 of 13 May 2011 (the "Usury Law") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "Usury Rates") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 26 March 2012). 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. In certain 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. The amount payable by the Debtors pursuant to the Mortgage Loans may be subject to reduction, if deemed to be usurious.

#### **Compound** interest

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian

Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*) have held that such practices may not be defined as customary practices. 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 relevant Mortgage Loans may be prejudiced.

### Mortgage borrower protection

Certain recent legislation enacted in Italy, as specified in paragraph "*Certain Aspects of Italian Law relevant to Mortgage Loans*" below, has given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including:

- the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, in respect of mortgage loan agreements entered into before 2 February 2007, at a reduced penalty rate;
- the right to request subrogation by an assignee bank into the rights of their creditors (*surrogazione per volontà del debitore*), by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. If the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor;
- the right of first home-owners (*mutui prima casa*) to suspend instalment payments under mortgage loans on a maximum of two occasions and for a maximum aggregate period of 18 months.
- the right to benefit from the provision according to which the amount of the instalments payable during 2009 by a mortgage debtor and granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of date of execution of the relevant mortgage loan agreement;
- any potential difference between the amount of the instalments calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of the date of execution of the relevant mortgage loan agreement will be borne by the Italian State; and
- certain rights to renegotiate floating rate mortgage loans, including the right to renegotiate the floating rate or the final maturity of the mortgage loans for the purpose of purchasing, constructing or maintaining the debtors' principal residence as provided under Italian law decree number 70 of 13 May 2011.

The relevant legislation may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required. However, as this legislation is relatively new, as at the date of this Base Prospectus, the Issuer is not in a position

to predict its impact. For further information, see "Description of Certain Relevant Legislation in Italy – Certain Aspects of Italian Law relevant to Mortgage Loans".

#### INFORMATION INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following information, which has been previously published or are published simultaneously with this Base Prospectus and which have been or are filed with the CSSF:

- (a) Issuer's audited consolidated and non-consolidated annual financial statements as at and for the year ended 31 December 2011 and as at the year ended 31 December 2012;
- (b) Guarantor's Financial Statement as at the 31 December 2012;
- (c) Guarantor's Audited report in respect to the Financial Statement of the as at the 31 December 2012.

The table below sets out the relevant page references for, *inter alia* (i) the notes, the balance sheet, the income statement, the auditor's report and the accounting policies relating to the consolidated financial statements of the Issuer for the years ended on and as at 31 December 2011 and 2012; and (ii) the notes, the balance sheet, the income statement, the auditor's report and the accounting policies relating to the financial statements of the Guarantor for the year ended on and as at 31 December 2012.

The audited consolidated financial statements referred to above, together with the audit reports thereon, are available both in the original in Italian language and in English language. The English language versions represent a direct translation from the Italian language documents. The Issuer and the Guarantor are responsible for the English translations of the financial reports incorporated by reference in this Base Prospectus as applicable and declare that such is an accurate and not misleading translation in all material respects of the Italian language version of the Issuer's and Cover Bond Guarantor's financial reports.

Copies of documents containing information incorporated by reference into this Base Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (http://www.cariparma.it). This Base Prospectus and the documents incorporated by reference will also be available on the Luxembourg Stock Exchange's web site (http://www.bourse.lu).

#### **Cross-reference List**

The following table shows, *inter alia*, the information required under Annex IX, of Commission Regulation (EC) No. 809/2004 that can be found in the above-mentioned financial statements incorporated into this Base Prospectus.

Issuer's Reports and Accounts	2012		2011
Audited consolidated financial statements of the Issuer			
Auditors' Report	Pages	74	74-79
Statement of Financial Position	Pages	76	80-81
Income Statement	Pages	78	82
Statement of Comprehensive Income	Pages	79	83
Statement of Changes in Consolidated Equity	Pages	80	84
Statement of Cash Flows	Pages	81	85
Notes to the Consolidated Financial Statements	Pages	82-222	86-221

Non-consolidated financial statements of the Issuer		2012	2011
Auditors' Report	Pages	246	246-247
Statement of Financial Position	Pages	248	248-249
Income Statement	Pages	250	250
Statement of Changes in Equity0	Pages	252	252
Statement of Cash Flows	Pages	253	253
Notes to the Separate Financial Statements	Pages	254	254-375
Attachments to the Separate Financial Statements	Pages	381-400	378-410

#### **Guarantor's Financial Statement 2012**

Statement of Financial Position	Page	2
Income Statement	Page	2
Explanatory Notes	Pages	3-6
Guarantor's Audited report in respect to the simplified		Entire
Financial Statement of the as at the 31 December 2012		document

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Base Prospectus Regulation.

#### SUPPLEMENT TO THE BASE PROSPECTUS

The Issuer has undertaken, in connection with the listing of the Covered Bonds on the official list of the Luxembourg Stock Exchange, that if there shall occur any adverse change in the business or financial position of the Issuer or any change in the information set out under "Terms and Conditions of the Covered Bonds", that is material in the context of issuance of Covered Bonds under the Programme, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Covered Bonds to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

#### TERMS AND CONDITIONS OF THE COVERED BONDS

The following is the text of the terms and conditions of the Covered Bonds (the "Conditions" and, each of them, a "Condition"). In these Conditions, references to the "holder" of Covered Bonds and to the "Covered Bondholders" are to the ultimate owners of the Covered Bonds. The Covered Bond will be held by Monte Titoli (as defined below) on behalf of the Bondholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream, Luxembourg and Euroclear. The Covered Bonds will at all times be in book entry form and title to the bonds be evidenced by book entries with Monte Titoli in accordance with the provisions of (i) Italian Legislative Decree No. 58 of 24 February 1998 and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented from time to time.

The Covered Bondholders 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 Covered Bondholders attached to, and forming part of, these Conditions. In addition, the applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purpose of such Tranche.

# 1. Introduction

#### (a) **Programme**

Cassa di Risparmio di Parme e Piacenza S.p.A. ("**Cariparma**" or the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to Euro 8,000,000,000 in aggregate principal amount of covered bonds (the "**Covered Bonds**") guaranteed by Cariparma OBG S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Article 7-*bis* of Law No. 130 of 30 April 1999 (as amended and supplemented from time to time) (the "**Securitisation and Covered Bond Law**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 14 December 2006, as amended and supplemented from time to time ("**Decree No. 310**") and Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (*Circolare* No. 263 of 27 December 2006), as amended and supplemented from time to time to time to time (the "**Bank of Italy Regulations**").

#### (b) Final Terms

Covered Bonds are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Tranche is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as supplemented and/or completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

#### (c) Covered Bond Guarantee

Each Series of Covered Bonds is the subject of a guarantee dated 11 July 2013 (the "**Covered Bond Guarantee**") entered into by the Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme and to the Other Issuer Creditors. The Covered Bond Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Guarantor pursuant to the relevant Master Loans Purchase Agreement (as defined below) and in accordance with the

provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

# (d) **Programme Agreement and Subscription Agreement**

In respect of each Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay the Issuer the issue price specified in the Final Terms for the Covered Bonds on the Issue Date under the terms of a programme agreement dated 11 July 2013 (the "**Programme Agreement**") between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into by the Issuer, the Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Programme Agreement, the Dealers have appointed Zenith Service S.p.A. as representative of the Covered Bondholders (in such capacity, the "**Representative of the Covered Bondholders**"), as described in Condition 12 (*Representative of the Covered Bondholders*") and pursuant to the Intercreditor Agreement (as defined below), the Programme Agreement and the relevant Final Terms of each Series of Covered Bonds.

# (e) Monte Titoli Mandate Agreement

In a mandate agreement with Monte Titoli S.p.A. ("Monte Titoli") (the "Monte Titoli Mandate Agreement"), Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds.

#### (f) Master Definitions Agreement

In a master definitions agreement dated 11 July 2013 (the "**Master Definitions Agreement**") between certain of the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

# (g) The Covered Bonds

Except where stated otherwise, all subsequent references in these Conditions to "**Covered Bonds**" are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to "**each Series of Covered Bonds**" are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Tranche of Covered Bonds issued under the Programme which remains outstanding from time to time.

#### (h) **Rules of the Organisation of the Covered Bondholders**

The Rules of the Organisation of the Covered Bondholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "**Rules of the Organisation of the Covered Bondholders**" include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

#### (i) Summaries

Certain provisions of these Conditions are summaries of the Transaction Documents and are subject to their detailed provisions. Covered Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents and the Rules of the Organisation of the Covered Bondholders applicable to them. Copies of the Transaction Documents are available for inspection by the Covered Bondholders during normal business hours at the registered office of the Representative of the Covered Bondholders from time to time and, where applicable, at the Specified Offices of the Principal Paying Agent (as defined below).

# 2. Definitions and Interpretation

#### (j) **Definitions**

Unless defined under Condition 1 (*Introduction*) above, in these Conditions the following expressions have the following meanings:

"Accounts" means the Cariparma Collection Accounts, the Carispe Collection Accounts, the BPF Collection Accounts, the Expenses Account, the Guarantor Payments Account, the Quota Capital Account, the Securites Accounts and the Reserve Fund Account and any other account opened in the context of the Programme, excluding any account opened in relation to the deposit of the amounts due under the Swap Agreements.

"Account Bank" means Cariparma, in its capacity as account bank, or any other depositary institution that may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"Account Bank Report" means the report to be delivered by the Account Bank in accordance with the provisions set forth under the Cash Allocation, Management and Payments Agreement.

"Account Bank Report Date" means the date falling on the 10<sup>th</sup> Business Day of each month.

"Accrual Yield" has the meaning given in the relevant Final Terms.

"Additional Business Centre(s)" means the city or cities specified as such in the relevant Final Terms.

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms.

"Adjusted Outstanding Principal Balance" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Agents" means each of the Italian Account Bank, the Calculation Agent, the Principal Paying Agent and the Guarantor Corporate Servicer, and any other paying agent acceding to the Cash Allocation Management and Payments Agreement.

"Amortisation Test" means the tests which will be carried out pursuant to clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date.

"Amortisation Test Aggregate Loan Amount" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Amortisation Test Outstanding Principal Balance" the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Arranger" means Credit Agricole Corporate and Investment Bank.

"Article 74 Event" means, in respect of the Issuer, the issue of a resolution pursuant to Article 74 of the Consolidated Banking Act.

"Article 74 Event Cure Notice" means the notice to be served by the Representative of the Covered Bondholders on the Covered Bonds Guarantor pursuant to the Intercreditor Agreement upon the occurrence of an Article 74 Event.

"Asset Backed Securities" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 the asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Prudential Regulations — standardised approach — *provided that* (a) such asset backed securities were originated by a member of the same consolidated group of which the Issuer is also a member or by an entity affiliated to the same central body to which the Issuer is also affiliated, and (b) at least 95 per cent. of the relevant securitised assets are:

- (i) Residential Mortgage Loans;
- (ii) Commercial Mortgage Loans;
- (iii) Public Entity Receivables or Public Entity Securities.

"Asset Monitor" means Mazars S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such pursuant to the Asset Monitor Agreement.

"Asset Monitor Agreement" means the asset monitor agreement entered into on or about the date hereof between, *inter alios*, the Asset Monitor and the Issuer.

"Asset Swap Agreements" means any asset swap agreement that may be entered into between the Guarantor and each Asset Swap Provider.

"Asset Swap Provider" means any entity acting as asset swap provider pursuant to the relevant Asset Swap Agreement.

"**Bank of Italy Regulations**" (*Regolamento della Banca d'Italia*) means the regulations relating to covered bonds contained in Title V, Chapter 3 of the Prudential Regulations (Circular No. 263 of 27 December 2006).

"**Bankruptcy Law**" means Royal Decree No. 267 of 16 March 1942 as amended from time to time.

"**Base Prospectus**" means the Base Prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

"**Beneficiaries**" means the Covered Bondholders and the Other Issuer's Creditors as beneficiaries of the Covered Bond Guarantee.

"**BPF Collection Accounts**" means jointly the BPF Interest Collection Account and the BPF Principal Collection Account.

"**BPF Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT55T0623012700000037030942, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"BPF Portfolios" means the Initial BPF Portfolio and each New BPF Portfolio.

"**BPF Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT58R0623012700000037030841, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Business Day" means:

- (i) in relation to any sum payable in Euro, a TARGET2 Settlement Day and a day on which commercial banks are open for business in Parma, Milan and Luxembourg and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in Luxembourg, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

"**Business Day Convention**", in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention**" means that the Relevant Date shall be postponed to the first following day that is a Business Day;
- (ii) "Modified Following Business Day Convention" or "Modified Business Day Convention" means that the Relevant Date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the Relevant Date shall be brought forward to the first preceding day that is a Business Day;
- (iv) "FRN Convention", "Floating Rate Convention" or "Eurodollar Convention" means that each Relevant Date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided*, *however*, *that*:
  - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(v) "**No Adjustment**" means that the Relevant Date shall not be adjusted in accordance with any Business Day Convention;

"Calculation Agent" means Crédit Agricole Corporate and Investment Bank, Milan Branch, acting as calculation agent or any other institution that, from time to time, may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement;

"Calculation Amount" has the meaning given in the relevant Final Terms;

"**Calculation Date**" means the date falling on the 7<sup>th</sup> Business Day following each Master Servicer Quarterly Report Date.

"**Calculation Period**" means each monthly period starting on a Calculation Date (included) and ending on the following Calculation Date (excluded).

"Cariparma" means the Issuer.

"**Cariparma Collection Accounts**" means jointly the Cariparma Interest Collection Account and the Cariparma Principal Collection Account.

"Cariparma Crédit Agricole Banking Group" means a banking group whose structure includes Cariparma as parent company and, as the date hereof, BPF and Carispe.

"**Cariparma Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT61P0623012700000037030740, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Cariparma Portfolios" means the Initial Cariparma Portfolio and each New Cariparma Portfolio.

"**Cariparma Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT96V0623012700000037030639, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Carispe Collection Accounts**" means jointly the Carispe Interest Collection Account and the Carispe Principal Collection Account.

"**Carispe Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT05M0623012700000037031144, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Carispe Portfolios" means the Initial Carispe Portfolio and each New Carispe Portfolio.

"**Carispe Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT08K0623012700000037031043, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Cash Allocation, Management and Payments Agreement" means the cash allocation, management and payments agreement entered into on or about the date hereof between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent and the Account Bank.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance in respect of the Mortgage Loan and excluding Mortgages) granted to any Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgages Loan Agreements.

"**Collection Accounts**" means, collectively, the Cariparma Collection Accounts, the Carispe Collection Accounts, the BPF Collection Accounts.

"**Collections**" means all amounts received or recovered by the Master Servicer and/or the Sub-Servicers in respect of the Eligible Assets and Top-Up Assets comprised in the Cover Pool.

"Collection Date" means the date falling on the last calendar day of March, June, September and December of each year. The first Collection Date falls on 31 December 2013.

"**Collection Period**" means each period, commencing on (and excluding) a Collection Date and ending on (but including) the immediately following Collection Date, and, in respect of the first Collection Period, the period from (and including) the Transfer Date of the transfer of the Initial Portfolio to (and including) the next following Collection Date.

"Commercial Assets" means the Real Estate Assets with respect to Commercial Mortgage Loans.

"**Commercial Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 a commercial mortgage loan which has an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Commercial Mortgage Loan Agreement**" means any commercial mortgage loan agreement out of which Receivables arise.

"**Commingling Amount**" means an amount equal to 0 (zero) or any higher amount as may be determined by the Issuer (or the Servicer, as the case may be) and notified to the Representative of the Covered Bondholders, the Servicer, the Calculation Agent and the Asset Monitor not later than 5 Business Days before each Calculation Date.

"Commission Regulation No. 809/20042" means the Commission Regulation (EC) No. 809/2004 of 29 April 2004, implementing the Proscpectus Directive, as supplemented and amended form time to time.

"Conditions" means this terms and conditions of the Covered Bonds and "Condition" means a clause of them.

"CONSOB" means Commissione Nazionale per le Società e la Borsa;

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as amended and supplemented from time to time.

"Corporate Services Agreement" means the corporate services agreement entered into on or about the date hereof, between the Guarantor and the Guarantor Corporate Servicer;

"**Cover Pool**" means the cover pool constituted by, collectively, any Eligible Assets and Top-Up Assets held by the Guarantor in accordance with the provisions of the Securitisation and Covered Bond Law, the Decree No. 310 and the Bank of Italy Regulations.

"Cover Pool Management Agreement" means the cover pool management agreement entered into, on or about the date hereof between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders; "Covered Bonds" means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

"**Covered Bond Guarantee**" means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer's Creditors, in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

"**Covered Bond Calculation Agent**" means the Principal Paying Agent or such other Person as may be specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms (including any successor Covered Bond calculation agent appointed);

"**Covered Bondholders**" means the holders from time to time of Covered Bonds, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*).

"Credit and Collection Policy" means the procedures for the management, collection and recovery of Receivables attached as Schedule 1 (*Procedure di Riscossione*) to the Master Servicing Agreement.

"**Dealers**" means Crédit Agricole Corporate and Investment Bank, Milan Branch and any other entity which may be nominated as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in schedule 6 (*Form of Dealer Accession Letter*) to the Programme Agreement.

**"Day Count Fraction**" means, in respect of the calculation of an amount for any period of time (the "**Calculation Period**"), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if "Actual/Actual (ICMA) " is so specified, means:
  - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) where the Calculation Period is longer than one Regular Period, the sum of:
- the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
- 2. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
  - (i) if "Actual/Actual (ISDA)" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 365 (or, if any portion falling in a non-leap year divided by 365);

- (ii) if "Actual/365 (Fixed)" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = 
$$\frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

where:

- " $Y_1$ " is the year, expressed as a number, in which the first day of the Calculation Period falls;
- " $Y_2$ " is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- " $M_2$ " is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;
- " $D_1$ " is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and
- " $D_2$ " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;
- (v) if "**30E/360**" or "**Eurobond Basis**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction =  $\frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$ 

where:

- " $Y_1$ " is the year, expressed as a number, in which the first day of the Calculation Period falls;
- " $Y_2$ " is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- " $M_2$ " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- " $D_1$ " is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30;

and

- " $D_2$ " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $D_2$  will be 30; and
- (vi) if "**30E/360** (**ISDA**)" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

Day Count Fraction = 
$$\frac{[360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1) + (D_2 - D_1)]}{360}$$

where:

- " $Y_1$ " is the year, expressed as a number, in which the first day of the Calculation Period falls;
- " $Y_2$ " is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- " $D_1$ " is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and
- "D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Debtor**" means any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise.

"Decree No. 239" means Italian Legislative Decree number 239 of 1 April 1996;

"**Decree No. 310**" means the ministerial decree No. 310 of 14 December 2006 issued by the Ministry of the Economy and Finance.

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors);

"**Deed of Pledge**" means the Italian law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors).

"**Defaulted Loans**" means any Mortgage Loan in relation to which there are 1 (one) or more Defaulted Receivables.

"**Defaulted Receivable**" means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool which has been classified as "*crediti deteriorati*" pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"Defaulting Party" has the meaning ascribed to that term in the relevant Swap Agreement.

"Delinquent Loan" means any Mortgage Loan in relation to which there are 1 (one) or more Delinquent Receivables.

"**Delinquent Receivable**" any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor and which has not been classified as Defaulted Receivable.

"Determination Date" has the meaning given to it in the applicable Final Terms.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"Early Redemption Amount (Tax)" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms.

"**Eligible Assets**" means the following assets contemplated under article 2, sub-paragraph 1, of Decree No. 310:

- (i) the Residential Mortgage Loans;
- (ii) the Commercial Mortgage Loans;
- (iii) the Public Entity Receivables;
- (iv) the Public Entity Securities; and
- (v) the Asset Backed Securities.

"Eligible Institution" means any bank with legal office in an Eligible State.

"**Eligible Investment**" means (i) any Euro denominated security which qualifies as Eligible Asset; (ii) reserve accounts, deposit accounts, and other similar accounts that provide direct liquidity and/or credit enhancement held at an Eligible Institution; and/or (iii) any security issued by an Eligible Institution, provided that any such investment has a residual maturity not longer than 1 (one) year.

"**Eligible States**" means any State belonging to the European Economic Area or Switzerland or in a country for which a zero per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"**Eonia**" means the euro overnight index average (EONIA) as calculated and published by the European Central Bank.

"EU Insolvency Regulation" means Council Regulation (EC) No. 1346/2000 of 29 May 2000, as amended from time to time.

**"EU Stabilisation Regulation**" means Council Regulation (EC) No. 2273/2003 of 22 December 2003, as amended from time to time.

"EU Directive on the Reorganisation and Winding up of Credit Institutions" means Directive 2001/2/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions, as amended from time to time.

"**EURIBOR**" means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Transaction Documents.

"Euro", "€" and "EUR" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 Boulevard du Roi Albert II, B-1210 Bruxelles.

"**European Economic Area**" means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty.

"**Expiry Date**" means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer's Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

"**Expenses Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT38S0623012700000037051352, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Extended Maturity Date**" means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

"Extension Determination Date" means, with respect to any Series of Covered Bonds, the date falling seven Business Days after (and including) the Maturity Date of such Series of Covered Bonds.

"**Extraordinary Resolution**" has the meaning ascribed to such term in the Rules of Organisation of the Covered Bondholders attached to these Conditions.

"Facility" means the facility to be granted by each Subordinated Lender pursuant to the terms of Clause 2 (*Il Finanziamento*) of the relevant Subordinated Loan Agreement.

"Final Maturity Date" means the date on which all the Series of Covered Bond are redeemed in full or cancelled.

**"Final Redemption Amount**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Final Terms**" means, in relation to any issue of any Series of Covered Bonds, the relevant terms contained in the applicable Transaction Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series of Covered Bonds.

**"Financial Law Consolidation Act**" means Legislative Decree number 58 of 24 February 1998 as amended from time to time.

"First Interest Payment Date" means the date specified in the relevant Final Terms.

"First Issue Date" means the date of issuance of the first Series of Covered Bonds.

"Fixed Coupon Amount" has the meaning given in the relevant Final Terms.

"**Guaranteed Amounts**" means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 9(a) (*Gross-up by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents.

"Guaranteed Obligations" means the Issuer's payments obligations with respect to the Guaranteed Amounts.

"**Guarantee Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied, on each Guarantor Payment Date following the delivery of an Issuer Default Notice, but prior to the delivery of a Guarantor Default Notice, in accordance with the terms of the Intercreditor Agreement.

"Guarantor" means Cariparma OBG S.r.l., acting in its capacity as guarantor pursuant to the Covered Bond Guarantee.

"Guarantor Available Funds" means, collectively, the Interest Available Funds and the Principal Available Funds.

"Guarantor Corporate Servicer" means Zenith Services S.p.A. acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

"Guarantor Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default.

"Guarantor Event of Default" has the meaning given to it in Condition 10(c) (*Guarantor Events of Default*).

"Guarantor Payment Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 10<sup>th</sup> day of February, May, August and November of each year or, if such day is not a Business Day, the immediately following Business Day, provided that the fist Guarantor Payment Date will be 10 February 2014; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the

Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

"Guarantor Payment Period" means the period commencing on (and including) a Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date, and, in respect of the first Guarantor Payment Date, the period from (and including) the Transfer Date of the Initial Portfolio to (but excluding) the next following Guarantor Payment Date.

"Guarantor Payments Account" means the euro denominated account established in the name of the Guarantor and held with the Account Bank, IBAN IT02O0623012700000037031245 or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Initial BPF Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from BPF pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Cariparma Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from Cariparma pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Carispe Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from Carispe pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Portfolio**" means the Initial Cariparma Portfolio, the Initial Carispe Portfolio or the Initial BPF Portfolio as the case may be

"Insolvency Event" means, in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "fallimento", "liquidazione coatta amministrativa", "concordato preventivo" and (other than in respect of the Issuer) "amministrazione straordinaria", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a pignoramento or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser 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, entity or corporation 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 case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (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, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding 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 Covered Bondholders); or
- (v) such company, entity 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 deemed to carry on business.

**"Insolvency Official**" means the official receiver appointed in the context of any insolvency procedure which may be opened following the occurrence of an Insolvency Event.

"**Instalment**" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Insurance Companies" means the companies with whom the Insurance Policies are held.

"**Insurance Policies**" means the insurance policies taken out with the Insurance Companies in relation to each Real Estate Asset and each Mortgage Loan.

"**Intercreditor Agreement**" means the intercreditor agreement entered into, on or about the date hereof between the Guarantor and the Other Creditors.

"**Interest Amount**" means, in relation to any Series of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series for that Interest Period.

"Interest Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool (other than the interests due and taken into account for the purpose of the Individual Purchase Price of each Receivable) and credited into the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (b) all recoveries in the nature of interest and fees received by the Master Servicer or any Sub-Servicer and credited to the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Calculation Date;
- (d) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts;
- (e) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;

- (f) (a) prior to the delivery of an Issuer Default Notice, an amount equal to the Release Reserve Amount or (b) after the delivery of an Issuer Default Notice, the Reserve Fund Amount, standing to the credit of the Reserve Fund Account; and
- (g) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"**Interest Collections**" means all the collections, other than the Principal Collections, realised in respect of Eligible Assets and Top-Up Assets transferred to the Guarantor.

"**Interest Commencement Date**" means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"Interest Coverage Test" the meaning ascribed to such term in clause 2.5 (*Interest Coverage Test*) of the Cover Pool Management Agreement.

"**Interest Collection Accounts**" means jointly the Cariparma Interest Collection Account, the Carispe Interest Collection Account and the BPF Interest Collection Account.

"Interest Determination Date" has the meaning given in the relevant Final Terms.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Date" means the First Interest Payment Date and any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms: (i) as the same may be adjusted in accordance with the relevant Business Day Convention; (ii) or if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

**"Investor Report Date**" means the date falling on the 7th Business Day following each Servicer Report Date.

"**Investor Report**" has the meaning ascribed to such expression in the Cash Management and Agency Agreement.

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc..

"**Issue Date**" has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

"Issuer" means Cariparma, acting in its capacity as issuer pursuant to the Programme Agreement.

"**Issuer Default Notice**" means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default;

"Issuer Event of Default" has the meaning given to it in Condition 10(a) (Issuer Events of Default).

"**Liability Swap Agreements**" means the swap agreements that may be entered into on or about each Issue Date between the Guarantor and a liability swap provider.

"**Liability Swap Provider**" means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement.

"Listing Agent" means CACEIS Bank Luxembourg.

"Loans" means any Mortgage Loan (as defined in the Master Definitions Agreement) which is sold and assigned by each Seller to the Guarantor from time to time under the terms of the relevant Master Loans Purchase Agreement.

"LTV" means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of a Real Estate Asset and the value of the relevant Mortgage Loan.

"**Mandate Agreement**" means the mandate agreement entered into, on or about the date hereof between the Representative of the Covered Bondholders and the Guarantor.

"Margin" has the meaning given in the relevant Final Terms.

"**Master Loans Purchase Agreement**" means each master loans purchase agreement entered into on 20 May 2013 between the Guarantor and each Seller.

"Master Servicer" means Cariparma in its capacity as master servicer pursuant to the Master Servicing Agreement.

**"Master Servicer Monthly Report"** means the monthly report to be prepared in accordance with the provisions of the Master Servicing Agreement by the Master Servicer on each Master Servicer Monthly Report Date, containing details about Collections made during the relevant Collection Period, and delivered by the Master Servicer to, *inter alia*, the Guarantor and the Asset Monitor.

**"Master Servicer Monthly Report Date"** means, in case of breach of Tests pursuant to the Cover Pool Management Agreement, (a) prior to the delivery a Guarantor Default Notice, the date falling on the 10<sup>th</sup> (tenth) Business Day of each month, and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Covered Bondholders.

**"Master Servicer Quarterly Report"** means the quarterly report to be prepared and delivered by the Master Servicer in accordance with the provisions of the Master Servicing Agreement, by each Master Servicer Quarterly Report Date, containing details in relation to Collections made during the relevant Collection Period, and delivered by the Master Servicer to, inter alia, the Guarantor and the Asset Monitor.

**"Master Servicer Quarterly Report Date"** means, starting from January 2014 (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 10<sup>th</sup> Business Day following each Collection Date, and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Covered Bondholders

"**Master Servicer's Reports**" means, collectively, the Master Servicer Monthly Report and the Master Quarterly Servicer Report.

"**Master Servicer Termination Event**" means any of the events set out under clause 8.1.1 of each Master Servicing Agreement, which allows the Guarantor to terminate the Master Servicer's appointment and to appoint a Substitute Master Servicer pursuant to the Master Servicing Agreement.

"**Master Servicing Agreement**" means the master servicing agreement entered into on 20 May 2013 between the Guarantor, the Issuer and the Master Servicer.

"**Maturity Date**" means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Maximum Guaranteed Amount**" has the meaning ascribed to such term in the Covered Bond Guarantee.

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms.

"Member State" means a member State of the European Union.

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms.

"Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quater* of the Financial Law Consolidated Act.

"Monte Titoli Mandate Agreement" means the agreement entered into on or about the First Issue Date between the Issuer and Monte Titoli.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement, as the case may be, out of which the Receivables arise.

"Mortgage Loan" means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be.

"**Mortgages**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets or the Commercial Assets, as the case may be, pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of a Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Negative Carry Factor**" means 0 (zero) or such other percentage provided by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders, to the Master Servicer and to the Calculation Agent.

"**Net Present Value Test**" has the meaning ascribed to such term in clause 2.2.2 (*Net Present Value Test*) of the Cover Pool Management Agreement.

"**Net Present Value**" has the meaning ascribed to such term in clause 2.4 (*Net Present Value Test*) of the Cover Pool Management Agreement.

"**New Cariparma Portfolio**" means any portfolio of Receivables (other than the Initial Cariparma Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from Cariparma pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New Carispe Portfolio**" means any portfolio of Receivables (other than the Initial Carispe Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from Carispe pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New BPF Portfolio**" means any portfolio of Receivables (other than the Initial BPF Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from BPF pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New Portfolio**" means a New Capriparma Portfolio, a New Carispe Portfolio or a New BPF Portfolio as the case may be.

"Nominal Value" has the meaning ascribed to such term in the Section named "Credit Structure" above.

"**Nominal Value Test**" has the meaning ascribed to such term in clause 2.2.1 of the Cover Pool Management Agreement.

"**Obligations**" means all the obligations of the Guarantor created by or arising under the Transaction Documents.

"Offer Date" means, with respect to each New Portfolio, the date falling 5 (five) Business Days prior to each Transfer Date, pursuant to clause 3.1 (*Offerta*) of the relevant Master Loans Purchase Agreement.

"Official Gazette of the Republic of Italy" or "Official Gazette" means the Gazzetta Ufficiale della Republica Italiana.

"Optional Redemption Amount (Call)" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Optional Redemption Amount (Put)**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms.

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms.

"**Organisation of the Covered Bondholders**" means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders;

"**Other Creditors**" means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Account Bank, the Asset Monitor, each Asset Swap Provider (if any), the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme.

"**Other Issuer's Creditors**" means the Principal Paying Agent, any Liability Swap Provider, the Asset Monitor and any other Issuer's creditors which may, from time to time, be identified as such in the context of the Programme.

"**Outstanding Principal**" means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

"**Outstanding Principal Amount**" means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor.

"Outstanding Principal Balance" means any principal balance outstanding in respect of a Mortgage Loan.

"**Paying Agent**" means the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payment Business Day**" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

- (i) if the currency of payment is Euro, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not Euro, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

"**Payments Report**" means the report to be prepared and delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement on the second Business Day prior to each Guarantor Payment Date with respect to the immediately preceding Collection Period.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Place of Payment**" means, in respect of any Covered Bondholders, the place at which such Covered Bondholder receives payment of interest or principal on the Covered Bonds.

"**Portfolio**" means, in respect of each Seller, collectively, the Initial Portfolios and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**Portfolio Manager**" means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Management Agreement.

**"Post-Enforcement Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Post Default Notice Report**" means the report setting out all the payments to be made on the following Guarantor Payment Date under the Post-Enforcement Priority of Payments which, following the occurrence of a Guarantor Event of Default and the delivery of a Guarantor Default Notice, shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payments Agreement.

"**Potential Set-Off Amount**" means 0 (zero) or any higher amount as may be determined by the Issuer and notified to the Representative of the Covered Bondholders, the Master Servicer, the Calculation Agent and the Asset Monitor not later than 5 Business Days before each Calculation Date.

"**Pre-Issuer Event of Default Interest Priority of Payments**" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"**Pre-Issuer Event of Default Principal Priority of Payments**" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"**Premium**" means the premium payable by the Guarantor to each Seller in accordance with the relevant Subordinated Loan Agreement, as determined thereunder.

"Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts (and any interest amount taken into account for the purpose of the Individual Purchase Price of each Receivable) collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the Collection Period preceding the relevant Calculation Date;
- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Principal Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestment of Top-Up Assets;
- (e) where applicable, any swap principal payable under the Swap Agreements other than any Swap Collateral Excluded Amounts; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

"**Principal Collections**" means all the principal collections realised in respect of Eligible Assets and Top-Up Assets transferred to the Guarantor.

"**Principal Collection Accounts**" means jointly the Cariparma Principal Collection Account, the Carispe Principal Collection Account and the BPF Principal Collection Account.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency *provided*, *however*, *that*:

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent.

"Principal Instalment" means the principal component of each Instalment.

"**Principal Paying Agent**" means, until the delivery of an Issuer Default Notice, Cassa di Risparmio di Parma e Piacenza S.p.A. and, subsequently, Credit Agricole Corporate and Investment Bank, Milan Branch, each of them acting in its capacity as principal paying agent or any other institution that, from time to time, may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Priority of Payments**" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

"**Privacy Law**" means the Italian Legislative Decree No. 196 of 30 June 2003, as subsequently amended, modified or supplemented, together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*.

"**Programme**" means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-*bis* of the Securitisation and Covered Bond Law.

"**Programme Agreement**" means the programme agreement entered into on or about the date hereof between, *inter alios*, the Guarantor, the Sellers, the Issuer, the Representative of the Covered Bondholders and the Dealers.

"**Programme Amount**" means € 8,000,000,000.

"**Programme Resolution**" has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions;

"**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 Amending Directive**") to the extent that such amendments have been implemented in a relevant Members State of the European Economic Area).

"**Prudential Regulations**" means the prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular No. 263 (*Nuove disposizioni di vigilanza prudenziale per le banche*), as amended from time to time.

## "Public Entities" means:

 public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach; (ii) public entities, located outside the European Economic Area or Switzerland, for which 0 (zero) per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach- or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"**Public Entity Receivables**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any receivables owned by, or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"**Public Entity Securities**" means pursuant to article 2, sub-paragraph 1, of Decree No. 310, any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"**Purchase Price**" means, in relation to the Initial Portfolio and each New Portfolio transferred by a Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the relevant Master Loans Purchase Agreement.

"**Put Option Notice**" means a notice of exercise relating to the put option contained in Condition 7(f) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in Schedule 6 to the Cash Allocation, Management and Payments Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Principal Paying Agent;

"**Put Option Receipt**" means a receipt issued by the Principal Paying Agent to a depositing Covered Bondholder upon deposit of Covered Bonds with the Principal Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

"Quotaholders' Agreement" means the agreement entered into, on or about the date hereof between Cariparma, Stichting Pavia, the Guarantor and the Representative of the Covered Bondholders;

"Quotaholders" means Cariparma and Stichting Pavia.

"Quota Capital" means the quota capital of the Guarantor, equal to Euro 10,000.00.

"Quota Capital Account" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT55K0503501600225570545225, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Rate of Interest**" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables and each of them the "**Real Estate Asset**".

"**Receivables**" means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Transfer Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to each Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements, including penalties and any other amount due to each Seller in the case of prepayments of the Mortgage Loans, and to the warranties and insurance related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Transfer Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which each Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (garanzie reali o garanzie personali) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Sellers in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

"**Receiver**" means any receiver, manager or administrative receiver appointed in accordance with clause 9 (*Appointment of Receiver*) of the Deed of Charge.

"**Records**" means the records prepared pursuant to clause 10.1 (*Duty to maintain Records*) of the Cash Allocation, Management and Payments Agreement.

"**Recoveries**" means any amounts received or recovered by the Master Servicer, or by each Sub-Servicer in accordance with the terms of the Master Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Covered Bond Calculation Agent in the market that is most closely connected with the Reference Rate.

"Reference Price" has the meaning given in the relevant Final Terms.

"Reference Rate" has the meaning given in the relevant Final Terms.

#### "Regular Period" means:

(i) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but

excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "Regular Date" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

"**Release Reserve Amount**" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to the portion of the balance of the Reserve Fund Account corresponding to the interest paid by the Issuer on all outstanding Series of Covered Bonds, on each Interest Payment Date falling during the immediately preceding Guarantor Payment Period.

"**Relevant Clearing System**" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders.

"**Relevant Dealer**(s) " means, in relation to a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Programme Agreement.

"**Relevant Portfolio**" means, in respect of each Asset Swap Agreement, the Portfolio transferred to the Guarantor by the Asset Swap Provider which is party thereto.

"**Relevant Portfolio Test**" means the test that the Calculation Agent will perform on each Calculation Date in the same manner as the Nominal Value Test, with respect to the Portfolio transferred by each relevant Seller.

"Relevant Financial Centre" has the meaning given in the relevant Final Terms.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Relevant Time**" has the meaning given in the relevant Final Terms.

"**Representative of the Covered Bondholders**" means Zenith Service S.p.A., acting in its capacity as representative of the Covered Bondholders pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions and the Final Terms of each Series of Covered Bonds.

"**Reserve Fund Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT41Q623012700000037051251, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Reserve Fund Amount**" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to:

- (i) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due to the Covered Bondholders of such Series) provided that on each Calculation Date immediately preceding each Interest Payment Date, the Reserve Fund Amount will be calculated on the basis of the Euribor determined on the immediately preceding Interest Determination Date, *plus* with reference to the first Guarantor Payment Date following the Issue Date of any Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds from the Issue date to such Guarantor Payment Date, *plus*
- (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the Senior Liabilities.

"**Residential Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Residential Mortgage Loan Agreement**" means any residential mortgage loan agreement out of which Receivables arise.

"**Rules of the Organisation of the Covered Bondholders**" or "**Rules**" means the rules of the Organisation of the Covered Bondholders attached as exhibit to the Conditions of the Covered Bonds.

"**Security**" means the security created pursuant to the Deeds of Pledge and the Deed of Charge if any.

"Securities Accounts" means the accounts opened in the name of the Guarantor with the Account Bank, upon purchase by the Guarantor from any Seller of Eligible Assets and/or Top-Up Assets represented by bonds, debentures, notes or other financial instruments in book entry form in accordance with and subject to the conditions of the Cash Allocation, Payments and Management Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

## "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 or any sum owed or payable to any person; or
- (c) any other type or preferential arrangement having a similar effect.

"**Security**" means the security created pursuant to the Deeds of Pledge, the Luxembourg Deed of Pledge and the Deed of Charge (if any).

"Securitisation and Covered Bond Law" means Italian Law No. 130 of 30 April 1999 as amended from time to time.

"Seller" means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement.

#### "Senior Liabilities" means

- (i) on any Guarantor Payment Date prior to the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from *First* to *Third* of the Pre-Issuer Event of Default Interest Priority of Payments, as provided for in the relevant Payments Report;
- (ii) on any Guarantor Payment Date following the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from *First* to *Third* of the Guarantee Priority of Payments, as provided for in the relevant Payments Report.

"Series" or "Series of Covered Bonds" means each series of Covered Bonds issued in the context of the Programme.

"**Sole Affected Party**" means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

"**Specified Currency**" has the meaning given in the relevant Final Terms.

"Specified Denomination(s) " has the meaning given in the relevant Final Terms.

"**Specified Office**" means, in relation to the Principal Paying Agent its Italian branch at via Università, 1, Parma 43121, Italy, with respect to the Guarantor Corporate Servicer, Via Gustavo Fara 26, 20124 Milan, with respect to the Calculation Agent, Piazza Cavour, no 2, 2012, Milan.

"Specified Period" has the meaning given in the relevant Final Terms.

"**Stabilisation Manager**" means each Dealer or any other person acting in such capacity in accordance with the terms of the Programme Agreement.

"**Statutory Tests**" means such tests provided for under article 3 of Decree 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under clause 2 (*Statutory Test*) of the Cover Pool Management Agreement.

"**Stichting Pavia**" means Stichting Pavia, a foundation incorporated under the laws of the Netherlands, having its registered office in Claude Debussylaan, 18, 1082 MD Amsterdam The

Netherlands, enrolled with the Trade Register of the Chamber of Commerce under No. 34344630.

"Stock Exchange" means the Luxembourg Stock Exchange.

"**Statutory Tests**" means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under Clause 2 (*Statutory Test*) of the Cover Pool Management Agreement.

"**Subordinated Lender**" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means each subordinated loan agreement entered into on 20 May 2013 between a Subordinated Lender and the Guarantor.

"**Subscription Agreements**" means each subscription agreement entered into on or about the Issue Date of each Series of Covered Bonds between each Dealer and the Issuer.

"**Sub-Servicer**" means each Seller, other than Cariparma, in its capacity as sub-servicer pursuant to the Master Servicing Agreement.

"**Substitute Master Servicer**" means the successor to the Master Servicer which may be appointed by the Guarantor, upon the occurrence of a Master Servicer Termination Event, pursuant to clause 8.1.1 (*Sostituto del Master Servicer*) of the Master Servicing Agreement.

"**Sub-Servicing Agreement**" means, as the case may be (i) the sub-servicing agreement entered into on 20 May 2013 between the Guarantor, the Master Servicer and BPF; or (ii) the sub-servicing agreement entered into on 20 May 2013 between the Guarantor, the Master Servicer and Carispe.

"Subsidiary" has the meaning ascribed to such term it in Article 2359 of the Italian Civil Code.

"**Swap Agreements**" means, collectively and severally, each Asset Swap Agreement, Liability Swap Agreement, and any other swap agreement that may be entered into from time to time in connection with the Programme.

"**Swap Collateral**" means the collateral that may be transferred by the Swap Providers to the Issuer or to the Guarantor, as the case may be, in support of their own obligations pursuant to the Swap Agreements.

"Swap Collateral Excluded Amounts" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

"Swap Providers" means, collectively, the Asset Swap Providers, the Liability Swap Providers and any other entity that may act as swap provider pursuant to a swap agreement entered into in the context of the Programme.

**"TARGET2**" means the Trans-European Automated Real-time Gross Settlemente Express Transfer payments system which utilises a single shared platform and which was launched on 19 November 2007. **"Tax**" means 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 sub-division thereof or any authority thereof or therein.

"**Term Loan**" means a loan made or to be made available to the Guarantor under the Facility or the principal amount outstanding for the time being of that loan, in accordance with each Subordinated Loan Agreement.

"**Test Grace Period**" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the 3<sup>rd</sup> (third) following Calculation Date;

"Tests" means the Statutory Tests and the Amortisation Test;

"**Top-Up Assets**" means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of Decree No. 310, each of the following assets:

- deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach; and
- (ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding 1 (one) year.

"Trade Date" means the date on which the issue of the relevant Series of Covered Bonds is priced.

"**Tranche**" means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

**"Transfer Agreement**" means any subsequent transfer agreement for the purchase of each New Portfolio entered into in accordance with the terms of the relevant Master Loans Purchase Agreement.

"**Transaction Documents**" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Sub-Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements (if any), the Mandate Agreement, the Quotaholders' Agreement, these Conditions, the Deed of Pledge, the Deed of Charge (if any), the Master Definitions Agreement, each Final Terms and any other agreement which will be entered into from time to time in connection with the Programme.

"**Transfer Date**" means: (a) with respect to each Initial Portfolio, 20 May 2013; and (ii) with respect to each New Portfolio, the date designated by the relevant Seller in the relevant Transfer Notice.

"**Transfer Notice**" means, in respect to each New Portfolio, such transfer notice which will be sent by each Seller and addressed to the Guarantor in the form set out in Schedule 5 (*Modello di proposta di cessione di Nuovi Portafogli*) to the relevant Master Loans Purchase Agreement.

"Treaty" means the treaty establishing the European Community.

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into on 20 May 2013 between a Seller and the Guarantor; and

## (g) Interpretation

In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 9 (*Taxation*), any premium payable in respect of a Series of Cover Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 9 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Cover Bonds;
- (iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a party to a Transaction Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and
- (vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

## **3.** Form, Denomination and Title

The Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount, in each case as specified in the relevant Final Terms. The Covered Bonds will be issued in bearer form and in dematerialised form (*emesse in forma dematerializzata*) and will be wholly and exclusively deposited with Monte Titoli in accordance with Article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998, as amended, through the authorised institutions listed in Article 83-*quater* of such legislative decree. The Covered Bonds will at all times be evidenced by, and title thereto will be transferable by means of, book entries in accordance with the provisions of Article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 and the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time. The Covered Bonds will be held by Monte Titoli on behalf of the Covered Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. Monte Titoli Account Holder will be act as depository for Clearstream, Luxembourg and Euroclear. No

physical documents of title will be issued in respect of the Covered Bonds. The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders.

# 4. Status and Guarantee

# (a) Status of the Covered Bonds

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor on their behalf.

## (b) Status of the Covered Bond Guarantee

The payment of Guaranteed Amounts in respect of each Series of Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Covered Bond Guarantee.

# (c) **Priority of Payments**

Amounts due from the Issuer pursuant to these Conditions or from the Guarantor pursuant to the Covered Bond Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

## 5. Fixed Rate Provisions

## (a) Application

This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.

## (b) Accrual of interest

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

## (c) Fixed Coupon Amount

The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

### (d) *Calculation of interest amount*

The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

### 6. Floating Rate Interest Provisions

### (a) **Application**

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable.

### (b) Accrual of interest

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

## (c) Screen Rate Determination

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Covered Bond Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Covered Bond Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Covered Bond Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Covered Bond Calculation Agent will:
  - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the

Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

- (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Covered Bond Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Covered Bond Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Covered Bond Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided*, *however*, *that* if the Covered Bond Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Covered Bonds during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Covered Bonds in respect of a preceding Interest Period.

# (d) ISDA Determination

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Covered Bond Calculation Agent under an interest rate swap transaction if the Covered Bond Calculation Agent were acting as Covered Bond Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

# (e) Maximum or Minimum Rate of Interest

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

## (f) Calculation of Interest Amount

The Covered Bond Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "**sub unit**" means, in the case of any Specified Currency other than Euro, the lowest amount of such Specified Currency that is available as legal tender in the country of such Specified Currency and, in the case of Euro, means one cent.

### (g) Calculation of other amounts

If the relevant Final Terms specifies that any other amount is to be calculated by the Covered Bond Calculation Agent, then the Covered Bond Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Covered Bond Calculation Agent in the manner specified in the relevant Final Terms.

### (h) **Publication**

The Covered Bond Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Principal Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/ or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Covered Bond Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

#### (i) *Notifications etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Covered Bond Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Covered Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Covered Bond Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

### 7. Redemption and Purchase

### (a) Scheduled redemption

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in this Condition 7 (*Redemption and Purchase*) and Condition 8 (*Payments*).

## (b) *Extension of maturity*

If an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining after the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment will or will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 16 (*Notices*), any relevant Swap Provider(s), the Representative of the Covered Bondholders and the Principal Paying Agent as soon as reasonably practicable and in any event at least six Business Days prior to the Maturity Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* in partial payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the Interest Payment Date on which the Final Redemption Amount is paid in full.

### (c) *Redemption for tax reasons*

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if the Floating Rate Provisions are specified in the relevant Final Terms as being not applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- 1. where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or
- 2. where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 7(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 7(c).

## (d) **Redemption at the option of the Issuer**

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

### (e) Partial redemption

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 7(d) (*Redemption at the option of the Issuer*), the Covered Bonds to be redeemed in part shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Covered Bondholders referred to in Condition 7(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

### (f) Redemption at the option of Covered Bondholders

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 7(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice (which notice shall be irrevocable) in the form obtainable from the Principal Paying Agent. The Principal Paying Agent shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. Once deposited in accordance with this Condition 7(f), no duly completed Put Option Notice, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 7(f), the Covered Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

#### (g) No other redemption

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in this Condition 7 and as specified in the relevant Final Terms.

#### (h) **Purchase**

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price and any Covered Bonds so purchased may be held or resold or may be surrendered in accordance with Condition 7(h) (Cancellation). The Guarantor shall not purchase any Covered Bonds at any time.

## (i) *Cancellation*

All Covered Bonds so redeemed or purchased by the Issuer or any such Subsidiary and subsequently surrendered for cancellation shall be cancelled and may not be reissued or resold.

### 8. Payments

### (a) Payments through clearing systems

Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

### (b) Payments subject to fiscal laws

All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to Covered Bondholders in respect of such payments.

### (c) Payments on business days

If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

### 9. Taxation

### (a) **Gross up by Issuer**

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA**") unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts shall be payable in respect of any Covered Bond:

- (i) in relation to any payment or deduction of any interest or principal on account of *imposta sostitutiva* pursuant to Decree No. 239, as amended from time to time with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree No. 239 have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (ii) in respect of any Covered Bond where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30th September 1983, converted into Law No. 649 of 25th November 1983 as amended from time to time; or
- (iii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
- (iv) where the Covered Bondholder would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements;
- (v) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or
- (vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vii) held by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Principal Paying Agent in a Member State of the EU; or
- (viii) held by or on behalf of a Bondholder who is entitled to avoid such withholding or deduction in respect of such Covered Bonds by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non/residence or other similar claim for exemption; or
- (ix) where such withholding is required by FATCA.

# (b) Taxing jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction. For the purposes of this paragraph (b), the Issuer will not be considered to become subject to the taxing jurisdiction of the United States should the Issuer be required to withhold amounts in respect any withholding tax imposed by the United States on any payments the Issuer makes.

# (c) No Gross-up by the Guarantor:

If withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Guarantor will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be, and shall not be obliged to pay any additional amounts to the Covered Bondholders.

## 10. Events of Default

## (a) Issuer Events of Default:

If any of the following events (each, an "Issuer Event of Default") occurs and is continuing:

- (i) Non-payment: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (iii) *Cross-default*: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) Insolvency: an Insolvency Event occurs with respect to the Issuer; or
- (v) *Article 74 resolution*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (vi) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (vii) *Breach of Tests*: the Tests are breached and are not remedied within the Test Grace Period,

then the Representative of the Covered Bondholders shall serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Covered Bond Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, that the Issuer Event of Default may be temporary.

# (b) *Effect of an Issuer Default Notice:*

Upon service of an Issuer Default Notice upon the Issuer and the Guarantor:

- (i) *No further Series of Covered Bonds*: the Issuer may not issue any further Series of Covered Bonds;
- (ii) *Covered Bond Guarantee:* 
  - (a) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the Covered Bond Guarantee and the Priority of Payments;
  - (b) the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee;
  - (c) if (i) the right of the Guarantor under Condition 10(b)(ii)(b) is in any way challenged or revoked and (ii) a Programme Resolution of the Covered Bondholders has been passed to this effect, the Covered Bonds will become immediately due and payable by the Issuer, at their Early Termination Amount together with accrued interest thereon and the Guarantor will no longer be entitled to request from the Issuer the amount set out under Condition 10(b)(ii)(b);
- (iii) *Disposal of Assets*: the Guarantor shall sell the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

*provided that*, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, the effects listed in items (i) (*No further Series of Covered Bonds*), (ii) (*Covered Bond Guarantee*) and (iii) (*Disposal of Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

# (c) Guarantor Events of Default:

If any of the following events (each, a "Guarantor Event of Default") occurs and is continuing:

(i) *Non-payment*: following delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee

and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or

- (ii) Insolvency: an Insolvency Event occurs with respect to the Guarantor; or
- (iii) Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in Condition 10(c)(i)) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or
- (iv) Breach of Amortisation Test: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice) the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

then the Representative of the Covered Bondholders shall or, in the case of the Guarantor Event of Default under Condition 10(c)(iii) (*Breach of other obligation*) shall, if so directed by a Programme Resolution, serve a Guarantor Default Notice on the Guarantor.

# (d) *Effect of a Guarantor Default Notice:*

Upon service of a Guarantor Default Notice upon the Guarantor:

- (i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest;
- (ii) Covered Bond Guarantee: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 9(a) (Gross up)) in accordance with the Priority of Payments;
- (iii) Disposal of assets: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and
- (iv) Enforcement: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders.

## (e) *Determinations, etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 10 by the Representative of the Covered Bondholders shall (in the absence of fraud (*frode*), gross negligence (*colpa*)

*grave*) or wilful default (*dolo*)) be binding on the Issuer, the Guarantor and all Covered Bondholders and (in such absence as aforesaid) no liability to the Covered Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Covered Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

### 11. Prescription

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

### 12. Representative of the Covered Bondholders

### (a) Organisation of the Covered Bondholders:

The Organisation of the Covered Bondholders shall be established upon, and by virtue of, the issuance of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of the Covered Bonds of any Series. Pursuant to the Rules of the Organisation of the Covered Bondholders, for as long as the Covered Bonds are outstanding, there shall at all times be a Representative of the Covered Bondholders as legal representative of the Organisation of the Covered Bondholders is made by the Covered Bondholders subject to and in accordance with the Rules of the Organisation of the Covered Bondholders.

### (b) *Initial appointment*

In the Programme Agreement, the Relevant Dealer(s) has or have appointed the Representative of the Covered Bondholders to perform the activities described in the Programme Agreement, in these Conditions (including the Rules of the Organisation of Covered Bondholders), in the Intercreditor Agreement, in the Mandate Agreement and in the other Transaction Documents, and the Representative of the Covered Bondholders has accepted such appointment for the period commencing on the Issue Date of the first Series of Covered Bonds and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds have been cancelled or redeemed in accordance with these Conditions and the relevant Final Terms.

#### (c) Acknowledgment by Covered Bondholders

Each Covered Bondholder, by reason of holding Covered Bonds:

- (i) recognises the Representative of the Covered Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Representative of the Covered Bondholders in such capacity as if such Covered Bondholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Covered Bondholders as a result of the performance by the Representative of the Covered Bondholders of its duties or the exercise of any of its rights under the Transaction Documents.

#### 13. Agents

In acting under the Cash Allocation Management and Payments Agreement and in connection with the Covered Bonds, the Principal Paying Agent acts solely as an agent of the Issuer and,

following service of an Issuer Default Notice or a Guarantor Default Notice, as an agent of the Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders.

The Principal Paying Agent and its initial Specified Offices are set out in these Conditions. The Cover Bond Calculation Agent (if not the Principal Paying Agent) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint a successor principal paying agent or Cover Bond Calculation Agent; *provided, however, that*:

- (i) the Issuer and the Guarantor shall at all times maintain a principal paying agent; and
- (ii) the Issuer and the Guarantor shall at all times procure that the Principal Paying Agent operates in an EU member state such that it will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000; and
- (iii) if a Cover Bond Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Cover Bond Calculation Agent; and
- (iv) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the Guarantor shall maintain a paying agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in the Principal Paying Agent or in its Specified Offices shall promptly be given to the Covered Bondholders.

# 14. Further Issues

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

# 15. Limited Recourse and Non Petition

## (a) *Limited Recourse*

The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations. The recourse of the Covered Bondholders to the Guarantor under the Covered Bond Guarantee will be limited to the assets comprised in the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Covered Bondholders.

## (b) Non Petition

Only the Representative of the Covered Bondholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Guaranteed Amounts or enforce the Covered Bond Guarantee and/or the Security and no Covered Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the Guaranteed Amounts or to enforce the Covered Bond Guarantee and/or the Security. In particular:

- no Covered Bondholder (nor any person on its behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee and/or the Security or (except for the Representative of the Covered Bondholders) take any proceedings against the Guarantor to enforce the Covered Bond Guarantee and/or the Security;
- (ii) no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders, where appropriate) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;
- (iii) at least until the date falling one year and one day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms together with any payments payable in priority or *pari passu* thereto, no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and
- (iv) no Covered Bondholder 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 Priorities of Payments not being complied with.

## 16. Notices

# (a) Notices given through Monte Titoli

Any notice regarding the Covered Bonds, as long as the Covered Bonds are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

## (b) *Other publication*

The Representative of the Covered Bondholders shall be at liberty to sanction any other method of giving notice to Covered Bondholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to trading and *provided that* notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Covered Bondholders shall require.

## 17. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

# 18. Governing Law and Jurisdiction

# (a) Governing law

These Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law. All other Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law, save for the Swap Agreements and the Deed of Charge, if any, which are governed by English law.

# (b) Jurisdiction

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

# (c) **Relevant legislation**

Anything not expressly provided for in these Conditions will be governed by the provisions of the Securitisation and Covered Bond Law and, if applicable, Article 58 of the Consolidated Banking Law, the Bank of Italy Regulations and Decree No. 310.

### **RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS**

## TITLE I

### GENERAL PROVISIONS

### 1. GENERAL

- 1.1 The Organisation of the Covered Bondholders in respect of all Covered Bonds of whatever Series issued under the Programme by Cariparma is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Covered Bondholders ("**Rules**").
- 1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series.
- 1.3 The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds (the "**Conditions**") of each Series issued by the Issuer.

### 2. DEFINITIONS AND INTERPRETATION

#### 2.1 **Definitions**

In these Rules, the terms below shall have the following meanings:

"Block Voting Instruction" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Covered Bonds are held to the order of the Principal PayingAgent or under its control or have been blocked in an account with a clearing systemand will not be released until a the earlier of:
  - (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender to the Italian Paying Agent, which is to be issued 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 confirmation that the Covered Bonds are Blocked Covered Bonds and notification of the release thereof by the Italian Paying Agent to the Issuer and Representative of the Covered Bondholders certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Covered Bonds 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;
- (b) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those amounts in respect of which instructions have been given to vote for, and against, each resolution; and
- (c) authorising a named individual to vote in accordance with such instructions;

"**Blocked Covered Bonds**" means Covered Bonds 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 Principal Paying Agent for the purpose of obtaining from the Principal 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;

"**Chairman**" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8 (*Chairman of the Meeting*);

"Cover Pool" has the meaning given to it in the Master Definitions Agreement;

"Event of Default" means an Issuer Event of Default or a Guarantor Event of Default;

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast or, in the case of a resolution pursuant to Condition 10(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), by a majority of not less than 50 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;

"**Holder**" or "**holder**" means in respect of Covered Bonds, the ultimate owner of such Covered Bonds;

"Liabilities" means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands;

"**Meeting**" means a meeting of Covered Bondholders (whether originally convened or resumed following an adjournment);

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quarter* of the Financial Law Consolidated Act;

"**Ordinary Resolution**" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50 per cent. of the votes cast;

"**Programme Resolution**" means an Extraordinary Resolution passed at a single meeting of the Covered Bondholders of all Series, duly convened and held in accordance with the provisions contained in these Rules (ii) to direct the Representative of the Covered Bondholders to take action pursuant to Condition 10(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), Condition 10(c)(iii) (*Guarantor Event of Default – Breach of other obligation*) or Condition 10(d)(iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) to direct the Representative of the Covered Bondholders to take other action stipulated in the Conditions or the Transaction Documents as requiring a Programme Resolution.

"**Proxy**" means a person appointed to vote under a Voting Certificate as a proxy or a 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 Principal Paying Agent or, in the case of a proxy appointed under a Voting Certificate, the Issuer 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 the Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolutions, collectively;

"**Swap Rate**" means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in any Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if there is no exchange rate specified or if the Swap Agreement has terminated, the applicable spot rate;

"Transaction Party" means any person who is a party to a Transaction Document;

"**Voter**" means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Principal 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, as amended from time to time; or
- (*b*) a certificate issued by the Principal Paying Agent stating:
  - (i) that Blocked Covered Bonds will not be released until the earlier of:
    - (A) a specified date which falls after the conclusion of the Meeting; and
    - (B) the surrender of such certificate to the Principal Paying Agent; and
  - the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds;

"Written Resolution" means a resolution in writing signed by or on behalf of one or more persons being or representing the holders of at least 75 per cent of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which 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 Covered Bondholders;

"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 the places where the Principal Paying Agent has its Specified Office; and

"48 hours" means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions to which these Rules are attached.

#### 2.2 Interpretation

In these Rules:

- 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 of the Organisation of the Covered Bondholders;
- 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; and

2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

## 2.3 Separate Series

Subject to the provisions of the next sentence, the Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Representative of the Covered Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (Purpose of the Organisation) to 25 (Meetings and Separate Series) and Articles 28 (Duties and Powers of the Representative of the Covered Bondholders) to 35 (Powers to Act on behalf of the Guarantor) shall apply mutatis mutandis separately and independently to the Covered Bonds of each Series. However, for the purposes of this Clause 2.3:

- 2.3.1 Articles 26 (Appointment, Removal and Resignation) and 27 (Resignation of the Representative of the Covered Bondholders); and
- 2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*),

the Covered Bonds shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series and, in such Articles, the expressions "Covered Bonds" and "Covered Bondholders" shall be construed accordingly.

## 3. PURPOSE OF THE ORGANISATION

- 3.1 Each Covered Bondholder, whatever Series of the Covered Bonds he holds, is a member of the Organisation of the Covered Bondholders.
- 3.2 The purpose of the Organisation of the Covered Bondholders is to co-ordinate the exercise of the rights of the Covered Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Covered Bondholders.

# TITLE II

## MEETINGS OF THE COVERED BONDHOLDERS

## 4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

- 4.1 A Covered Bondholder 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; or
- 4.2 A Covered Bondholder may also obtain a Voting Certificate from the Principal Paying Agent or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Principal 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.

- 4.3 A Voting Certificate or Block Voting Instruction issued pursuant to Article 4.2 shall be valid until the release of the Blocked Covered Bonds to which it relates.
- 4.4 So long as a Voting Certificate or Block Voting Instruction is valid, the person 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 the Principal Paying Agent), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Principal Paying Agent) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.
- 4.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.
- 4.6 References to the blocking or release of Covered Bonds 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

A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Principal Paying Agent, or at any other place approved by the Representative of the Covered Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Covered Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and 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 Covered Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

## 6. CONVENING A MEETING

#### 6.1 *Convening a Meeting*

The Representative of the Covered Bondholders, the Guarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing signed by the holders of not less than five per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting upon requisition by the Covered Bondholders the same may be convened by the Representative of the Covered Bondholders or the requisitionists. The Representative of the Covered Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Representative of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

#### 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 Covered Bondholders 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 Covered Bondholders.

## 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 Covered Bondholders and the Principal Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Covered Bondholders, or with a copy to the Representative of the Covered Bondholders, 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 Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificates 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 Principal Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bondholders must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal 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 Covered Bonds constituting all the Outstanding Principal Amount of the Covered Bonds, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Covered Bondholders are present.

## 8. CHAIRMAN OF THE MEETING

#### 8.1 Appointment of Chairman

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Covered Bondholders may take the chair at any Meeting, but if:

- 8.1.1 the Representative of the Covered Bondholders 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 determines the mode of 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 Covered Bondholders.

### 9. QUORUM

- 9.1 The quorum at any Meeting will be:
  - 9.1.1 in the case of an Ordinary Resolution, two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attended and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
  - 9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
  - 9.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 31.4 (*Obligation to act*) and Article 32.4 (*Obligation to exercise powers*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
    - (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;
    - (b) alteration of the currency in which payments under the Covered Bonds are to be made;
    - (c) alteration of the majority required to pass an Extraordinary Resolution;
    - (d) any amendment to the Covered Bond Guarantee or the Deeds of Pledge or the Deed of Charge, if any (except in a manner determined by the Representative of the Covered Bondholders not to be materially prejudicial to the interests of the Covered Bondholders of any Series);
    - (e) the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such

Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and

(f) alteration of this Article 9.1.3;

(each a "Series Reserved Matter"), the quorum shall be two or more persons being or representing holders of not less than two-thirds of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding or, at any adjourned meeting, two or more persons being or representing not less than one-third of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding of such Series for the time being outstanding.

*provided that*, if in respect of any Covered Bonds the Principal Paying Agent has received evidence that ninety per cent (90 per cent.) of the Outstanding Principal Amount of Covered Bonds then outstanding is held by a single Holder and the Voting Certificate or Block Voting Instruction so states, then a single Voter appointed in relation thereto or being the Holder of the Covered Bonds thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

## 10. ADJOURNMENT FOR WANT OF QUORUM

- 10.1 If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:
  - 10.1.1 if such Meeting was convened upon the requisition of Covered Bondholders, the Meeting shall be dissolved; and
  - 10.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the Covered Bondholders).
- 10.2 If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the Covered Bondholders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the Covered Bondholders.

#### 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

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

- 12.1.1 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
- 12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### 12.2 Notice not required

Except in the case of a Meeting to consider an Extraordinary Resolution, 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 directors and the auditors of the Issuer and the Guarantor;
- 13.3 representatives of the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders; and
- 13.6 other person authorised by virtue of a resolution of such Meeting or by the Representative of the Covered Bondholders.

## 14. VOTING BY SHOW OF HANDS

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

## 15. VOTING BY POLL

#### 15.1 *Demand for a poll*

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Covered Bondholders or any one or more-Voters, whatever the Outstanding Principal Amount of the Covered Bonds held or represented by such Voter(s). 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. A valid demand for a poll shall not prevent the continuation of the relevant

Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

## 15.2 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 and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

## 16. VOTES

## 16.1 Voting

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll every Voter who is present shall have one vote in respect of each Euro 1,000 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate) in the Outstanding Principal Amount of the Covered Bonds it holds or represents.

## 16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

# 17. VOTING BY PROXY

## 17.1 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 Voting Certificate 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 Covered Bondholders 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.

## 17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a 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.

#### **18. RESOLUTIONS**

## 18.1 Ordinary Resolutions

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

- 18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of 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
- 18.1.2 to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

## 18.2 Extraordinary Resolutions

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

- 18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;
- 18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) 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 Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;
- 18.2.3 assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Covered Bondholders or of any Covered Bondholder;
- 18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Covered Bondholders;
- 18.2.5 direct the Representative of the Covered Bondholders to issue an Issuer Default Notice as a result of an Event of Default pursuant to Condition 10(a) (*Issuer Event of Default*) or a Guarantor Default Notice as a result of a Guarantor Event of Default pursuant to Condition 10(c) (*Guarantor Event of Default*);
- 18.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Covered Bondholders from any Liability in relation to any act or omission for which the Representative of the Covered Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- 18.2.7 waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Covered Bonds or any other Transaction Document or any act or omission which might otherwise constitute an Event of Default;

- 18.2.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;
- 18.2.9 authorise and ratify the actions of the Representative of the Covered Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 18.2.10 to appoint any persons (whether Covered Bondholders or not) as a committee to represent the interests of the Covered Bondholders and to confer on any such committee any powers which the Covered Bondholders could themselves exercise by Extraordinary Resolution; and
- 18.2.11 authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

## 18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Covered Bondholders to take action pursuant to Condition 10(b)(ii)(c) (*Issuer Event of Default – Covered Bond Guarantee*) or Condition 10(d)(iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Conditions or any Transaction Documents to be taken by Programme Resolution.

#### 18.4 Other Series of Covered Bonds

No Ordinary Resolution or Extraordinary Resolution other than a Programme Resolution that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series.

## **19. EFFECT OF RESOLUTIONS**

#### 19.1 Binding nature

Subject to Article 18.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Covered Bondholders of any Series duly convened and held in accordance with these Rules shall be binding upon all Covered Bondholders of any such Series, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting.

#### 19.2 Notice of voting results

Notice of the results of every vote on a resolution duly considered by Covered Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer, the Guarantor and the Representative of the Covered Bondholders within 14 days of the conclusion of each Meeting).

## 20. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Covered Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

## 21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. 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 shall be regarded as having been duly passed and transacted.

#### 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. INDIVIDUAL ACTIONS AND REMEDIES

Each Covered Bondholder has accepted and is bound by the provisions of Condition 15 (Limited Recourse and Non Petition) and, accordingly, if any Covered Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Covered Bond Guarantee (hereinafter, a "Claiming Covered Bondholder"), then such Claiming Covered Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Covered Bondholders of his/her intention. The Representative of the Covered Bondholders shall inform the other Covered Bondholders in accordance with Condition 16 (Notices) of such prospective individual actions and remedies and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Covered Bondholders' notification and not less than 10 days after such notification. If Covered Bondholders representing 5 per cent. or more of the aggregate Outstanding Principal Amount of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming Covered Bondholder will be prevented from taking any individual action or remedy (without prejudice to the fact that, after a reasonable period of time, the same matter may be resubmitted to the Representative of the Covered Bondholders pursuant to the terms of this Article 23).

## 24. MEETINGS AND SEPARATE SERIES

#### 24.1 Choice of Meeting

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

- 24.1.1 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
- 24.1.2 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
- 24.1.3 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a

conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;

- 24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

## 24.2 Denominations other than Euro

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or Written Resolution) the Outstanding Principal Amount of such Covered Bonds shall be the equivalent in Euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each Euro 1.00 (or such other Euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Amount of the Covered Bonds (converted as above) which he holds or represents.

## 25. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Covered Bondholders 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 Covered Bondholders in its sole discretion may decide.

#### TITLE III

#### THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

## 26. APPOINTMENT, REMOVAL AND REMUNERATION

#### 26.1 Appointment

The appointment of the Representative of the Covered Bondholders takes place by Programme Resolution in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Covered Bondholders which will be Zenith Service S.p.A., .

#### 26.2 Identity of Representative of the Covered Bondholders

The Representative of the Covered Bondholders shall be:

- 26.2.1 a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of Italian Legislative Decree No. 385 of 1993; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Covered Bondholders pursuant to the law.

The directors and 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 Covered Bondholders and, if appointed as such, they shall be automatically removed.

## 26.3 **Duration of appointment**

Unless the Representative of the Covered Bondholders is removed by Programme Resolution of the Covered Bondholders pursuant to Article 18.3 (*Programme Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Covered Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

## 26.4 After termination

In the event of a termination of the appointment of the Representative of the Covered Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Covered Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Covered Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Covered Bondholders whose appointment 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 Covered Bonds.

## 26.5 *Remuneration*

The Issuer, failing which the Guarantor, shall pay to the Representative of the Covered Bondholders an annual fee for its services as Representative of the Covered Bondholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day-to-day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series shall have been repaid in full or cancelled in accordance with the Conditions.

## 27. RESIGNATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

The Representative of the Covered Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, 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 Covered Bondholders shall not become effective until a new Representative of the Covered Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the Covered Bondholders fail to select a new Representative of the Covered Bondholders within three months of written notice of resignation delivered by the Representative of the Covered Bondholders, the Representative of the Covered Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Covered Bondholders*).

## 28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

#### 28.1 Representative of the Covered Bondholders as legal representative

The Representative of the Covered Bondholders is the legal representative of the Organisation of the Covered Bondholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Covered Bondholders.

#### 28.2 *Meetings and resolutions*

Unless any Resolution provides to the contrary, the Representative of the Covered Bondholders is responsible for implementing all resolutions of the Covered Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings (together with its advisers) to propose any course of action which it considers from time to time necessary or desirable.

## 28.3 Delegation

The Representative of the Covered Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

- 28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Covered Bondholders;
- 28.3.2 whenever it considers it expedient and in the interest of the Covered Bondholders, 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.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Covered Bondholders may think fit in the interest of the Covered Bondholders. The Representative of the Covered Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Covered Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Covered Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

#### 28.4 Judicial proceedings

The Representative of the Covered Bondholders is authorised to represent the Organisation of the Covered Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

#### 28.5 Consents given by Representative of Covered Bondholders

Any consent or approval given by the Representative of the Covered Bondholders 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 Covered Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents, such consent or approval may be given retrospectively.

## 28.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Covered Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Covered Bondholders by these Rules or by operation of law.

## 28.7 *Obtaining instructions*

In connection with matters in respect of which the Representative of the Covered Bondholders is entitled to exercise its discretion hereunder, the Representative of the Covered Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Covered Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Covered Bondholders shall be entitled to request that the Covered Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

#### 28.8 *Remedy*

The Representative of the Covered Bondholders may in its sole discretion determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Transaction Documents may be remedied, and if the Representative of the Covered Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Covered Bondholders, the other creditors of the Guarantor and any other party to the Transaction Documents.

## 29. EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

#### 29.1 *Limited obligations*

The Representative of the Covered Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

#### 29.2 Specific limitations

Without limiting the generality of the Article 29.1, the Representative of the Covered Bondholders:

- 29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;
- 29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor 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 Covered Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

- 29.2.3 except as expressly required in these 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;
- 29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto or request and/or obtain any legal opinion in connection therewith, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
  - (i) the nature, status, creditworthiness or solvency of the Issuer or the Guarantor;
  - (ii) 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 Programme;
  - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Master Servicer or any Sub-Servicer or compliance therewith;
  - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and
  - (v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Master Servicer, any Sub-Servicer and the Principal Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;
- 29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 29.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;
- 29.2.7 shall not be responsible 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 Covered Bondholders 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;
- 29.2.8 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;
- 29.2.9 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 Guarantor in relation to the assets contained in the

Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;

- 29.2.10 shall not be under any obligation to guarantee or procure the repayment of the Mortgage Loans contained in the Cover Pool or any part thereof;
- 29.2.11 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;
- 29.2.12 shall not be responsible for or have any Liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;
- 29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Transaction Document;
- 29.2.14 shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;
- 29.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Covered Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between their interests the Representative of the Covered Bondholders;
- 29.2.18 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 Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Covered Bondholders 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; and

29.2.19 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Covered Bondholder, any Other Creditor or any other person as a result of any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Covered Bondholders as a whole or the interests of the Covered Bondholders of any Series.

## 29.3 Covered Bonds held by Issuer

The Representative of the Covered Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer or the Guarantor.

## 29.4 Illegality

No provision of these Rules shall require the Representative of the Covered Bondholders 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 Covered Bondholders may refrain from taking any action which would or might, in its 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 Liabilities which it may incur as a consequence of such action. The Representative of the Covered Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

## **30. RELIANCE ON INFORMATION**

#### 30.1 Advice

The Representative of the Covered Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Covered Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Covered Bondholders 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 and, in circumstances where in the opinion of the Representative of the Covered Bondholders to obtain such advice on any other basis is not practicable, notwithstanding any limitation of or cap on liability in respect thereof.

#### 30.2 Certificates of Issuer and/or Guarantor

The Representative of the Covered Bondholders may require, and shall be at liberty to accept (a) as sufficient evidence

30.2.1 as to any fact or matter *prima facie* within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

30.2.2 that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Covered Bondholders 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 in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

## 30.3 Resolution or direction of Covered Bondholders

The Representative of the Covered Bondholders 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 Covered Bondholders, 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 Covered Bondholders.

## 30.4 Certificates of Monte Titoli Account Holders

The Representative of the Covered Bondholders, in order to ascertain ownership of the Covered Bonds, 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.

#### 30.5 Clearing Systems

The Representative of the Covered Bondholders 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 Covered Bondholders 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 Covered Bonds.

#### 30.6 Certificates of Parties to Transaction Document

The Representative of the Covered Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Transaction Document,

- 30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;
- 30.6.2 as any matter or fact *prima facie* within the knowledge of such party; or
- 30.6.3 as to such party's opinion with respect to any issue

and the Representative of the Covered Bondholders 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 Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

## 30.7 Auditors

The Representative of the Covered Bondholders 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.

## 31. AMENDMENTS AND MODIFICATIONS

## 31.1 Modification

The Representative of the Covered Bondholders may at any time and from time to time and without the consent or sanction of the Covered Bondholders of any Series concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the Covered Bondholders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

- 31.1.1 to these Rules, the Conditions and/or the other Transaction Documents which, in the sole opinion of the Representative of the Covered Bondholders, it may be expedient to make *provided that* the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and
- 31.1.2 to these Rules, the Conditions and/or the other Transaction Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law; and
- 31.1.3 to these Rules, the Conditions and/or the other Transaction Documents which, in the opinion of the Representative of the Covered Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders.

## 31.2 Binding Nature

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding upon the Covered Bondholders and, unless the Representative of the Covered Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter.

#### 31.3 Establishing an error

In establishing whether an error is established as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to any of the following:

- 31.3.1 a certificate from the Arranger:
  - (i) stating the intention of the parties to the relevant Transaction Document;
  - (ii) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and

- (iii) stating the modification to the relevant Transaction Document that is required to reflect such intention; and
- 31.3.2 confirmation from the relevant credit rating agencies that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

## 31.4 **Obligation to act**

The Representative of the Covered Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Conditions and/or the other Transaction Documents if it is so directed by a Programme Resolution and then 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.

## 32. WAIVER

## 32.1 Waiver of Breach

The Representative of the Covered Bondholders may at any time and from time to time without the consent or sanction of the Covered Bondholders of any Series and, without prejudice to its rights in respect of any subsequent breach, condition, or event but only if, and in so far as, in its opinion the interests of the Holders of the Covered Bonds of any Series then outstanding shall not be materially prejudiced thereby:

- 32.1.1 authorise or waive, any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Covered Bond Guarantee these Rules or the other Transaction Documents; or
- 32.1.2 determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such for the purposes of the Transaction Documents,

without any consent or sanction of the Covered Bondholders.

## 32.2 Binding Nature

Any authorisation, or, waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Covered Bondholders so requires, shall be notified to the Bondholders and the Other Creditors by the Issuer or the Guarantor, 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.

#### 32.3 **Restriction on powers**

The Representative of the Covered Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Programme Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

#### 32.4 **Obligation to exercise powers**

The Representative of the Covered Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules or any of the other Transaction Documents or determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such if it is so directed by an Programme Resolution and then 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.

#### 32.5 Notice of waiver

If the Representative of the Covered Bondholders so requires, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Covered Bondholders and the Other Creditors, as soon as practicable after it has been given or made in accordance with Condition 16 (*Notices*).

## 33. INDEMNITY

Pursuant to the Programme Agreement, each Subscription Agreement and other document been agreed between the Issuer and the Relevant Dealer(s), the Issuer, failing which the Guarantor, 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 Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (including without limitation legal fees and any applicable value added tax or similar taxes) properly incurred by or made against the Representative of the Covered Bondholders or any entity to which the Representative of the Covered Bondholders 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 preparation and execution of these 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 Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Transaction Documents against the Issuer or the Guarantor, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents except insofar as the same are incurred as a result of fraud (frode), gross negligence (colpa grave) or wilful default (dolo) of the Representative of the Covered Bondholders.

## 34. LIABILITY

Notwithstanding any other provision of these Rules, the Representative of the Covered Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Covered Bonds, the Conditions or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

## **35. SECURITY DOCUMENTS**

## 35.1 The Deeds of Pledge

The Representative of the Covered Bondholders shall have the right to exercise all the rights granted by the Guarantor to the Covered Bondholders pursuant to the Deeds of Pledge. The beneficiaries of the Deeds of Pledge are referred to in this Article 35 as the "**Secured Bondholders**".

## 35.2 Rights of Representative of the Covered Bondholders

35.2.1 The Representative of the Covered Bondholders, acting on behalf of the Secured Bondholders, shall be entitled to appoint and entrust the Guarantor to collect, in the

Secured Bondholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Guarantor, to the respective debtors of the pledged claims to make the payments related to such claims to any account opened in the name of the Guarantor and appropriate for such purpose;

35.2.2 The Secured Bondholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to any such account opened in the name of the Guarantor and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Covered Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deeds of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

## TITLE IV

# THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF AN NOTICE

#### 36. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, 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 Cover Pool. Therefore, the Representative of the Covered Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant Transaction Documents.

#### TITLE V

## **GOVERNING LAW AND JURISDICTION**

#### 37. GOVERNING LAW

These Rules 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 law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

#### FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendments, will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms. [When completing any final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

## Final Terms dated [•]

Cassa di Risparmio di Parme e Piacenza S.p.A.

**Issue of** [Aggregate Nominal Amount of Tranche] [Description] **Covered Bonds due** [Maturity]

## Guaranteed by Cariparma OBG S.r.l.

under the Euro 8,000,000,000 Covered Bond (Obbligazioni Bancarie Garantite) Programme

#### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated [12] July 2013 [and the supplement[s] to the base prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") which includes the amendments made by Directive 2010/73/EC (the "**2010 Amending Directive**"), to the extent such amendments have been implemented on a relevant Member State. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms, published on [•], contain the final terms of the Covered Bonds and must be read in conjunction with such Base Prospectus [as so supplemented]. These Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). Full information on the Issuer, the Covered Bonds Guarantor and the offer of the Covered Bonds described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus, including the supplement[s]] [is/are] available for viewing on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.]

[When completing any final terms consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

1. (i) Series Number: [•]

	(ii) (iii) Da	Tranche Number: ate on which the Covered Bonds will be consolidated and form a single Series:	<ul> <li>[•]</li> <li>[The Covered Bonds will be consolidated and form a single Series with the [Series</li> <li>[•] Tranche [•] Covered Bonds due [•] issued on [•]] on the Issue Date]/[Not Applicable]]</li> </ul>
2.	Specif	ied Currency or Currencies:	[•]
3.	Aggreg	gate Nominal Amount:	[•]
	(i)	Series:	[•]
	(ii)	Tranche:	[•]
4.	Issue F	Price:	[•] %. of the aggregate nominal amount [plus accrued interest from [ <i>insert date</i> ] ( <i>in</i> <i>the case of fungible issues only, if</i> <i>applicable</i> )]
5.	(i)	Specified Denominations:	[•] [plus integral multiples [•]] (as referred to under Condition 3) ( <i>Include the wording</i> <i>in square brackets where the Specified</i> <i>Denomination is</i> €100,000 or equivalent plus multiples of a lower principal amount.)
	(ii)	Calculation Amount:	[•]
6.	(i)	Issue Date:	[•]
	(ii)	Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
7.	Maturi	ty Date:	[Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.]
8.	Amour Redem	led Maturity Date of Guaranteed nts corresponding to Final aption Amount under the Covered Guarantee:	[Not applicable / Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year] (as referred to in Condition 3
9.	Interes	t Basis:	[[•] % Fixed Rate]
			[[Specify reference rate] +/- [Margin] % Floating Rate]
			(further particulars specified in [14]/[15]/[16] below)

10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date at [100] % of their nominal amount (as referred to in Condition 3)]
11.	Put/Call Options:	[Not Applicable]
		[Investor Put (as referred in Condition 7(f))]
		[Issuer Call (as referred in Condition 7(d))][(further particulars specified in paragraph [17]/[18]below)]
12.	[Date of [Board] approval for issuance	[•] [and [•], respectively
	of Covered Bonds [and Covered Bonds Guarantee] [respectively]] obtained:	(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Covered Bonds Guarantee)]

# PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed	l Rate Provisions	[Applicable/Not Applicable (as referred in Condition 5)] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i)	Rate(s) of Interest:	[•]% per annum payable in arrear on each Interest Payment Date.
	(ii)	Interest Payment Date(s):	[•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
	(iii)	Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
	(iv)	Broken Amount(s):	<ul><li>[[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on]</li><li>[•]]/[Not Applicable]</li></ul>

(v)	Day Count Fraction:	[Actual/Actual (ICMA)
		Actual/365
		Actual/365 (Fixed)
		Actual/360
		30/360 (Fixed rate)
		Actual/365 (Sterling)
		30/360 (Floating Rate)
		Eurobond Basis
		30E/360 (ISDA)]
(vi)	[Determination Date(s):	[[•] in each year/Not Applicable]]
		(Only relevant where Day Count Fraction is Actual/Actual (ICMA).)
Float	ting Rate Provisions	[Applicable/Not Applicable (as referred to in Condition 6)] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
(i)	Interest Period(s):	[•]
(ii)	Specified Period:	[•] (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")
(iii)	Payment Dates:	[•] (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")
(iv)	First Interest Payment Date:	[•]
(v)	Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]

14.

(vi)		nner in which the Rate(s) of rest is/are to be determined:	[Screen Rate Determination/ISDA Determination]			
(vii)	the Inter	y responsible for calculating Rate(s) of Interest and/or rest Amount(s) (if not the ing Agent):	[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]			
(viii)	Scre	een Rate Determination:				
	•	Reference Rate:	ReferenceRate:[•]month[LIBOR/EURIBOR]			
	•	Interest Determination Date(s):	[•]			
	•	Relevant Screen Page:	[For example, Reuters LIBOR 01/ EURIBOR 01]			
	•	Relevant Time:	[For example, 11.00 a.m. London time/Brussels time]			
	•	Relevant Financial Centre:	[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro]			
(ix)	ISD	A Determination:				
	•	Floating Rate Option:	[•]			
	•	Designated Maturity:	[•]			
	•	Reset Date:	[•]			
(x)	Mar	gin(s):	[+/-][•]% per annum			
(xi)	Min	imum Rate of Interest:	[●]% per annum			
(xii)	Max	kimum Rate of Interest:	[●]% per annum			
(xiii)	Day	Count Fraction:	[Actual/Actual (ICMA)/Actual/Actual (ISDA)			
			Actual/365			
			Actual/365 (Fixed)			
			Actual/360			
			30/360 (Fixed rate)			
			Actual/365 (Sterling)			
			30/360 (Floating Rate)			
			Eurobond Basis			
			30E/360 (ISDA)]			

# PROVISIONS RELATING TO REDEMPTION

15.	Call (	Option	[Applicable/Not Applicable](as referred in Condition 7) (If not applicable, delete the remaining sub-paragraphs of this paragraph)	
	(i)	Optional Redemption Date(s):	[•]	
	(ii)	Optional Redemption Amount(s) of Covered Bonds and method, if any, of calculation of such amount(s):	[•] per Calculation Amount	
	(iii)	If redeemable in part:		
		Minimum Redemption Amount:	[•] per Calculation Amount	
		Maximum Redemption Amount	[•] per Calculation Amount	
	(iv)	Notice period:	[•]	
16.	Put O	ption	[Applicable/Not Applicable](as referred in Condition 7) (If not applicable, delete the remaining sub-paragraphs of this paragraph)	
	(i)	Optional Redemption Date(s):	[•]	
	(ii)	Optional Redemption Amount(s) of each Covered Bonds:	[•] per Calculation Amount	
	(iii)	Notice period:	[•]	
17.	Final Bonds	Redemption Amount of Covered s	<ul><li>[•] per Calculation Amount (as referred in Condition 7 (a))</li></ul>	
	(i)	Minimum Final Redemption Amount:	[•] per Calculation Amount	
	(ii)	Maximum Final Redemption Amount:	[•] per Calculation Amount	
18.	Early	<b>Redemption Amount</b>	[Not Applicable/[•] per Calculation	
	accele	redemption amount(s) per lation Amount payable on aption for taxation reasons or on eration following a Covered Bonds ntor Event of Default:	Amount](as referred in Condition 7)	
	GENE	CRAL PROVISIONS APPLICABI	LE TO THE COVERED BONDS	
19.	Addit	ional Financial Centre(s):	[Not Applicable/[•]]	

[Note that this paragraph relates to the date and place of payment, and not interest period end dates]

## RESPONSIBILITY

(*Relevant third party information*) has been extracted from (*specify source*). Each of the Issuer and the Covered Bonds Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Cassa di Risparmio di Parma e Piacenza S.p.A.

By:		
Duly authorised		

Signed on behalf of Cariparma OBG S.r.l.

By: \_\_\_\_\_ Duly authorised

#### **PART B – OTHER INFORMATION**

# 1. LISTING AND ADMISSION TO TRADING

related to admission to trading:

(i)	Listing	Official List of the Luxembourg Stock Exchange
(ii)	Admission to trading	Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the Luxembourg Stock Exchange with effect from [•].
(ii)	Estimate of total expenses	[•]

#### 2. RATINGS

Ratings:

[The Covered Bonds to be issued [[have been]/[are expected]] to be rated]/[The following ratings assigned to the Covered Bonds of this type issued under the Programme generally:]

**[●]**: **[●]**]

[•]: [•]]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

[In European general, regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the Regulation (EU) No 1060/2009 as amended by Regulation (EU) no. 513 of 2011 ("CRA Regulation") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.]

[Each of  $[\bullet]$   $[\bullet]$  is established in the

European Union and is registered under Regulation (EC) No 1060/2009, as amended by Regulation (EU) no. 513 of 2011 (the "CRA Regulation"). As such [each of [•] [•] is included in the list of credit rating agencies published by the Securities and Markets European Authority on its website (at http://www.esma.europa.eu/page/Listregistered-and-certified-CRAs) in accordance with such Regulation.

# 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

#### 4. [Fixed Rate Covered Bonds only – YIELD]

Indication of yield:

[•]/[Not Applicable

## 5. Floating Rate Covered Bonds only - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/*specify other Reference Rate*] rates can be obtained from [Reuters]./[Not Applicable]

## 6. **OPERATIONAL INFORMATION**

ISIN Code:	[•]
Common Code:	[•]
Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V and Clearstream Banking, sociét anonyme and the relevan identification number(s):	é
Delivery:	Delivery [against/free of] payment
Names and Specified Offices of additional Paying Agent(s) (if any):	of [•]

Deemed delivery of clearing system notices for the purposes of Condition 16 (*Notices*):

Intended to be held in a manner which would allow Eurosystem eligibility: Any notice delivered to Covered Bondholdersthrough the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.

## [Yes][No][Not Applicable]

[Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be held in a form which would allow Eurosystem eligibility (i.e. issued in dematerialised form (emesse in forma *dematerializzata*) and wholly and exclusively deposited with Monte Titoli in accordance with articles 83bis and 83ter of Italian Legislative Decree No. 58 of 24 February 1998, through the authorised institutions listed in article 84 quater of such legislative decree) and does not necessarily mean that the Covered Bonds will be recognized 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]

## DISTRIBUTION

20.	(i)	Method of distributio	on:	[Syndicated/Non-syndicated]		
	(ii)	If syndicated, Managers:	names of	[Not Applicable/give names and business address]		
21.	If non-	-syndicated, name of D	Dealer:	[Not Applicable/give names and business address]		
22.	U.S. S	elling Restrictions:		[Not Applicable/Compliant with Regulation S under the U.S. Securities Act of 1933]		

## **USE OF PROCEEDS**

The net proceeds of the sale of the Covered Bonds will be used by the Issuer for general funding purposes of the Cariparma Crédit Agricole Banking Group.

## THE ISSUER

## 1. History and development of the Issuer

As at the date of this Base Prospectus, the Issuer was the Parent Company of the Cariparma Crédit Agricole Banking Group and is subject to the management and coordination of Crédit Agricole S.A..

The Bank was incorporated on 14 February 2000.

From 2000 to 2007, it was part of the Intesa San Paolo Group.

In March 2007, it was acquired by Crédit Agricole S.A.. Specifically, after obtaining the relevant authorizations from the Bank of Italy, Crédit Agricole S.A. and Fondazione Cariparma acquired 100% of the equity investment held by Intesa Sanpaolo S.p.A. in the Bank, for a price in cash of Euro 3.8 billion.

In 2007, in performance of the additional agreements signed in the same year by and between Crédit Agricole S.A. and Intesa Sanpaolo S.p.A., the Issuer acquired 202 former-Banca Intesa branches for a price in cash of Euro 1.3 billion. More specifically, (i) the acquisition of 173 branches was made directly by the Bank, by means of a share capital increase through contributions in kind pursuant to Articles 2440 and 2441, paragraph 4 of the Italian Civil Code, which was subscribed and paid up by means of the transfer of such branches, and immediate transfer of the ordinary shares resulting from the above share capital increase to Crédit Agricole S.A. and Fondazione Cariparma, effective as from 1 July 2007, proportionally to the stake of Issuer's the share capital held by them; (ii) the acquisition of the remaining 29 branches was made indirectly by the Issuer through Banca Popolare FriulAdria S.p.A. (hereinafter referred to as "Banca Popolare FriulAdria" or "FriulAdria") - a joint-stock company, of which the Issuer holds today 80.17% - by means of a share capital increase through contributions in kind pursuant to Articles 2440 and 2441, paragraph 4 of the Italian Civil Code, subscribed and paid up by means of the transfer of such branches and immediate transfer of the shares resulting from the above share capital increase to Cariparma (which had become the Controlling Company of FriulAdria), effective as from 1 April 2007.

- (a) In the first half of 2011, the agreements signed by and between Crédit Agricole S.A. and Intesa Sanpaolo S.p.A. in February 2010 (as subsequently amended and integrated, specifically in July 2010) were performed, pursuant to which
- Cariparma: (i) on 3 January 2011, it acquired a controlling stake of the share capital of Cassa di (b) Risparmio della Spezia S.p.A., from the owner Banca CR Firenze S.p.A.; this stake amounted to 80.00%, and the acquisition price was Euro 288 million; Cariparma collected the resources required to pay such price by means of a share capital increase by contributions in cash, the option on which was offered to shareholders pursuant to Article 2441 of the Italian Civil Code; (ii) on 28 March 2011, it received the transfer from Banca CR Firenze S.p.A., of 11 branches, as subscription and full payment of a share capital increase through contributions in kind pursuant to Article 2440 and 2441, paragraph 4 of the Italian Civil Code consisting of 6,512,140 shares; the total issue price of the new shares (including nominal value and premium) came to Euro 52,097,120; (iii) on 16 May 2011, it received the transfer from Intesa Sanpaolo S.p.A. of 70 branches, as subscription and full payment of a share capital increase through contributions in kind pursuant to Article 2440 and 2441, paragraph 4 of the Italian Civil Code consisting of 41,433,691 shares; the total issue price of the new shares (including nominal value and premium) came to Euro 331,469,528. On 23 May 2011, the shares issued by Cariparma for the above share capital increases were transferred by Intesa Sanpaolo S.p.A. and Banca CR Firenze

S.p.A. to Crédit Agricole S.A. (which purchased 90% of them) and Sacam International S.A.S. (which purchased 10% of them). Finally, on 5 August 2011, Crédit Agricole S.A. transferred 7,191,874 Cariparma shares to Fondazione Cariparma; as a result of this transaction, the equity interest percentages in Cariparma share capital are unchanged compared to the ones before the above transactions.

(c) On 16 May 2011, the subsidiary Banca Popolare FriulAdria received the transfer from Cassa di Risparmio del Veneto S.p.A. of 15 branches, as subscription and full payment of a share capital increase through contributions in kind pursuant to Article 2440 and 2441, paragraph 4 of the Italian Civil Code consisting of 1,221,280 shares; the total issue price of the new shares (including nominal value and premium) came to Euro 68,269,552. On 23 May 2011, the shares issued by Banca Popolare FriulAdria for the above share capital increase were transferred by Cassa di Risparmio del Veneto S.p.A. to Cariparma.

For additional information on these bank acquisitions, please see Section G of the Cariparma Crédit Agricole Banking Group's Annual Report and Consolidated Financial Statements, and the Issuer's Annual Report and Separate Financial Statements.

## Company name

The Issuer's company name is Cassa di Risparmio di Parma e Piacenza S.p.A.

## Place of registration of the Issuer and its registration number

The Issuer is on the Business Register of Parma, Italy, at entry number 02113530345. The Issuer is also on the Register of Banks held by the Bank of Italy at entry No. 5435.

## Date of incorporation and length of life of the Issuer, except where indefinite

The Issuer is a joint-stock company incorporated by deed of Angelo Busani, Notary public, with Record No. 60722/16828 of 14 February 2000.

The Issuer is the Parent Company of the Cariparma Crédit Agricole Banking Group.

The duration of the Issuer is set, pursuant to Article 3 of its Articles of Association, up to 31 December 2100 and may be extended.

# Domicile and legal form of the Issuer, legislation under which the Issuer operates, its country of incorporation, website address and address and telephone number of its registered office.

Cariparma is a joint-stock company incorporated in Parma, Italy and operating under the Italian law. The address of the Issuer's registered office is Via Università 1, 43121 Parma, Italy, phone +390521912111.

## Consolidated Financial Position of the Cariparma Crédit Agricole Group

The table below reports the main performance and financial ratios of the Cariparma Crédit Agricole Banking Group, calculated based on the Cariparma Crédit Agricole Banking Group consolidated Financial Statements for the years closed as at 31 December 2012 and 2011, which were approved by the Board of Directors on 26 March 2013 and 27 March 2012, respectively, and subject to full audit by the Independent Auditors that issued their reports on 29 March 2013 and 30 March 2012, respectively.

In this regard, it is pointed out that the Cariparma Crédit Agricole Banking Group Annual Report and Consolidated Financial Statements as at 31 December 2012 approved by the Board of Directors on 26 March 2013, were prepared considering the Issuer's draft Annual Report and Separate Financial

Statements as at al 31 December 2012, approved without significant changes by the General Meeting of the Issuer's Shareholders held on 30 April 2013.

In 2012, the perimeter of consolidation included, in addition to the Issuer (Parent Company), FriulAdria, Carispezia and Crédit Agricole Leasing Italia S.r.l., the special-purpose entities Slider S.r.l. and Mondo Mutui Cariparma S.r.l. (which, although not formally controlled, has been consolidated on a line-item basis pursuant to SIC 12 - Consolidation/Special Purpose Entities), Crédit Agricole Vita Compagnia di Assicurazione S.p.A..

The scope of consolidation relevant for supervisory calculations does not include the data referring to and C.A. Agro-Alimentare S.p.A. nor the data referring to Sliders S.r.l. and Mondo Mutui Cariparma S.r.l.

In March 2012, the Issuer transferred its equity interest in Crédit Agricole Vita Compagnia di Assicurazione S.p.A., equal to 49.9%, to Crédit Agricole Assurances S.A., which held the remaining 50.1%.

However, data for 2012 have been compared to those for 2011.

The consolidated balance sheet and income statement highlights of the Cariparma Crédit Agricole Banking Group as at 31 December 2012 and 2011 are summarized hereinafter.

			Changes	s
Income statement (thousands of euro)	31.12.2012	31.12.2011	Total	%
Net interest	994.123	1.066.775	-72.652	-6,8
Net commission income	610.596	566.754	43.842	7,7
Dividends	2.259	1.642	617	37,6
Net gain (loss) on trading activities	46.323	33.888	12.435	36,7
Other operating revenues (expenses)	48.723	-12.554	61.277	-
Net operating revenues	1.702.024	1.656.505	45.519	2,7
Operating expenses	-1.156.697	-1.034.894	121.803	11,8
Operating profit	545.327	621.611	-76.284	-12,3
Provisions for liabilities and contingencies	-35.986	-44.177	-8.191	-18,5
Net impairment adjustments of loans	-403.358	-253.560	149.798	59,1
Net profit	160.026	200.243	-40.217	-20,1

			Changes	S
Balance sheet (thousands of euro)	31.12.2012	31.12.2011(*)	Total	%
Loans to customers	35.128.149	34.781.783	346.366	1,0
Net financial assets/liabilities held for trading	-218	13.170	-13.388	-
Financial assets available for sale	4.030.081	3.686.706	343.375	9,3
Net loans to banks	-	-	-	-
Equity investments	20.433	123.222	-102.789	-83,4
Property, plant and equipment and intangible assets	2.388.916	2.423.909	-34.993	-1,4
Total net assets	44.885.958	44.507.154	378.804	0,9
Funding from customers	36.219.988	35.558.541	661.447	1,9
Indirect funding from customers	51.292.493	46.411.661	4.880.832	10,5
of which: asset management	17.384.593	17.661.529	-276.936	-1,6
Net due to banks	1.151.537	2.410.685	-1.259.148	-52,2
Equity pertaining to shareholders of the parent company	4.383.100	4.095.203	287.897	7,0

(\*) Re-stated follow ing the final allocation of the cost of the Business Combination provisionally recognized in 2011 (IFRS 3).

In 2012, the Cariparma Crédit Agricole Group's operations were affected by a very difficult macroeconomic situation, as well as by , the necessary quick adjustment for compliance with the new Basel III requirements in terms of capital ratios.

Despite this difficult situation, the Cariparma Crédit Agricole Banking Group continued its sustainable growth focussing on customers and on the economy of its areas of operations and was able to achieve net gains that came to Euro 160 million vs. Euro 200.2 million in 2011.

This performance was achieved through development of the traditional banking business, with a net operating profit that came to Euro 545 million.

Specifically, as at 31 December 2012, loans to customers increased coming to Euro 35,128million (up by  $\pm 1.0\%$ ), direct funding from customers came to Euro 36,219 million (up by  $\pm 1.9\%$ ), taking total funding (that is to say, the aggregate of total funds administered on behalf of Customers) to Euro 87,512million, including indirect funding coming to Euro 51,292 million, up by Euro 4,880million (i.e. up by  $\pm 10.5\%$ ) compared with 31 December 2011. The Cariparma Crédit Agricole Banking Group has thus increased its liquidity level.

As at the same date, intermediated assets, consisting of the sum of loans, direct and indirect funding, came to  $\notin$  122,640 million, posting an increase of  $\notin$  888 million (up by +5.0%) compared with 2011.

The Cariparma Crédit Agricole Banking Group's self-funding ability was substantiated by the ratio of Loans to customers to Funding from customers, which showed that they were essentially in line.

As at 31 December 2012, the book value of equity, including the net profit for the year, came to Euro 4,383 million, increasing by Euro 287.9 million from Euro 4,095 million of 2011, with Core Tier 1 at 9.0 % and Tier One at 9.4 %, both increased compared to 2011 data. The change in equity was mainly due to the decrease in the negative balance of valuation reserve for available-for-sale financial assets (which decreased from  $- \in 390,9$  milion of 2011 to  $- \in 135,7$  milion of 2012); this decrease was mainly due to writeback of government securities held following the changes in the economic-financial situation. As at 31 December 2012, the Cariparma Crédit Agricole Banking Group portfolio did not include treasury shares or shares in the controlling company. The Cariparma Crédit Agricole Banking Group Tier Total (that is to say, the ratio of total supervisory capital, including Tier 3, to risk-weighted assets) came to 12.3 %, increasing from 11.4 % of 2011 and compared with a minimum capital ratio required by the Capital Accord issued by the Basel Committee on Banking Supervision, of 8%.

For the Cariparma Crédit Agricole Banking Group, net adjustments of loans came to Euro 430.4 million increasing by Euro 149.8 million (up by +59.1 %) from Euro 253.6 million of 2011. The YOY increase was mainly due to the physiological adjustments generated in the year. Profit before tax on continuing operations was also affected by the profit recognized on selling of Crédit Agricole Vita . In this regard, it is pointed out that, in March 2012, the Issuer transferred its equity interest in Crédit Agricole Vita Compagnia di Assicurazione S.p.A., equal to 49.9%, to Crédit Agricole Assurances S.A., which held the remaining 50.1%.

ROE (that is to say, net income over average equity) came to 3.8% compared with 5.0% in 2011, with a value that is however higher than the System data, to be interpreted as favourable in the reference macroeconomic situation.

Consolidated free capital (i.e., the book value of equity net of investments in property, plant and equipment and in intangible assets, of equity investments and of net bad debts) came to Euro 1,280 million vs. Euro 990 million of 2011.

Operating expenses for 2012 totalled  $\in$  1,156.7 millon compared with  $\in$  1,034.9 million of the previous year, up by  $\in$  121.8 million (+11.8%). The Solidarity Fund activated in 2012 accounted for  $\in$  120 million of this increase in operating expenses. Net of this non-recurring component, operating expenses would post a limited increase (up by  $\in$  1.4 million, +0.1%) compared with 2011.In this situation, an effective control of expenses allowed the Cost/Income ratio to decrease by 1.6 percentage

points, compared to 2011. Specifically, as at 31 December 2012, the Cost/Income ratio, net of the expenses resulting from the Solidarity Fund provision, came to 60.9 % vs. 62.5 % of 2011.

## Disclosure regarding any recent events relevant to the evaluation of the Issuer's solvency

Between the date of the approval of this Base Prospectus and the reference date of the Cariparma Crédit Agricole Banking Group's latest Annual Report and Consolidated Financial Statements audited and published, referring to the period closed as at 31 December 2012, no events relevant for the evaluation of the Issuer's solvency occurred.

## 2. BUSINESS OVERVIEW

# A brief description of the Issuer's principal activities and principal categories of products sold and/or services provided

The Issuer is a joint-stock company incorporated on 14 February 2000, subject to the control, management and coordination activity, pursuant to Article 2497 and subsequent ones of the Italian Civil Code, of Crédit Agricole S.A. and Parent Company of the Cariparma Crédit Agricole Banking Group, which operates in the banking business in the segments of collection of savings and lending in its various forms, both directly and through its subsidiaries.

Specifically, as at 31 December 2012, , the Cariparma Crédit Agricole Banking Group operates in the ten most attractive regions in the Italian domestic market with a banking network consisting of 882 branches. Cariparma is directly operating mainly in the Emilia-Romagna Region, in the cities of Parma, Piacenza, Cremona and Pavia, as well as in the Liguria and Campania Regions; it is indirectly operating, through Banca Popolare FriulAdria, in the Veneto and Friuli Venezia Giulia Regions. Thanks to the bank acquisitions reported above, Cariparma is also indirectly operating, through Carispezia, with a network of 72 branches in the Liguria, Tuscany and Emilia-Romagna Regions and could enhance the Cariparma Crédit Agricole Banking Group's operations in Italy's large cities.

The Issuer may, in compliance with the regulations in force, carry out, directly and through subsidiary companies, all operations and banking and financial services permitted, including the undertaking and management of equity investments, as well as the formation and management of open or closed complementary pension schemes. In this context, its provides its customers with a wide range of services, since it operates in credit intermediation, which consists of funding from and lending to retail and private banking customers, in financial intermediation, asset management, placing, trading financial instruments, also on-line trading, collection and payment services (provided also through on-line banking) and in private banking. Moreover, it supplies banca assurance, leasing and factoring products to its customers.

Finally, it carries out, for both the Cariparma Crédit Agricole Banking Group, of which it is the Parent Company, and for the Cariparma Crédit Agricole Banking Group, of which it is part, any other activity that is ancillary or however associated to the achievement of the above Cariparma Crédit Agricole Banking Groups' corporate purpose and interests.

## A) Credit intermediation activities

Within credit intermediation, the Issuer's operations consist in funding and lending, from and to retail, corporate and private banking customers, as well as from and to banks.

The Issuer has diversified the range of financial products it supplies, making them fit to meet the customers' specific requirements. The Bank's traditional customers are individuals and households, small and medium enterprises and public bodies, including schools, health bodies and Municipalities.

The Issuer's strong bond with the main areas of operations, as well as the quality of the products and services it provides, have led to significant customer retention.

As at 31 December 2012, the Bank's consolidated funding, including funding from banks, came to Euro 41.495.433 thousands, of which Euro 36,219,988 thousands (equal to 87.3 %) from Customers and Euro 5.275.445 thousands from banks.

As at 31 December 2012, the Bank's consolidated loan portfolio, including loans to banks, came to Euro 39.252.057 thousands, of which loans to Customers accounted for Euro 35,128,149 thousands (equal to 83.4%) and loans to banks for Euro 4,123,908 thousands.

## **Funding from customers**

The Issuer's direct funding is made through current accounts, bonds, repurchase agreements, saving deposits and deposit certificates. Short-term technical forms are mainly current accounts, while a significant portion of medium- and long-term ones consists of bonds. In particular, "Crescideposito più", a 2-year deposit account, posted an increase, supported by the launch of the 5-year version in April. The following table shows the breakdown by technical form of the Issuer's consolidated direct funding as at 31 December 2012 and 2011.

			Changes		
ltems	31.12.2012	31.12.2011	Total	%	
- Deposits	3.233.713	1.479.568	1.754.145		
- Current and other accounts	18.664.625	21.200.443	-2.535.818	-12,0	
- Other items	120.439	113.619	6.820	6,0	
- Repurchase agreements	245.692	95.180	150.512		
Due to customers	22.264.469	22.888.810	-624.341	-2,7	
Securities issued	13.955.519	12.669.731	1.285.788	10,1	
Total direct funding	36.219.988	35.558.541	661.447	1,9	

## Funding from banks

The Bank carries out intermediation activities with Italian and non-Italian banks, based on its requirements.

The following table shows the breakdown by technical form of data relating to the Issuer's consolidated funding from banks, as at 31 December 2012 and 2011, respectively. See pag 33

#### Loans to Customers

The Issuer's consolidated loan portfolio is composed of short-term and medium-/long-term cash loans, as well as of guarantees. The Issuer's Customers mainly belong to the retail segment. In a situation affected by the consequences of the economic recession and by the essential stagnation in private consumption, loans to customers came to Euro 35,128 million, increasing by Euro 346 million year-on-year (up by +1.0%).

The following table shows the breakdown by technical form of consolidated data relating to the Issuer's loans to customers, as at 31 December 2012 and 2011.

ltems	31.12.2012	31.12.2011 —	Changes		
	51.12.2012	51.12.2011	Total	%	
- Current accounts	4.317.175	4.857.668	-540.493	-11,1	
- Mortgage loans	21.217.718	20.721.967	495.751	2,4	
- Advances and other loans	7.800.106	7.632.017	168.089	2,2	
- Impaired loans	1.788.111	1.565.069	223.042	14,3	
Loans	35.123.110	34.776.721	346.389	1,0	
Loans represented by securities	5.039	5.062	-23	-0,5	
Loans to customers	35.128.149	34.781.783	346.366	1,0	

## Loans to banks

The following table shows the breakdown by technical form of consolidated data relating to the Bank's loans to banks, as at 31 December 2012 and 2011.

	<b>7</b> 1		Changes		
Funding from Banks	31.12.2012	31.12.2011	Total	%	
Due to Central Banks Deposiits and current and	-	-	-	-	
other accounts	814.546	465.542	349.004	75,0%	
Time deposits	2.198.492	4.377.113	-2.178.621	-49,8%	
Other items	2.262.407	2.058.844	203.563	9,9%	
Indirect funding	5.275.445	6.901.499	-1.626.054	-23,6%	

#### Loans to Customers

The following table shows the breakdown by technical form of consolidated data relating to the Bank's loans to customers, as at 31 December 2012 and 2011.

ltems	31.12.2012	31.12.2011 —	Changes	
	51.12.2012	51.12.2011	Total	%
- Current accounts	4.317.175	4.857.668	-540.493	-11,1
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- Impaired loans	1.788.111	1.565.069	223.042	14,3
Loans	35.123.110	34.776.721	346.389	1,0
Loans represented by securities	5.039	5.062	-23	-0,5
Loans to customers	35.128.149	34.781.783	346.366	1,0

## B) Financial intermediation activities

The Issuer may carry out proprietary trading and trading on behalf of customers in financial markets. In this way, the Issuer concomitantly pursues two objectives, that is to say, effective financial planning in management and optimization of financial risks associated to the money market, currency and bond portfolios, as well as high effectiveness of service to its network and, therefore, to its customers. The Issuer also operates in selling derivative products to hedge customers' interest rate and exchange rate risks, as well as in trading of exchanges on behalf of customers.

## C) Indirect funding

The Issuer operates in the sector of assets under management with a wide range of products and services including securities asset management and collective investment schemes mainly through the Amundi Group and Crédit Agricole CIB. Moreover, the Issuer distributes life insurance policies.

As at 31 December 2012, the Issuer's consolidated indirect funding came to Euro 51,292million, accounting for 59% of total funding and increasing by Euro 4,881 million (up by +10.5 %) from Euro 46,412 million of 2011.

The following table shows the data relating to the Bank's indirect funding, for both assets under management and under administration.

			Chang	jes
Items	31.12.2012	31.12.2011	Total	%
- Asset management products	7.634.954	7.879.539	-244.585	-3,1
- Insurance products	9.749.639	9.781.990	-32.351	-0,3
Total assets under management	17.384.593	17.661.529	-276.936	-1,6
Assets under administration	33.907.900	28.750.132	5.157.768	17,9
Indirect funding	51.292.493	46.411.661	4.880.832	10,5

## D) Leasing, factoring

The Issuer provides its customers with so-called "parabanking" products and services, such as lease and factoring contracts, as well as insurance products through cooperation agreements with specialized intermediaries.

## Leases

Through the company Crédit Agricole Leasing Italia S.r.l. (CALIT), the Issuer distributes leasing services for property and operating assets.

In 2012, the sector was impacted by the six consecutive quarters of economic recession, wich caused a strong reduction in consumption and a progressive contraction in industrial production and a subsequent estimated decrease of approximately 8.2% in gross fixed investments with negative performances in all segments of leasable assets. The situation was made even more difficult by the crisis in the real estate sector and by the end of many tax incentives for renewable energy sources. The decreasing trend started in 2011 became worse and spread to all leasing segments such as car and energy sector.

In this difficult market situation, the CALIT implemented specific risk control strategies, limiting operations in some sectors and favouring sectors deemed strategic by the Cariparma Crédit Agricole Banking Group for its growth in Italy. As at 31 December 2012, lease transactions performed by CALIT came to Euro 2814 million, decreasing by 38.2% over 2011.

	No. of contracts	Contract value(€/1000)	"Difference 2012/2011"	"Weight of value 2012"	"Weight of value 2011"
Motor vehicles	831	31,305	-50.5%	11.1%	13.9%
Equipment	890	139,534	-25.9%	49.6%	41.4%
Real estate	53	41,657	-64.6%	14.8%	25.8%
Renewable energies	41	69,900	-19.9%	24.5%	18.9%
Total	1,615	261,396	-38.2%	100.0%	100.0%

# Factoring

In 2011, the Issuer's factoring operations at consolidated level generated a turnover amounting to approximately Euro 784 million compared with Euro 1,152.8 million of 2011

## *E) Distribution network*

The Issuer provides services through a complex and integrated multichannel network. As at 31 December 2012, this network consisted of the following channels.

- **Traditional network of branches** As at 31 December 2012, overall, the Issuer's network at a consolidated level consisted of 882 operating sites throughout the areas of operation.
- ATM and POS Network The Issuer has a widespread network of 879 ATM (*Automated Teller Machines designed for cash dispensing and provision of e-services*). In cooperation with Key Client and Setefi SpA, the Issuer has over 22,000 POS (*Point of Sale Terminals*) installed at commercial businesses for e-payments using credit and debit cards. All ATMs and POS terminals are connected to the Italian national network and to the main international circuits; therefore, they allow use of both cards issued by the Issuer and cards issued by other banks and issuers.
- Debit, credit and payment cards The Issuer provides its customers with debit cards already complying with the European EMV standards, which can be used in the Italian national circuits Bancomat/Pagobancomat, as well as in the international Maestro circuit. Thanks to the adoption of OLI (*on line to issuer*) mode, authorization to payment is given after checking of the actual amount available on the relevant current account, thus nearly eliminating the risk. The Issuer supplies its customers with three prepaid cards, which can be issued also to people not having a current account; one of these cards is exclusively intended for the young people segment, between 13 and 28 years, and another one, with Rugby-dedicated lay-out, is intended to exploit the Issuer's sponsorship of the Italian National Rugby Team. With regard to credit cards, the Issuer's supply is based on CartaSi credit cards with preset credit limit and single payment, with its own authorized layout. The range of payment cards includes also Cartèsia, a credit card with repayment in instalments, which is directly issued.
- **Multimedia distribution channels (e-banking)** Pursuing the strategy for implementation and development of the multichannel distribution program, the Issuer provides e-banking services to retail, business and enterprise customers.

For retail customers, phone banking, mobile alert, internet and mobile banking services are available, which allow information to be obtained on current accounts, debit cards, securities accounts and loans, as well as payment orders to be given, alert text messages to be received and some banking products to be activated directly on-line.

The services intended for enterprises are two:

- *Nowbanking Piccole Imprese*, an innovative multichannel product designed for small/medium enterprises and free-lancers, which includes the new single-brand Internet banking service, developed based on web 2.0 logics and allowing both business and personal accounts to be managed with single tool, as well as phone banking and mobile alerting services;

- *BankLink.net*2, a multibank platform designed for corporate customers which is compliant with the regulations issued by the Italian Banking Association (ABI) on Interbank Corporate Banking (Italian acronym: CBI) and provides a wide range of information and disposition functions.

Moreover, for all customers and in view of an evolution of the service model, the new advanced branches have a self-area, where retail and business customers can, fully independently and saving time and money, make the main banking transactions, such as credit transfers, payments and deposits.

• Network of Private Banking Units - Because of its complexity and the type of customers it is designed for, this service represent the natural evolution of the know-how acquired in customized asset management. In 2000, the Issuer opened units exclusively dedicated to Private Banking operations, thus upgrading its structure to meet the increasing demand for these financial services,

which are presented and provided in dedicated rooms that are more welcoming and allow for more confidentiality. As at 31 December 2012, at a consolidated level, 22 Private Banking Centres and 4 units supporting the Centres were operating.

• Network of Corporate Banking Units - The Enterprise and Corporate Channels are the Cariparma Crédit Agricole Banking Group's response to the demand by medium and large companies for a targeted, customized and highly professional service, including advisory services. The sales network consists of 28 Enterprise Centres (17 of Cariparma, 8 of FriulAdria and 3 of Carispezia) and of 7 Corporate Areas (5 of Cariparma, 1 of FriulAdria and 1 of Carispezia).

#### Indication of new products and/or new services, if significant

The Issuer has not introduced any products that are not included in categories usually marketed and amount to a significant contribution to profit margins.

#### **Principal markets**

As at 31 December 2012, also thanks to the acquisitions made in the first half of the year, the Cariparma Crédit Agricole Group was operating in the ten most attractive regions in the Italian domestic market with a banking network consisting of 882 branches. Cariparma was directly operating mainly in the Emilia-Romagna Region, in the cities of Parma, Piacenza, Cremona and Pavia, as well as in the Liguria and Campania Regions; it was indirectly operating, through Banca Popolare FriulAdria, in the Veneto and Friuli Venezia Giulia Regions. Thanks to the bank acquisitions reported above, Cariparma was also indirectly operating, through Carispezia, with a network of 83 branches in the Liguria, Tuscany and Emilia-Romagna Regions and could enhance the Cariparma Crédit Agricole Banking Group's operations in Italy's large cities.

As at the same date, the Cariparma Crédit Agricole Banking Group held a 2.7% market share in terms of branches at a national level, in line with December 2011 (calculated as percentage of branches).

As at December 2012, the workforce consisted of 8,775 employees, decreasing by 2.0% over the previous year.

As at the same date, the network of the Cariparma Crédit Agricole Banking Group was composed of:

- (i) 22 Private Banking Centres, broken down by bank as follows: 15 Cariparma; 6 FriulAdria; 1 Carispezia
- (ii) 28 Enterprise Centres, broken down by bank as follows: 17 Cariparma; 8 FriulAdria; 3 Carispezia
- (iii) 7 Corporate Areas, broken down by bank as follows: 5 Cariparma; 1 FriulAdria; 1 Carispezia.

#### 3. ORGANIZATIONAL STRUCTURE

## Brief description of the Cariparma Crédit Agricole Banking Group of which the Issuer is part and of the Issuer's position within the Cariparma Crédit Agricole Banking Group

The Issuer is the Parent Company of the Cariparma Crédit Agricole Banking Group and, subsequent to its sale by the Intesa Sanpaolo Banking Group, finalized on 1 March 2007, is subject to the control, management and coordination of Crédit Agricole S.A.

Crédit Agricole S.A. operations cover 6 sectors: Retail Bank in France – Caisses régionales; Retail Bank in France – LCL (Le Crédit Lyonnais); International Retail Bank; Specialized Financial

Services; Savings Management; Corporate and Investment Banking, to which Proprietary Management and Management on behalf of third parties is to be added.

#### **Retail Bank in France – Caisses Régionales**

Crédit Agricole Caisses Régionales supply various types of banking and financial products and services, including payment services, bank deposits and, life insurance policies, loans, especially mortgage and consumer lending, to businesses and freelancers, parabanking and asset management services. The Caisses Régionales also supply a wide range of insurance, IARD and pension products, as well as life insurance products.

## **Retail Bank in France – LCL Network**

This division includes the operations of the LCL Network in France; its main features are a strong presence in urban areas and segmentation of its customer base. This division is subdivided into four business segments: retail bank for individuals and households, retail bank for freelancers, financial management and intermediation services for private banking and enterprise customers. It supplies all banking products and services, including asset management and insurance services.

#### **International Retail Bank**

This division includes foreign subsidiaries and associates - integrated on a line-item basis or with the equity method - which mainly operate in the retail banking sector. Crédit Agricole S.A. is a leading player in the retail banking sector in Europe, especially in the Eurozone Countries and, to a lesser extent, in Africa/Middle East and Latin America.

#### **Specialized Financial Services**

This division includes the Cariparma Crédit Agricole Banking Group entities that supply banking products and services to individuals and households, freelancers, businesses and local authorities in France and abroad. Specifically, this division includes consumer credit services - mainly through Sofinco and Finaref in France, and through lease captives or partnerships abroad (including Agos Ducato) – mainly by means of the Crédit Agricole Leasing and Factoring Group.

#### Saving management

This division includes: management services for collective investment funds and asset management services, mainly provided through the Amundi Group (75% CASa and 25% Societé Générale); financial services for institutional customers through CACEIS, a specialized subsidiary; insurance services through Crédit Agricole Assurances, which in Italy operates through CaVita for the life insurance line and through CA Assicurazioni for the non-life insurance line; parabanking insurance services; private banking services, mainly provided through *Banque de Gestion Privée Indosuez* (BGPI) and divisions of Crédit Agricole CIB (Crédit Agricole Suisse, Crédit Agricole Luxembourg, Crédit Foncier de Monaco)

#### **Corporate and Investment Bank**

This division includes two large business lines, essentially dealt with by Crédit Agricole CIB:

(i) market and investment banking, which covers all operations on capital markets, the equity sector (intermediation, fixed-term contracts), the primary market and advisory services on mergers and acquisitions;

(ii) corporate banking, which covers typical bank lending and structured finance: project finance, loans in the real estate and hotel sectors, distressed assets management.

### Proprietary Management and Management on behalf of third parties

This division mainly covers the activities performed by Crédit Agricole S.A. in its capacity as central body of the Cariparma Crédit Agricole Banking Group and includes the management of assets/liabilities and of debts linked to the acquisitions of subsidiaries or equity investments.

It also covers the management of income from the private equity business, of profit or loss of several other companies in the Cariparma Crédit Agricole Banking Group, as well as of dividends or other income and expenses of Crédit Agricole S.A. from its equity investments and other non consolidated securities (excluding the international banking network).

Moreover, Crédit Agricole S.A. consolidates the net effects of tax integration of the Crédit Agricole S.A. and Crédit Lyonnais Groups, as well as any differences between standard rates to be applied to each business segment and the actual tax rates to be applied to each subsidiary.

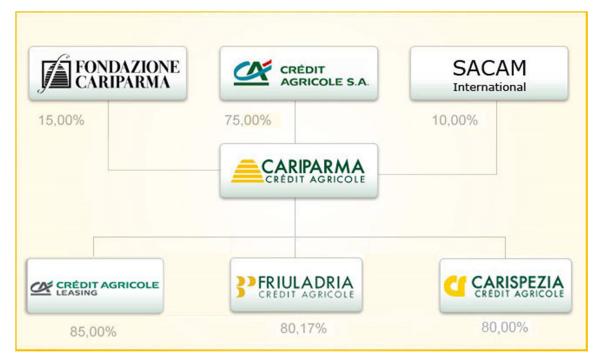
Crédit Agricole S.A. operations cover 6 sectors: Retail Bank in France – Caisses régionales; Retail Bank in France – LCL (Le Crédit Lyonnais); international Retail Bank; Specialized Financial Services; Savings Management; Corporate and Investment Banking, to which Proprietary Management and on behalf of third parties is to be added.

## The Issuer's dependence upon other entities within the Cariparma Crédit Agricole Banking Group of which it is part of

As at the date of approval of the Base Prospectus, the Issuer was controlled by Crédit Agricole S.A., which holds 75% of the Issuer's share capital.

The Issuer is also subject to the management and coordination of Crédit Agricole S.A., pursuant to Article 2497 and subsequent ones of the Italian Civil Code.

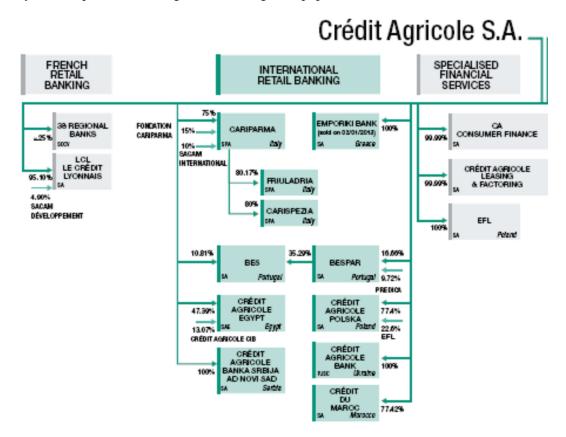
A graph of the Cariparma Crédit Agricole Banking Group structure as at 31 December 2012 is given below.

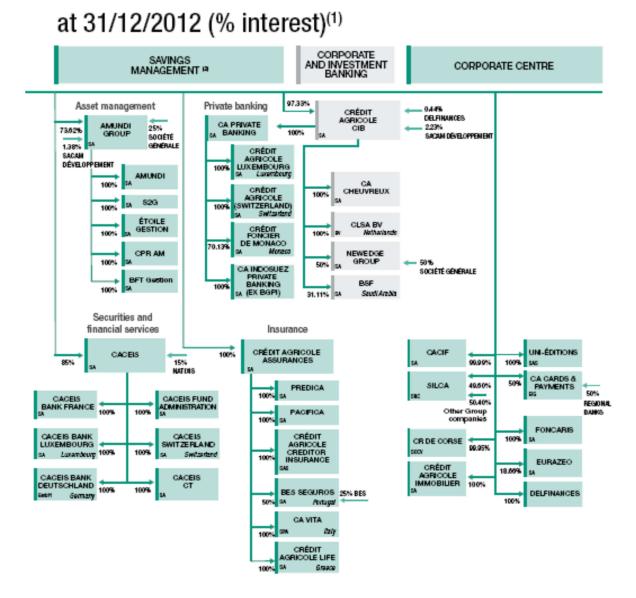


Note: Cariparma S.p.A. owns also 100% of SPV "Sliders S.r.l.".

Brief description of the Cariparma Crédit Agricole Banking Group of which the Issuer is the Parent Company

An organizational chart showing the structure of the Cariparma Crédit Agricole Banking Group as at the date of approval of the Base Prospectus is given below. For a description of the activities carried out by the Cariparma Crédit Agricole Banking Group, please.





#### 4. INFORMATION ON EXPECTED TRENDS

#### Negative changes in the Issuer's prospects

After publication of the Cariparma Crédit Agricole Banking Group's latest Annual Report and Consolidated Financial Statements as at 31 December 2012, which were subjected to audit, no substantial negative changes in the Cariparma Crédit Agricole Banking Group's prospects have occurred.

# Trends, uncertainties, claims, commitments or known facts that could generate impacts on the Issuer's prospects

After publication of the Cariparma Crédit Agricole Banking Group's latest Annual Report and Consolidated Financial Statements as at 31 December 2012, which were subjected to audit, no trends, uncertainties, claims, commitments or known facts have occurred which could reasonably generate significant impacts on the Issuer's prospects, at least in the current year.

#### 5. PROFIT FORECAST OR ESTIMATE

This Base Prospectus does not include any profit forecasts or estimates.

# 6. DIRECTORS, SENIOR MANAGERS AND MEMBERS OF THE SUPERVISORY BODIES

#### Members of the administrative, management and supervisory bodies

The list of the members of the administrative, management and supervisory bodies of the Issuer as at the date of approval of the Base Prospectus and the offices held in other companies.

#### **Board of Directors**

NAME AND SURNAME	OFFICE HELD IN CARIPARMA	OFFICES HELD IN OTHER COMPANIES				
	Chairperson and	<ul> <li>Chairperson of Calit Srl</li> </ul>				
		- Deputy Chairperson of Amundi SGR SpA				
		<ul> <li>Deputy Chairperson and member of the Executive Committee of Banca Popolare FriulAdria SpA and Carispezia SpA</li> </ul>				
Ariberto Fassati <sup>(*)</sup>	member of the Executive Committee	<ul> <li>Director of Crédit Agricole Suisse and Crédit Foncier de Monaco</li> </ul>				
		<ul> <li>Director of the Italian Banking Association (Italian acronym: ABI)</li> </ul>				
	<ul> <li>Director of the Interbank Deposit Protection Fund, (Italian acronym: FITD)</li> </ul>					
Xavier Musca <sup>(*)</sup>	Deputy Chairperson and member of the Executive Committee	<ul> <li>Co-General Manager of Crédit Agricole s.a.</li> </ul>				
		<ul> <li>Sole Director of Kosmos Srl</li> </ul>				
Fabrizio Pezzani <sup>(*)</sup>	Fabrizio Pezzani (*)DeputyChairpersonandmemberofthe	<ul> <li>Chairperson of the Boards of Auditors of Eni Corporate University SpA.</li> </ul>				
	Executive Committee	<ul> <li>Standing Auditor of Blom Compagnia Generale Ripresearee SpA and of Snam Rete Gas SpA.</li> </ul>				
		<ul> <li>Member of the Executive Committee of Crédit Agricole and Senior Country Officer of Crédit Agricole for Italy</li> </ul>				
Giampiero Maioli <sup>(*)</sup> Officer and membe		- Deputy Chairperson of CA Vita SpA				
	of the Executive	<ul> <li>Director of Banca Popolare FriulAdria SpA, Carispezia SpA, Calit Srl, Amundi Sgr SpA, Fiere di Parma SpA, FGA Capital SpA, of Agos Ducato SpA,</li> </ul>				
		- Director and member of the Executive				

		<ul> <li>Committee of the Italian Banking Association (Italian acronym: ABI)</li> <li>President of Unione Parmense degli Industriali (Employers' Association of Parma) and Chairperson of Morris Profumi SpA.</li> <li>Deputy Chairperson of Msb Italia Srl</li> </ul>				
Giovanni Borri <sup>(*)</sup>	Director and Chairperson of the Related Party Committee					
Pierre Derajinski <sup>(*)</sup>	Director	<ul> <li>General Manager of the Centre Loire CR</li> <li>Chairperson of Centre Loire Promotion</li> <li>Director of Scicam, Sas Sacam Participation, Predica and Orleans Gestion</li> <li>Member of the Executive Committee of Sas Sacam Square Habitat and John Deere Credit</li> </ul>				
Daniel Epron <sup>(*)</sup>	Director	<ul><li>Chairperson of the CR de Normandie</li><li>Director of LCL</li></ul>				
Marco Granelli <sup>(*)</sup>	Director and member of the Related party Committee and of the Audit Committee for Internal Control	<ul> <li>Chaiperson of C.P.S. Costruttori Professionisti Salsesi Srl, of Granelli Costruzioni Srl and of Scipione Ponte Srl.</li> <li>Deputy Chairperson of GTG Srl.</li> <li>Chair of the Governing Council of the Inerti Consortium and of CO.IM.PA Consorzio Imprese Parmensi.</li> <li>Chief Executive Officer of La Rampa Srl</li> <li>Sole Director of Valtaro Inerti Srl and of Confartigianato APLA Servizi Finanziari Srl.</li> <li>Deputy Chairperson of the National Confartigianato.</li> <li>Deputy Chairperson of the Provincial Association of Free Artisans (APLA) of the Emilia-Romagna Region.</li> </ul>				
Nicolas Langevin <sup>(*)</sup>	Director	<ul> <li>General Manager of CR de Crédit Agricole Mutuel du Centre Ouest</li> <li>Director of CA Cheuvreux, of CA Leasing &amp; Factoring, of SA Grand Sud Ouest Capital, of SNC CA Cards&amp;Payments, of CA Paiement, of FIA-NET Europe anf of Sacam Centre</li> </ul>				
Michel Mathieu <sup>(*)</sup>	Director	<ul> <li>Co-General Manager of Crédit Agricole sa</li> <li>Member of the Executive Committee of Crédit Agricole s.a.</li> </ul>				

Germano Montanari <sup>(*)</sup>	Director, Chairperson of the Audit Committee for Internal Control	<ul> <li>Sole Director of Servizi Immobiliari di Carini Maria Srl</li> <li>Chairperson of the Board of Auditors of Gazeley Italia Srl and Semitec Srl</li> <li>Standing Auditor of Cogen SpA, of Gestione Integrata Srl, of Imebep SpA and of Ypsos Srl</li> </ul>					
Marc Oppenheim <sup>(*)</sup>	Director and member of the Executive Committee	<ul> <li>General Manager of BPI</li> <li>Director of BES s.a., of Crédit Agricole Egypt, Banque Saudi Fransi, IUB and of CA Cards &amp; Payment</li> <li>Chairperson of CA Polska</li> </ul>					
Lorenzo Ornaghi <sup>(*)</sup>	Director and member of the Audit Committee for Internal Control	<ul> <li>Member of the Governing Council of Associazione per l'Abbazia di Mirasole</li> <li>University Professor of Scienze Politiche at Università Cattolica del Sacro Cuore (MI)</li> </ul>					
Jean Louis Roveyaz	Director	- Chairperson of the CR de l'Anjou et du Maine					
Annalisa Sassi <sup>(*)</sup>	Director and member of the Related party Committee	<ul> <li>President of Gruppo Giovani e Componenti del Comitato di Presidenza dell'Associazione Nazionale Aziende Alimentari</li> <li>Director of Gruppo Giovani Associazione Italiana Aziende delle Carni</li> <li>Member of Comitato Fisco Confidustria Centrale Roma</li> <li>Administrative Manager of Gruppo Casale SpA</li> </ul>					

# <sup>(\*)</sup> Appointed on 30 April 2013.

# **Board of Auditors**

NAME AND SURNAME	OFFICE HELD IN CARIPARMA	OFFICES HELD IN OTHER COMPANIES
Paolo Alinovi <sup>(*)</sup>	Chairperson of the Board of Auditors	<ul> <li>Director of Borgo Felino Servizi Srl, of Caseificio Montecoppe Srl, of Società Agricola Montecoppe Soc.arl, Finint s.a.</li> <li>Standing Auditor of Smeg SpA, of Smeg Servizi SpA, of Blom Compagnia Generale Ripreseaeree SpA, of Bonferraro SpA, of Buongiorno SpA, of Ceip Scpa, of Chiesi Farmaceutici SpA, of Cofiber SpA, of Gazzetta di Parma Srl, of Gazzetta di Parma Finanziaria</li> </ul>

		SpA, of Opocrin SpA, of Radio TV Parma Srl and of Unionfidi Parma Scrl
		<ul> <li>Chairperson of the Boards of Auditors of Publiedi Srl</li> </ul>
		<ul> <li>Alternate Auditor of Norit Italia SpA and of Valline Srl</li> </ul>
		<ul> <li>Sole Director of Mount Fuji Srl</li> </ul>
		<ul> <li>Chairman of Legal Auditor of Italian Federation of Rugby and of Consorzio Parma Couture</li> </ul>
		- Legal Auditor of Max Streicher SpA
		<ul> <li>Member of Boards of Auditors of Fondazione Solares</li> </ul>
Luigi Capitani <sup>(*)</sup> Standing Auditor	Standing Auditor	<ul> <li>Chairman of the Boards of Auditors of Art Ambiente Risorse Territorio Srl, Barilla Holding SpA, CO.FI.BA. Srl, of GELP SpA, of Overmach SpA, of Overmach Group SpA, of Overmach Usato SpA, of Tecnnomach SpA and Fondazione Alimenta</li> </ul>
		<ul> <li>Standing Auditor of Analisi-Società di Revisione SpA, of Grande BRF Property SpA, of BT Enia Telecomunicazioni SpA, C.R.N. SpA, of Cad Dogana Logica SpA, of Easea Yachting SpA, of Ferretti Componenti Srl, of Ferretti International Holding SpA, of Ferretti SpA, of Industria Compensati Colorno Srl, of Italian Kitchen Srl, of Itama SpA, of Pershing SpA, of Resin Sistem Srl, of Riva SpA, of Zago SpA, of A.I.M.P.E.S. and of F.I.A.M.P.</li> </ul>
		– Director of M.E.S. SpA
		<ul> <li>Managing Director of A.G.S. SpA and of Bogam Srl</li> </ul>
		<ul> <li>Sole Director of Asgard Srl</li> </ul>
		– Managing Partner of BGR s.s.
Angelo Gilardi <sup>(*)</sup> Stan	Standing Auditor	<ul> <li>Chairperson of the Boards of Auditors of Quercetti &amp; C. SpA, of Glacier Vandervell Italy Srl and of Olfood Srl</li> </ul>
		<ul> <li>Standing Auditor of CA Fiduciaria SpA, of Corning Srl, of Doira Srl, of Ercom SpA, of Giobert SpA, of Lipitalia 2000 SpA, of Lipofood Srl, of Lavazza SpA, of Mahle</li> </ul>

		Componenti Motori Italia SpA and of Martor SpA – Alternate Auditor of Monteglio SpA and of Pres-Block SpA
Stefano Lottici <sup>(*)</sup>	Standing Auditor	<ul> <li>Chairman of the Boards of Auditors of S.I.R.E.C. SpA and of Ravasini SpA</li> <li>Standing Auditor of Gamma Pack SpA, of Gribo SpA and of SMA Serbatori SpA</li> </ul>
Marco Ziliotti <sup>(*)</sup>	Standing Auditor	<ul> <li>Chairperson of the Boards of Auditors of Ade SpA, of Bertazzoni SpA, of Molino Grassi SpA, of Promag SpA, of S.E.P. Srl, of Sidel SpA and of Siusi SpA</li> <li>Standing Auditor of F.lli Parmigiani SpA, of Fiere di Parma SpA, of Intercar Srl and of Parma Associazione Calcio SpA</li> </ul>
Alberto Cacciani	Alternate Auditor	<ul> <li>Chairperson of the Board of Auditors of Area Stazione Società di Trasformazione Urbana SpA, of Rossetti Market Srl and of Parma Solar Energy SpA</li> <li>Standing Auditor of Casa del Cuscinetto Petean SpA, of Corbellini Ferramenta e Idraulica Srl, of Gruppo Ferrari SpA and of Opera Project Srl</li> </ul>
Isotta Parenti <sup>(*)</sup>	Alternate Auditor 30 April 2013.	<ul> <li>Standing Auditor of CA Vita SpA</li> <li>Chairperson of the Board of Auditors of Fondo Pensione Gruppo Cariparma Crédit Agricole</li> </ul>

Appointed on 30 April 2013.

All the Directors and Auditors listed above are domiciled for the office at the Issuer's registered office and shall be in office until the approval of the Annual Report for 2015.

All members of the Board of Directors and of the Board of Auditors meet the integrity and professional requirements provided for by the legislation and regulations currently in force.

All members of the Board of Auditors are on the Register of Auditors.

#### **General Management**

NAME AND SURNAME	OFFICE HELD IN CARIPARMA	OFFICES HELD IN OTHER COMPANIES			
Hugues Braseur	Co-General Manager	<ul> <li>Director and member of the Executive Committee of Banca Popolare FriulAdria SpA</li> <li>Director of Calit Srl, of CA Vita SpA and of CA Assicurazioni SpA</li> </ul>			
Massimo Basso Ricci	Deputy General	l – Director of Carispezia SpA			

Manager	

#### Conflicts of interests of the administration, management and control bodies

The fact that the members of Cariparma administration, management and control bodies hold similar offices in other companies might cause potential conflicts of interests. Therefore, such potential conflicts of interests are managed in compliance with Articles 2391 and 2391-*bis* of the Italian Civil Code, as well as with Article 36 of Law No. 214/2011.

### 7. MAJOR SHAREHOLDERS

#### **Entities controlling the Issuer**

As at the date of approval of the Base Prospectus, the Issuer was controlled by Crédit Agricole S.A., (which holds 75% of the Issuer's share capital). The remaining portion of the Issuer's share capital is held by Cariparma Foundation (15%) and by Sacam International S.A. (10%).

# Arrangements the operation of which may at a subsequent date result in a change in control of the Issuer

No arrangements, the operation of which may at a subsequent time result in a change in control of the Issuer are known to the same Issuer.

# 8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES

#### **Financial information relating to past years**

The information concerning the financial position and income of the Cariparma Crédit Agricole Banking Group included in this Base Prospectus are taken from the Cariparma Crédit Agricole Banking Group consolidated Financial Statements for the years closed as at 31 December 2012 and 2011, which were approved by the Board of Directors on 26 March 2013 and 23 March 2011, respectively, and subject to full audit by the Independent Auditors that issued their reports on 29 March 2012 and 25 March 2011, respectively.

The Cariparma Crédit Agricole Banking Group's consolidated financial statements as at 31 December 2012 approved by the Board of Directors on 26 March 2013 were prepared considering the Issuer's draft separate financial statements as at 31 December 2012, approved without substantial changes by the General Meeting of the Issuer's Shareholders held on 30 April 2013; however, in the period from the BoD date and the General Meeting date, the financial statements were integrated and changed in order to improve the disclosures provided or integrate the information provided.

In this regard, it is pointed out that, in 2012, the perimeter of consolidation included, in addition to the Issuer (Parent Company), FriulAdria, Carispezia and Crédit Agricole Leasing Italia S.r.l., the special-purpose entities Slider S.r.l. and Mondo Mutui Cariparma S.r.l. (which, although not formally controlled, has been consolidated on a line-item basis pursuant to SIC 12 - Consolidation/Special Purpose Entities), and C.A. Agro-Alimentare S.p.A. consolidates with the equity method.

The scope of consolidation relevant for supervisory calculations does not include the data referring to C.A. Agro-Alimentare S.p.A., nor the data referring to Sliders S.r.l. and Mondo Mutui Cariparma S.r.l.

In March 2012, the Issuer transferred its equity interest in Crédit Agricole Vita Compagnia di Assicurazione S.p.A., equal to 49.9%, to Crédit Agricole Assurances S.A., which held the remaining 50.1%.

However, data for 2012 have been compared to those for 2011.

The consolidated financial statements of the Cariparma Crédit Agricole Banking Group as at 31 December 2012 and 2011 are referred to in this Base Prospectus pursuant to Article 11 of the Prospectus Directive and are available on the Issuer's website **www.cariparma.it**.

To ensure greater convenience in consulting the Financial Statements of the Cariparma Crédit Agricole Banking Group, which are referred to in this Base Prospectus, the table below shows the table of contents with the pages from which the financial information included herein have been taken.

## **Financial reporting**

The Issuer prepares both separate and consolidated financial statements. The consolidated financial statements of the Cariparma Crédit Agricole Banking Group as at 31 December 2012 and 2011 are referred to in this Base Prospectus pursuant to Article 11 of the Prospectus Directive. This Base Prospectus does not include the Issuer's Report and Separate Financial Statements as at each of the dates set forth above, since their content would not show any significant information other than that reported in the Cariparma Crédit Agricole Banking Group's Report and Consolidated Financial Statements.

## Auditing of the annual financial report and accounts

# Statement that the financial report and accounts referring to past years and contained in this Base Prospectus have been audited

The Issuer states that both the separate and consolidated financial statements as at 31 December 2012 and 2011 have been audited by the Independent Auditors, which expressed their opinion and made no remarks through specific reports, on 30 March 2012 (with regard to both the separate and consolidated financial statements as at 31 December 2011) and on 25 March 2011 (with regard to both the separate and consolidated financial statements as at 31 December 2011) and on 25 March 2010), respectively; the Independent Auditors' reports are referred to in this Base Prospectus pursuant to Article 11 of the Prospectus Directive along with the relevant consolidated financial statements (see Paragraph 11.1 above).

# Indication of other information in the Base Prospectus which has been audited by the Independent Auditors

The Base Prospectus does not contain financial information that has been audited by the Independent Auditors other than the financial information taken from the Cariparma Crédit Agricole Banking Group consolidated financial statements as at 31 December 2012 and 2011.

# Data contained in the Base Prospectus which have been taken from sources other than the Issuer's financial statements

The Base Prospectus does not contain information taken from sources other than the Cariparma Crédit Agricole Banking Group consolidated financial statements as at 31 December 2012 and 2011.

#### Age of the latest financial information and accounts contained in the Base Prospectus

The latest financial information referring to the Issuer and included in Base Prospectus have been taken from the Cariparma Crédit Agricole Banking Group consolidated financial statements as at 31 December 2012.

#### **Interim financial reporting**

As at the date of publication of the Base Prospectus, the Issuer had not published financial reports subsequent to the Issuer separate financial statements and the Cariparma Crédit Agricole Banking Group consolidated financial statements as at 31 December 2012.

Without prejudice to all the above, it is pointed out that the Issuer prepares and publishes consolidated half-year financial reports of the Cariparma Crédit Agricole Banking Group. These reports are available on the Issuer's website **www.cariparma.it**.

The consolidated half-year financial report as at 30 June 2012 shall be subjected to limited audit by the Independent Auditors.

For interim financial reporting of the Cariparma Crédit Agricole Banking Group led by Crédit Agricole S.A. of which the Issuer is part, investors are invited to consult the documentation made available on Crédit Agricole S.A. website <u>www.credit-agricole.it</u>.

## Legal and arbitration proceedings

As at the date of the Base Prospectus, the Issuer and the Cariparma Crédit Agricole Banking Group companies were parties to civil and administrative judiciary proceedings; for some of these proceedings, the Issuer has allocated, as recognized in its consolidated financial statements, a specific provision for contingencies and liability, intended to cover potential liabilities resulting from the same proceedings.

As at 31 December 2012, this provision amounted to a total of Euro 57.8 million, increasing from the provision of Euro 51.7 million recognized in the financial statements for 2011. In setting up this provision, the Issuer considered: (i) potential liabilities associated to single proceedings and (ii) the reference accounting standards, which establish that provisions for liabilities shall be made whenprobable and quantifiable.

Net provisions for liabilities and contingencies totalled Euro 36 million, down by Euro 8 million on the previous year. Non-lending related disputes accounted for Euro 17.7 million and customer refunds on securities in default accounted for €9.6million of total provisions accrued net of writebacks that amounted to Euro 2.3 million.

The YOY decrease was mainly due to lower provisions for disputes on financial products; in addition, lower provisions for non-lending related disputes accounted for  $\notin$  -3.3 million, and provisions for lending-related disputes accounted for  $\notin$  -3.9 million.

The Issuer does not deem these proceedings significant, when taken singularly.

Between the date of approval of the Base Prospectus and the reporting date of the latest report and consolidated financial statements approved by the Issuer and audited, i.e. as at 31 December 2012, no events occurred which caused significant changes from the position reported above.

#### Significant changes in the Issuer's financial or business position

Between the date of approval of the Base Prospectus and the reporting date of the latest report and consolidated financial statements approved by the Issuer and audited, i.e. as at 31 December 2012, no event had occurred, which caused significant changes in the Issuer's financial and business position.

## 9. MATERIAL CONTRACTS

The Issuer has not signed material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any Cariparma Crédit Agricole Banking Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders of the financial instruments to be issued.

#### THE GUARANTOR

#### Introduction

# Cariparma OBG S.r.l. has been established as a special purpose vehicle for the purpose of guaranteeing the Covered Bonds.

Cariparma OBG S.r.l. was incorporated in the Republic of Italy as a limited liability company incorporated under Article 7-*bis* of Law 130, with Fiscal Code and VAT number 07893100961 and registration number with the Register of Enterprises of Milan no. 07893100961 and registered under no. 42029in the general register held by *Unità di Informazione Finanziaria* established at the Bank of Italy pursuant to Article 106 of the Banking Law.

Cariparma with the 60 per cent. of the quota capital of Cariparma OBG S.r.l., controls Cariparma OBG S.r.l. which belongs to the Cariparma Crédit Agricole Banking Group and is subject to the direction and coordination (*direzione e coordinamento*), pursuant to Article 2497-bis of the Italian Civil Code, of Cariparma.

Cariparma OBG S.r.l. was incorporated on 19 June 2012 and its duration shall be until 2100.

Cariparma OBG S.r.l. has its registered office at Via Gustavo Fara no. 26, Milan, Italy and the telephone number of the registered office is 0039/027788051 and the fax number is 0039/0277880599.

The authorised, issued and paid in quota capital of Cariparma OBG S.r.l. is Euro 10,000.

#### **Business Overview**

The exclusive purpose of the Cariparma OBG S.r.l. is to purchase from banks, against payment, receivables and securities also issued in the context of a securitisation, in compliance with Article 7-*bis* of Law 130 and the relevant implementing provisions, by means of subordinated loans granted or guaranteed also by the selling banks, as well as to issue guarantees for the covered bonds issued by such banks or other entities.

Cariparma OBG S.r.l., indeed, will grant the Covered Bonds Guarantee to the benefit of the Covered Bondholders, of the counterparts of derivatives contracts entered into with the purpose to cover the risks inherent the purchased credits and securities and of the counterparts of other ancillary contracts, as well as to the benefit of the payment of the other costs of the transaction, with priority in respect of the reimbursement of the others loans, pursuant to paragraph 1 of Article 7-*bis* of Law 130.

Since the date of its incorporation, Cariparma OBG S.r.l. has not engaged in any business other than the purchase of the Portfolio and the entering into of the Transaction Documents and other ancillary documents.

So long as any of the Covered Bonds remain outstanding, Cariparma OBG S.r.l. shall not, without the consent of the Representative of the Covered Bondholders, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the assets backing the Covered Bonds Guarantee, assuming the Subordinated Loan, issuing the Covered Bonds Guarantee 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 other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or the Intercreditor Agreement) or guarantee any additional quota.

Cariparma OBG S.r.l. will covenant to observe, *inter alia*, those restrictions which are detailed in the Intercreditor Agreement.

#### Administrative, Management and Supervisory Bodies

The directors of the Guarantor are:

NAME AND SURNAME	OFFICE HELD IN THE GUARANTOR	OFFICES HELD IN OTHER COMPANIES
Stefano Marlat	President	-
Cristiano Campi	Vice-President	Director of Fondo Pensione Cariparma Crédit Agricole Banking Group.
Massimo Antonio Bosisio	Director	No officies held in other companies belonging to Cariparma Crédit Agricole Banking Group.

The statutory auditors Under the Quotaholders' Agreement the Quotaholders have undertaken that, if, at any time, a Board of Statutory Auditors shall be appointed, it shall be composed of three members which shall appointed as follows: one by Stichting Pavia and two by Cariparma. No Board of Statutory Auditors has been appointed as of the date of this Base Prospectus.

The business address of each member of the Board of Directors and the Board of Statutory Auditors is Cariparma OBG S.r.l., Via Gustavo Fara no. 26, Milan, Italy.

#### **Conflicts of interest**

There are no potential conflicts of interest between theduties of the directors and their private interest or other duties.

#### Quotaholders

The quotaholders of Cariparma OBG S.r.l. (hereafter together the "Quotaholders") are as follows:

Cariparma, 60 per cent. of the quota capital;

Sticthing Pavia, 40 per cent. of the quota capital.

Cariparma, with the 60 per cent. of the quota capital controls Cariparma OBG S.r.l., which belongs to the Cariparma Crédit Agricole Banking Group. In order to avoid any abuse, certain mitigants have been inserted in the Quotaholders' Agreement, as better described in the following Paragraph.

#### The Quotaholders' Agreement

The Quotaholders' Agreement contain *inter alia* a call option in favour of Cariparma to purchase from Sticthing Pavia and a put option in favour of Sticthing Pavia to sell to Cariparma, the quota of Cariparma OBG S.r.l. held by Sticthing Pavia and provisions in relation to the management of the Guarantor. Each option may only be exercised from the day on which all the Covered Bonds have been redeemed in full or cancelled.

In addition the Quotaholders' Agreement provides that no Quotaholder of Cariparma OBG S.r.l. will approve the payments of any dividends or any repayment or return of capital by Cariparma OBG S.r.l. prior to the date on which all amounts of principal and interest on the Covered Bonds and any amount due to the Other Creditors have been paid in full.

# Financial Information concerning the Guarantor's Assets and Liabilities, Financial Position, and Profits and Losses

In respect of the statutory financial statements of Cariparma OBG S.r.l. as at and for the year ended 31 December 2012 an audited report has been delivered by Reconta Ernst & Young S.p.A. on 10 May 2013. Such financial statements, together with their respective auditors' reports and the accompanying notes are incorporated by reference into this Base Prospectus (see Section "*Documents incorporated by reference*" above).

#### Capitalisation and Indebtedness Statement

The capitalisation of Cariparma OBG S.r.l. as at the date of this Base Prospectus is as follows: 10.000 Euro.

#### Quota capital Issued and authorised

Cariparma has a quota of Euro 6.000 Euro and Sticthing Pavia has a quota of Euro 4.000 Euro, each fully paid up.

#### Total capitalisation and indebtedness

Save for the foregoing and for the Covered Bonds Guarantee and the Subordinated Loan, in accordance with the Subordineted Loan Agreement, at the date of this document, Cariparma OBG S.r.l. has 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.

#### Auditors

The auditors of Cariparma OBG S.r.l. from 2012 to 2015 isReconta Ernst & Young S.p.A. a member of Assirevi, the Italian professional association of auditors and is registered under no. 2 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of the Financial Law and as required *by* article 17 "Setting up the Register" of Ministerial decree no. 145 of 20 June 2012 "Regulation implementing article 2.2/3/4/7 and article 7.7 of Legislative decree no. 39 of 27 January 2010, implementing Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts (12G0167)", Reconta Ernst & Young S.p.A is included in the Register of Certified Auditors held by the Ministery for Economy and Finance – Stage general accounting office, at no. 70945

#### THE SELLERS

### Cassa di Risparmio della Spezia S.p.A.

#### History and development

As at the date of this Base Prospectus, Cassa di Risparmio della Spezia S.p.A. (hereinafter 'the seller') is one of the subsidiaries of the Cariparma Crédit Agricole Banking Group and is subject to the management and coordination of Cariparma S.p.A..

The bank was incorporated on 1992.

From 2004 to 2008, it was part of Banca CRFirenze Group. In 2008, Intesa San Paolo Group acquired Banca CRFirenze Group and the seller became part of Intesa San Paolo Group.

Since 2011, the seller is part of Cariparma Crédit Agricole Group.

## Areas of activity – general

The seller operates in commercial banking activities, giving to his clients other banking services such as private banking service, bancassuarance, leasing and factoring.

In particular, the seller concentrates its activity in the cities of Massa Carrara, Spezia, Genova, Parma and Reggio Emilia.

#### Lending

The following table shows the breakdown by technical form of data relating to the Bank's loans to customers, as at 31 December 2012 and 2011.

ltems	31.12.2012	31.12.2011 —	Changes	
items	51.12.2012	51.12.2011	Total	%
- Current accounts	215.138	298.108	-82.970	-27,8
- Mortgage loans	1.214.031	1.107.383	106.648	9,6
- Advances and other loans	234.032	290.931	-56.899	-19,6
- Impaired loans	54.471	54.424	47	0,1
Loans	1.717.672	1.750.846	-33.174	-1,9
Loans represented by securities	0	0	0	0,0
Loans to customers	1.717.672	1.750.846	-33.174	-1,9

#### Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2012.

		31.12.2012			31.12.2011		
Items	Gross exposure	Total writedown s	Net exposure	Gross exposure	Total writedowns	Net exposure	
- Bad debts	61.185	43.185	18.000	49.538	33.738	15.800	
- Substandard loans	38.297	11.617	26.680	35.743	11.751	23.992	
- Restructured loans	2.792	850	1.942	2.971	820	2.151	
- Past-due / overlimit loans	8.031	182	7.849	12.653	172	12.481	
Impaired loans	110.305	55.834	54.471	100.905	46.481	54.424	
Performing loans	1.672.209	9.008	1.663.201	1.707.657	11.235	1.696.422	
Total	1.782.514	64.842	1.717.672	1.808.562	57.716	1.750.846	

## Funding

The following table presents the sources of the Bank' funding from customers as at 31 December 2012 and 2011.

			Chan	ges
Items	31.12.2012	31.12.2011	Total	%
- Deposits	222.504	125.831	96.673	76,8
- Current and other accounts	1.211.980	1.295.920	-83.940	-6,5
- Other items	5.505	4.964	541	10,9
- Repurchase agreements	5.682	5.854	-172	-2,9
Due to customers	1.445.671	1.432.569	13.102	0,9
Securities issued	828.339	463.685	364.654	78,6
Total direct funding	2.274.010	1.896.254	377.756	19,9
Indirect funding	1.772.040	1.961.006	-188.966	-9,6
Total funding	4.046.050	3.857.260	188.790	4,9

			Chan	ges
Items	31.12.2012	31.12.2011	Total	%
- Asset management products	544.792	633.779	-88.987	-14,0
- Insurance products	415.965	407.825	8.140	2,0
Total assets under management	960.757	1.041.605	-80.848	-7,8
Assets under administration	811.283	919.401	-108.118	-11,8
Indirect funding	1.772.040	1.961.006	-188.966	-9,6

Direct funding totalled  $\in$  2,274,010, up by 19.9%. The Y/Y increase was essentially due to deposits (+76.8%) and bond (+78.6%) issued to substitute in the portfolio customers the previous Intesa San paolo bond.

### Management

NAME AND SURNAME

## OFFICE HELD IN CARISPEZIA

**Roberto Ghisellini** 

General Manager

Giampiero Bottero	Deputy General Manager

#### **Board of Directors**

NAME AND SURNAME	OFFICE HELD IN CARISPEZIA
Andrea Corradino <sup>(*)</sup>	Chairperson
Ariberto Fassati	Deputy Chairperson
Massimo Basso Ricci	Director
Matteo Bianchi	Director
Guido Corradi	Director
Federico Galantini	Director

Jean Philippe Laval	Director
Giampiero Maioli	Director
Michel Pelosof	Director
Paolo Pierantoni	Director
Thierry Pomaret	Director
Andree Samat	Director
Marco Simonetti	Director
Jacopo Tartarini	Director
Alfredo Toti	Director
Roberto Zangani	Director

#### **Board of Statutory Auditors**

The following table sets out the composition of the Board of Statutory Auditors.

NAME AND SURNAME	OFFICE HELD IN CARISPEZIA
Gian Paolo Fasoli	Chairperson of the Board of Auditors
Paolo Alinovi	Standing Auditor
Giorgio Bruna	Standing Auditor
Fulvio Tosi	Suppling auditor
Umberto Tosi	Suppling auditor

#### Auditors

Ernst & Young.

Subsidiaries and associated companies

None

#### Share capital and shareholders

The company capital is made up of 146,500,000 ordinary shares (of a facial value of 0,67 Euro, for a total amount of 98,155,000 Euro), 80% owned by Cariparma and 20% owned by Fondazione Carispezia.

#### **Employees**

As at December 2012, the workforce consisted of 560 employees, decreasing by 1.3% over the previous year.

#### Financial information

# STATEMENT OF CASH FLOW

Items	31.12.2012	31.12.201
A. Operating activities		
. Operations	60.019.392	53.482.11
net profit (loss) for the period (+/-)	11.659.202	8.187.23
gains (losses) on financial assets held for trading and financial assets/liabilities carried at fair value (-/+)	-899.323	-832.66
gains (losses) on hedging activities (-/+)	-1.869.418	-774.99
net impairment adjustments (+/-)	11.350.172	10.207.80
net adjustments of property, plant and equipment and intangible assets (+/-)	2.278.170	2.160.47
net provisions for liabilities and contingencies and other costs/revenues (+/-)	630.135	501.49
unpaid taxes and duties (+)	6.940.604	10.023.43
net adjustments/w ritebacks of discontinuing operations net of tax effects (-/+)	-	
other adjustments (+/-)	29.929.850	24.009.33
Liquidity generated/absorbed by financial assets	-457.008.147	-398.836.67
financial assets held for trading	-1.528.759	970.2
financial assets carried at fair value	-	
financial assets available for sale	159.174.820	-220.001.9
loans to banks; demand	-340.022.841	-30.860.3
loans to banks: other loans	-216.398.035	-186.349.6
loans to customers	-44.225.648	38.446.0
• other assets	-14.007.684	-1.040.9
Liquidity generated/absorbed by financial liabilities	410.827.590	339.521.1
due to banks: demand	1.954.427	-41.933.4
due to banks: other payables	89.915.793	190.334.9
due to banks, other payables	-4.886.375	13.437.4
securities issued	354.656.467	198.981.0
financial liabilities held for trading	2.135.887	190.901.0
financial liabilities carried at fair value	2.133.007	129.54
other liabilities     other liabilities	-32.948.609	-21.428.36
let liquidity generated/absorbed by operating activities	13.838.835	-21.428.3
B. Investing activities	13.030.033	-3.033.4
. Liquidity generated by:	6.324.178	59.48
• sale of equity investments	0.024.170	55.4
dividends from equity investments	495.201	59.48
sale of financial assets held to maturity	493.201	33.40
sales of property, plant and equipment	156	
<ul> <li>sales of property, plain and equipment</li> <li>sales of intangible assets</li> </ul>	100	
· sales of intrangula assets · disposal of business units	- 5.828.821	
		o 450 4
Liquidity absorbed by:	-7.611.662	2.158.4
purchases of equity investments	-	4.445.7
purchases of financial assets held to maturity	-	0.007.0
purchases of property, plant and equipment	-2.744.779	-2.287.2
purchases of intangible assets	-	
purchases of business units	-4.866.883	
let liquidity generated/absorbed by investing activities	-1.287.484	2.217.9
C. Funding		
issues/purchases of treasury shares	-	
issues/purchases of capital instruments	-	
<ul> <li>dividend distribution and other</li> </ul>	-7.281.999	
	-7.281.999	
let liquidity generated/absorbed by funding	-7.261.999	

#### RECONCILIATION

Items	31.12.2012	31.12.2011
Cash and cash equivalents at beginning of period	28.632.811	5.269.352
Total net liquidity generated/absorbed in the period	5.269.352	-3.615.441
Cash and cash equivalents: effect of exchange rates changes	-	-
Cash and cash equivalents at end of period	33.902.163	1.653.911

Key: (+) generated (-) absorbed

## **BALANCE SHEET**

Asse	ts	31.12.2012	31.12.2011
10.	Cash and cash equivalents	33.902.163	28.632.811
20.	Financial assets held for trading	2.988.868	560.786
30.	Financial assets carried at fair value	-	-
40.	Financial assets available for sale	72.459.101	230.357.237
50.	Financial assets held to maturity	-	-
60.	Loans to banks	857.911.836	301.490.960
70.	Loans to Customers	1.717.672.478	1.750.846.402
80.	Hedging derivatives	56.049.971	21.952.397
90.	Value adjustment of financial assets subject to macro hedging (+/-)	1.655.887	880.233
100.	Equity investments	2.583.000	2.583.000
110.	Property, plant and equipment	48.511.294	48.094.569
120.	Intangible Assets	-	-
	of which: goodwill	-	-
130.	Tax assets	40.616.484	31.805.815
	(a) current	21.268.112	16.076.425
	(b) deferred	19.348.372	15.729.390
	b1) of which: Law 214/2011	12.153.420	9.071.884
140.	Non-current assets or groups of assets being divested	-	-
150.	Other assets	53.967.280	45.450.370
Total	assets	2.888.318.362	2.462.654.580

Liabil	ities and shareholders' equity	31.12.2012	31.12.2011
10.	Due to banks	257.335.590	244.662.832
20.	Due to customers	1.445.670.689	1.432.569.139
30.	Securities issued	828.339.001	463.684.788
40.	Financial liabilities held for trading	3.061.105	925.218
50.	Financial liabilities carried at fair value	-	-
60.	Hedging derivatives	1.927.881	187.313
70.	Adjustment of financial liabilities hedged generically (+/-)	37.643.856	3.474.046
80.	Tax liabilities	20.756.284	22.709.840
	(a) current	19.125.515	16.230.316
	(b) deferred	1.630.769	6.479.524
90.	Liabilities in respect of assets being divested	-	-
100.	Other liabilities	79.171.337	76.007.045
110.	Employee severance benefits	11.186.144	10.586.033
120.	Provisions for liabilities and contingencies	21.441.245	21.042.296
	a) retirement and similar liabilities	3.070.748	3.309.171
	(b) other provisions	18.370.497	17.733.125
130.	Valuation reserves	4.355.778	14.645.093
140.	Redeemable shares	-	-
150.	Equity instruments	-	-
160.	Reserves	25.835.953	24.039.408
170.	Share premium reserve	41.779.297	41.779.297
180.	Share capital	98.155.000	98.155.000
190.	Treasury shares (-)	-	-
200.	Net profit (loss) for the period	11.659.202	8.187.232
TOTA	L LIABILITIES AND SHAREHOLDERS' EQUITY	2.888.318.362	2.462.654.580

### **INCOME STATEMENT**

INCC	DME STATEMENT		
ltems		31.12.2012	31.12.2011
10.	Interest income and similar revenues	81.741.852	79.068.686
20.	Interest expense and similar charges	(29.073.721)	(16.796.438)
30.	Net interest income	52.668.131	62.272.248
40.	Commission income	37.081.276	33.877.838
50.	Commission expense	(562.106)	(830.711)
60.	Net commission income	36.519.170	33.047.127
70.	Dividends and similar revenues	495.201	59.482
80.	Net gain (loss) on financial activities	1.099.333	853.280
90.	Net gain (loss) on hedging activities	1.017.409	433.353
100.	Gain (loss) on the disposal or repurchase of:	10.151.310	4.813.824
	a) loans	46.056	(286.011)
	b) financial assets available for sale	10.022.093	5.084.511
	c) financial assets held to maturity	-	-
	d) financial liabilities	83.161	15.324
110.	Net gain (loss) on financial assets and liabilities carried at fair value	-	-
120.	Gross income	101.950.554	101.479.314
130.	Net impairment adjustments of:	(11.498.108)	(10.391.222)
	a) loans	(11.693.732)	(8.392.915)
	b) financial assets available for sale	(161.543)	-
	c) financial assets held to maturity	-	-
	d) other financial transactions	357.167	(1.998.307)
140.	Profit (loss) from financial operations	90.452.446	91.088.092
150.	Administrative expenses:	(84.819.567)	(79.592.273)
	a) staff expenses	(39.208.721)	(38.016.878)
	b) other administrative expenses	(45.610.846)	(41.575.395)
160.	Net provisions for liabilities and contingencies	(630.135)	(501.496)
170.	Net adjustments of property, plant and equipment	(2.278.170)	(2.160.470)
180.	Net adjustments of intangible assets	-	-
190.	Other operating revenues (expenses)	15.888.218	9.376.813
200.	Operating expenses	(71.839.654)	(72.877.426)
210.	Gain (loss) from equity investments	-	-
220.	Net gains (losses) from property, plant and equipment and intangible assets measured at fair value	-	-
230.	Value adjustments of goodw ill	-	-
240.	Gain (loss) on disposal of investments	(12.986)	-
250.	Gain (loss) before tax on continuing operations	18.599.806	18.210.666
260.	Income tax for the period on continuing operations	(6.940.604)	(10.023.434)
270.	Profit (loss) after tax on continuing operations	11.659.202	8.187.232
	Profit (loss) after tax of groups of assets/liabilities under	_	_
	disposal	-	-
290.	Net profit (loss) for the period	11.659.202	8.187.232

#### Banca Popolare Friuladria S.p.A.

#### History and development

As at the date of this Base Prospectus, Banca Popolare Friuladria S.p.A. (hereinafter 'the seller') is one of the subsidiaries of the Cariparma Crédit Agricole Banking Group and is subject to the management and coordination of Cariparma S.p.A..

The Bank was incorporetd on 1990.

From 1998 to 2007, it was part of the Intesa San paolo Group.

In 2007, it was acquired by Crédit Agricole S.A.

#### Areas of activity – general

The seller operates in commercial banking activities, giving to his clients other banking services such as private banking service, bancassuarance, leasing and factoring.

In particular, the seller concentrates its activity in Friuli Venezia Giulia and Veneto Italian Region with more than 209 branches.

#### Lending

ltems	31.12.2012	31.12.2011 —	Changes	
	51.12.2012	51.12.2011 -	Total	%
- Current accounts	836.150	911.001	-74.851	-8,2
- Mortgage loans	3.915.425	3.829.963	85.462	2,2
- Advances and other loans	1.362.225	1.454.725	-92.500	-6,4
- Impaired loans	326.039	295.498	30.541	10,3
Loans to customers	6.439.839	6.491.187	-51.348	-0,8

#### Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2012.

					(thou	sand of euro)
	31.12.2012 31.12.2011					
Items	Gross exposure	Total writedown s	Net exposure	Gross exposure	Total writedowns	Net exposure
- Bad debts	344.833	224.593	120.240	283.729	179.887	103.842
- Substandard loans	212.354	63.129	149.225	182.346	56.193	126.153
- Restructured loans	16.306	1.147	15.159	15.616	1.192	14.424
- Past-due / overlimit loans	42.677	1.262	41.415	51.713	635	51.078
Impaired loans	616.170	290.131	326.039	533.404	237.907	295.497
Performing loans	6.140.012	26.212	6.113.800	6.224.344	28.654	6.195.690
Total	6.756.182	316.343	6.439.839	6.757.748	266.561	6.491.187

#### Funding

The following table presents the sources of the Bank' funding from customers as at 31 December 2012 and 2011.

Direct funding totalled  $\in$  5,896,328, down by 1.4%. The Y/Y decrease was essentially due to 'liberalizzazioni law', issued by Monti government and due to more tax expenses such as 'IMU'.

Only deposit increased, due to 'crescideposito più' financial product.

		thousand of euro		
	P 1	_	Changes	
ltems	31.12.2012	31.12.2011	Total	%
- Deposits	591.138	287.382	303.756	
- Current and other accounts	3.195.090	3.894.226	-699.136	-18,0
- Other items	41.865	36.587	5.278	14,4
- Repurchase agreements	105.606	24.373	81.233	
Due to customers	3.933.699	4.242.568	-308.869	-7,3
Securities issued	1.962.629	1.736.534	226.095	13,0
Total direct funding	5.896.328	5.979.102	-82.774	-1,4
Indirect funding	5.625.486	5.472.268	153.218	2,8
Total funding	11.521.814	11.451.370	70.444	0,6

	<b>F</b> 1	_	Changes	s
ltems	31.12.2012	31.12.2011	Total	%
- Asset management products	1.163.713	1.164.216	-503	0,0
- Insurance products	1.808.236	1.745.356	62.880	3,6
Total assets under management	2.971.949	2.909.572	62.377	2,1
Assets under administration	2.653.537	2.562.696	90.841	3,5
Indirect funding	5.625.486	5.472.268	153.218	2,8

# Management

NAME AND SURNAME	OFFICE HELD IN FRIULADRIA
Carlo Crosara	General Manager
Gérald Grégoire	Deputy General Manager

**Board of Directors** 

NAME AND SURNAME	OFFICE HELD IN FRIULADRIA
Antonio Scardaccio	Chairperson
Ariberto Fassati	Deputy Chairperson
Jean-Yves Barnavon	Director
Hugues Brasseur	Director
Giuseppe Campeis	Director
Guy Chateau	Director
Jean-Louis Delorme	Director
Fabric Ferrero	Director
Jean Pierre Gaillard	Director
Roberto Lunelli	Director

Giampiero Maioli	Director
Luca Marzotto	Director
Antonio Paoletti	Director
Giovanni Pavan	Director
Roberto Sgavetta	Director

## **Board of Statutory Auditors**

The following table sets out the composition of the Board of Statutory Auditors.

NAME AND SURNAME	OFFICE HELD IN FRIULADRIA
Giampaolo Scaramelli	Chairperson of the Board of Auditors
Alberto Guiotto	Standing Auditor
Andrea Martini	Standing Auditor
Antonio Simeoni	Standing auditor
Enrico Zanetti	Standing auditor

#### Auditors

Ernst & Young

#### Subsidiaries and associated companies

None.

#### Share capital and shareholders

The company capital is made up of 24,137,857 ordinary shares (of a facial value of  $\notin$ 5.00 Euro, for a total amount of 120,689,285 Euro), 80.17% owned by Cariparma and the other 19.83% owned by a minority of shareholders.

#### **Employees**

As at December 2012, the workforce consisted of 1709 employees, decreasing by 2.2% over the previous year.

#### Financial information

# STATEMENT OF CASH FLOW

Items	31.12.2012	31.12.2011 (
. Operating activities		
Operations	164.838.240	141.452.22
net profit (loss) for the period (+/-)	18.948.475	44.041.3
gains (losses) on financial assets held for trading and financial assets/liabilities carried at fair value (-/+)	-4.193.429	-14.169.8
gains (losses) on hedging activities (-/+)	735.008	1.460.8
net impairment adjustments (+/-)	51.593.131	32.040.1
net adjustments of property, plant and equipment and intangible assets (+/-)	7.533.306	7.086.4
net provisions for liabilities and contingencies and other costs/revenues (+/-)	3.328.899	892.5
unpaid taxes and duties (+)	5.640.153	26.392.7
net adjustments/w ritebacks of discontinuing operations net of tax effects (-/+)	-	
other adjustments (+/-)	81.252.697	43.707.8
Liquidity generated/absorbed by financial assets	-230.625.185	678.105.5
financial assets held for trading	26.286.373	20.170.2
financial assets carried at fair value	20.200.010	20.170.2
financial assets available for sale	-23.141.468	515.144.8
loans to banks; demand	-23.141.400	-42.477.1
loans to banks: other loans	-213.260.199	315.112.5
loans to customers	-10.320.644	-155.132.0
other assets	-10.320.044 -9.611.957	25.287.0
Liquidity generated/absorbed by financial liabilities	110.144.713	-784.262.9
due to banks: demand	174.604.745	5.916.6
due to banks: other payables	-15.575.401	-677.870.4
due to customers	-308.868.329	-47.320.3
securities issued	215.766.072	141.536.6
financial liabilities held for trading	-15.941.943	-6.663.6
financial liabilities carried at fair value	-	
other liabilities	60.159.569 44.357.768	-199.861.8 35.294.8
et liquidity generated/absorbed by operating activities Investing activities	44.337.700	35.294.0
-	412.678	297.8
Liquidity generated by:	412.070	297.0
sale of equity investments	-	007.0
dividends from equity investments	380.678	297.8
sale of financial assets held to maturity	-	
sales of property, plant and equipment	32.000	
sales of intangible assets	-	
disposal of business units	-	
Liquidity absorbed by:	-2.589.057	-228.3
purchases of equity investments	-	-2.784.9
purchases of financial assets held to maturity	-	
purchases of property, plant and equipment	-2.589.057	-1.090.0
purchases of intangible assets	-	
purchases of business units	-	3.646.7
et liquidity generated/absorbed by investing activities	-2.176.379	69.5
. Funding		
issues/purchases of treasury shares	-	7.094.5
issues/purchases of iteasury shares	-	
issues/purchases of capital instruments		-42.449.8
	-39.620.571	-42.449.0
issues/purchases of capital instruments	-39.620.571 -39.620.571	-35.355.2

#### RECONCILIATION

Items	31.12.2012	31.12.2011 (*)
Cash and cash equivalents at beginning of period	54.671.259	54.662.139
Total net liquidity generated/absorbed in the period	2.560.818	9.120
Cash and cash equivalents: effect of exchange rates changes	-	-
Cash and cash equivalents at end of period	57.232.077	54.671.259

Key: (+) generated (-) absorbed

(\*) Re-stated following the final allocation of the cost of the business combination provisionally recognized in 2011 (IFRS 3 par. 62)

### **BALANCE SHEET**

Asse	ts	31.12.2012	31.12.2011 (*)
10.	Cash and cash equivalents	57.232.077	54.671.259
20.	Financial assets held for trading	42.643.765	64.736.709
30.	Financial assets carried at fair value	-	-
40.	Financial assets available for sale	874.583.733	769.860.487
50.	Financial assets held to maturity	-	-
60.	Loans to banks	570.373.541	356.536.052
70.	Loans to Customers	6.439.838.719	6.491.186.842
80.	Hedging derivatives	164.562.223	88.140.461
90.	Value adjustment of financial assets subject to macro hedging (+/-)	1.614.640	1.084.238
100.	Equity investments	5.350.000	5.666.620
110.	Property, plant and equipment	64.108.597	66.847.945
120.	Intangible Assets	131.170.846	133.386.021
	of which: goodwill	106.075.104	106.075.104
130.	Tax assets	139.678.913	134.465.718
	(a) current	57.809.307	45.245.298
	(b) deferred	81.869.606	89.220.420
	b1) of which: Law214/2011	53.332.261	45.041.179
140.	Non-current assets or groups of assets being divested	-	-
150.	Other assets	124.077.189	154.519.665
Total	assets	8.615.234.243	8.321.102.017

(\*) Re-stated following the final allocation of the cost of the business combination provisionally recognized in 2011 (IFRS 3 par. 62)

Liabi	lities and shareholders' equity	31.12.2012	31.12.2011 (*)
10.	Due to banks	1.428.185.796	1.269.156.452
20.	Due to customers	3.933.699.196	4.242.567.525
30.	Securities issued	1.962.628.902	1.736.534.346
40.	Financial liabilities held for trading	23.602.250	39.544.193
50.	Financial liabilities carried at fair value	-	-
60.	Hedging derivatives	83.305.089	51.284.544
70.	Adjustment of financial liabilities hedged generically (+/-)	116.223.442	59.308.849
80.	Tax liabilities	48.340.894	45.319.859
	(a) current	38.675.626	34.700.855
	(b) deferred	9.665.268	10.619.004
90.	Liabilities in respect of assets being divested	-	-
100.	Other liabilities	280.050.776	197.588.603
110.	Employee severance benefits	27.229.100	25.617.721
120.	Provisions for liabilities and contingencies	39.589.120	15.023.450
	a) retirement and similar liabilities	-	-
	(b) other provisions	39.589.120	15.023.450
130.	Valuation reserves	-16.961.784	-70.687.900
140.	Redeemable shares	-	-
150.	Equity instruments	-	-
160.	Reserves	77.946.406	73.356.430
170.	Share premium reserve	471.757.296	471.757.296
180.	Share capital	120.689.285	120.689.285
190.	Treasury shares (-)	-	-
200.	Net profit (loss) for the period	18.948.475	44.041.364
TOTA	AL LIABILITIES AND SHAREHOLDERS' EQUITY	8.615.234.243	8.321.102.017

(\*) Re-stated following the final allocation of the cost of the business combination provisionally recognized in 2011 (IFRS 3 par. 62)

# **INCOME STATEMENT**

ltems		31.12.2012	31.13.2011
-	Interest income and similar revenues	268.022.709	268.188.007
	Interest expense and similar charges	(89.606.152)	(83.506.638)
	Net interest income	178.416.557	184.681.369
-	Commission income	118.109.236	107.544.154
	Commission expense	(3.985.958)	(4.968.021)
	Net commission income	114.123.278	102.576.133
	Dividends and similar revenues	380.678	297.891
	Net gain (loss) on financial activities	3.801.140	6.345.078
	Net gain (loss) on hedging activities	2.087.795	(609.709)
100.	Gain (loss) on the disposal or repurchase of:	(62.953)	2.807.085
	a) loans	-	-
	b) financial assets available for sale	151.690	2.760.266
	c) financial assets held to maturity	-	-
	d) financial liabilities	(214.643)	46.819
110.	Net gain (loss) on financial assets and liabilities carried at fair	-	-
400		000 740 405	000 007 047
-	Gross income	298.746.495	296.097.847
130.	Net impairment adjustments of:	(51.567.229)	(32.323.141)
	a) loans	(50.815.991)	(33.524.513)
	b) financial assets available for sale	(709.902)	(1.653.975)
	<ul> <li>c) financial assets held to maturity</li> <li>d) other financial transactions</li> </ul>	(41.226)	- 2.855.347
1 4 0	,	(41.336) <b>247.179.266</b>	
	Profit (loss) from financial operations Administrative expenses:	(248.431.279)	<b>263.774.706</b> (221.119.887)
150.	a) staff expenses	(137.515.315)	(110.663.594)
	b) other administrative expenses	(110.915.964)	(110.456.293)
160	Net provisions for liabilities and contingencies	(3.328.899)	(892.589)
	Net adjustments of property, plant and equipment	(5.318.131)	(5.286.153)
	Net adjustments of intangible assets	(2.215.175)	(1.800.344)
	Other operating revenues (expenses)	36.996.852	35.758.227
	Operating expenses	(222.296.632)	(193.340.746)
	Gain (loss) from equity investments	(316.620)	(155.540.740)
	Net gains (losses) from property, plant and equipment and	(010.020)	
220.	intangible assets measured at fair value	-	-
230	Value adjustments of goodw ill	-	-
	Gain (loss) on disposal of investments	22.614	200
	Gain (loss) before tax on continuing operations	24.588.628	70.434.160
	Income tax for the period on continuing operations	(5.640.153)	(26.392.796)
	Profit (loss) after tax on continuing operations	18.948.475	44.041.364
	Profit (loss) after tax of groups of assets/liabilities under		
280	disposal	-	-
	Net profit (loss) for the period	18.948.475	44.041.364
		10.340.473	44.041.304

#### THE ASSET MONITOR

The Bank of Italy Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee.

Pursuant to the Bank of Italy Regulations, the asset monitor must be an independent auditor, enrolled with the special register of accounting firms held by the CONSOB pursuant to article 161 of Legislative Decree No. 58 of 24 February 1998 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Statutory Auditors of the Issuer.

Mazars S.p.A., incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code no. 01507630489 and enrolment with the companies register of Milan no. 1059307, and enrolled under no. 97909 with the special register (*albo speciale*) of accounting firms held by CONSOB and set out under article 161 of the Financial Law. Mazars S.p.A. is included in the Register of Certified Auditors held by the Ministery for Economy and Finance – Stage general accounting office, at no. 70625.

Pursuant to an engagement letter entered into, on or about the Issue Date, with the Issuer and the Sellers, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, (i) the compliance with the eligibility criteria set out under MEF Decree with respect to the Assets included in the Portfolios; (ii) the compliance with the limits on the transfer of Assets set out under MEF Decree; and (iv) the arithmetical accuracy of the calculations performed by the Calculation Agent in respect of the Mandatory Tests.

The engagement letter is in line with the provisions of the Bank of Italy Regulations in relation to the monitoring activity and reports to be prepared and submitted by the Asset Monitor also to the Board of Statutory Auditors (*collegio sindacale*) of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on or about the Issue Date, the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitoring Agreement, as more fully described under "*Overview of the Transaction Documents — Asset Monitor Agreement*".

#### **OVERVIEW OF THE TRANSACTION DOCUMENTS**

#### **Covered Bond Guarantee**

On 11 July 2013, the Guarantor, the Issuer and the Representative of the Covered Bondholders entered into the Covered Bond Guarantee pursuant to which the Guarantor agreed to issue, for the benefit of the Covered Bondholders and the Other Issuer Creditors, a first demand, unconditional, irrevocable and autonomous guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and other payments due to the Other Issuer Creditors. Under the Covered Bond Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become due and payable but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

The Representative of the Covered Bondholders will enforce the Covered Bond Guarantee: (i) following the occurrence of an Issuer Event of Default and subject to any applicable grace periods, by serving an Issuer Default Notice on the Issuer and the Guarantor; and (ii) following the occurrence of a Guarantor Event of Default and subject to any applicable grace periods, by serving a Guarantor Default Notice on the Guarantor.

Following the service of an Issuer Default Notice by the Representative of the Covered Bondholders, payment of the Guaranteed Amounts shall be made by the Guarantor on the dates scheduled and for the amounts determined in accordance with the Guarantee Priority of Payments.

Under the Covered Bond Guarantee, the parties have agreed that, should a resolution pursuant to article 74 of the Consolidated Banking Act be issued in respect of the Issuer, although such event constitutes an Issuer Event of Default, the consequences thereof will only apply during the Suspension Period. Following an Article 74 Event:

- the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the Suspension Period at their relevant due date *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor of an Article 74 Event Cure Notice, informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Under the Covered Bond Guarantee, the parties thereto have also agreed that, upon enforcement of the Covered Bond Guarantee, the Guarantor shall be entitled to request from the Issuer — also prior to any payments are effected by the Guarantor under the Covered Bond Guarantee — an amount up to the Guaranteed Amounts, in order to secure the Issuer obligations to the subrogation right of the Guarantor. Any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee. The parties have also agreed that the Guarantor shall no

longer be entitled request to the Issuer payment of such amounts if a Guarantor Default Notice is delivered by the Representative of the Covered Bondholders or the Covered Bonds have been otherwise accelerated pursuant to the Conditions.

The service of a Guarantor Default Notice by the Representative of the Covered Bondholders will result in the acceleration of the right of the Covered Bondholders of each Series of Covered Bonds issued to receive payment of the Guaranteed Amounts and the Representative of the Covered Bondholders will demand the immediate payment by the Guarantor of all Guaranteed Amounts. Payments made by the Guarantor following the service of a Guarantor Event of Default shall be made *pari passu* and on a *pro-rata* basis to the Covered Bondholders of all outstanding Series of Covered Bonds, in accordance with the Post-Enforcement Priority of Payments.

Pursuant to the terms of the Covered Bond Guarantee, the recourse of the Covered Bondholders and the Other Issuer Creditors to the Guarantor under the Covered Bond Guarantee will be limited to the Guarantor Available Funds.

Furthermore, under the Covered Bond Guarantee, the parties have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer or following the delivery of an Issuer Default Notice to the Issuer and the Guarantor, the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 4 of the Decree No. 310, the rights of the Covered Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Covered Bond Guarantee, the Guarantor will be fully and automatically subrogated to the Covered Bondholders' and Other Issuer Creditors' rights against the Issuer pursuant to article 2900 *et seq.* of the Italian Civil Code.

#### Governing law

The Covered Bond Guarantee is governed by Italian law.

#### Subordinated Loan Agreements

On 20 May 2013, each Seller and the Guarantor entered into a Subordinated Loan Agreement pursuant to article 7-*bis* of the Securitisation and Covered Bond Law under which each Seller granted or will grant to the Guarantor a term loan facility in an aggregate amount equal to the relevant Total Commitment, for the purposes of funding the purchase by the Guarantor of (i) Eligible Assets from the relevant Seller pursuant to the terms of the relevant Master Loans Purchase Agreement and (ii) Eligible Asset and/or Top-Up Assets from the relevant Seller pursuant to the terms of the relevant Seller pursuant to the terms of the relevant Seller pursuant to the terms of the Revent Seller pursuant to the terms of the relevant Seller pursuant to the terms of the Revent Seller Pursuant Seller Pursuant to the terms of the Revent Seller Pursuant to the terms of the Revent Seller Pursuant to the terms of the Revent Seller Pursuant Seller P

Pursuant to the relevant Subordinated Loan Agreement, each Subordinated Lender has acknowledged its undertakings (i) pursuant to the Cover Pool Management Agreement, to transfer further Eligible Assets and/or Top-Up Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Loans Purchase Agreement, to make available to the Guarantor further Term Loans in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the relevant Master Loans Purchase Agreement.

The obligation of each Seller (in its capacity as Subordinated Lender) to advance a Term Loan to the Guarantor under the relevant Subordinated Loan Agreement will be off-set against the obligation of

the Guarantor to pay to the relevant Seller the purchase price for the Eligible Assets and Top-Up Assets funded by means of the relevant Term Loan.

On each Guarantor Payment Date and subject to the relevant Subordinated Lender having paid to the Guarantor any shortfall amount, the Guarantor will pay to the Subordinated Lender the amount of the Premium, if any, payable to such Subordinated Lender on the relevant Guarantor Payment Date in accordance with the applicable Priority of Payments and the terms of the relevant Subordinated Loan Agreement.

Interest and Premium, if any, payable in respect of a Term Loan shall be payable on each Guarantor Payment Date following the Drawdown Date (as defined under each Subordinated Loan Agreement) of that Term Loan, subject to the relevant Priority of Payments.

Prior to the delivery of an Issuer Default Notice, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the Pre Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, provided that such repayment does not result in a breach of any of the Tests or the Relevant Portfolio Test.

Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds subject to the repayment in full (or, prior to the service of a Guarantor Default Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds.

## Governing law

Each Subordinated Loan Agreement is governed by Italian law.

### Master Loans Purchase Agreements

On 20 May 2013 each Seller and the Guarantor entered into the Master Loans Purchase Agreements, as amended from time to time, pursuant to which, each Seller will assign and transfer to the Guarantor, and the Guarantor will purchase, without recourse (*pro soluto*) from the relevant Seller, an Initial Portfolio and New Portfolios of Eligible Assets and Top-Up Assets that shall form part of the Cover Pool, in accordance with articles 4 and 7-*bis* of the Securitisation and Covered Bond Law and article 2 of Decree No. 310.

Under each Master Loans Purchase Agreement, upon satisfaction of certain conditions set out therein, the relevant Seller (i) may or shall, as the case may be, assign and transfer, without recourse (*pro soluto*), to the Guarantor and the Guarantor shall purchase, without recourse (*pro soluto*) from the relevant Seller, New Portfolios which shall form part of the Cover Pool held by the Guarantor, if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests or with the 15 per cent threshold limit with respect to Top-Up Assets provided for by Decree No. 310 and the Bank of Italy Regulations; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from each Seller such New Portfolios, in order to supplement the Cover Pool in connection with the issuance of further Series of Covered Bonds under the Programme in accordance with the Programme Agreement.

In addition to (i) and (ii) above, under the terms and subject to the conditions of the Master Loans Purchase Agreement, prior to the delivery to the Issuer and the Guarantor of an Issuer Default Notice, each Seller may transfer New Portfolios to the Guarantor, which will fund the purchase price thereof through the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account. The Purchase Price payable for the Initial Portfolio has been determined pursuant to each Master Loans Purchase Agreement. Under each Master Loans Purchase Agreement the relevant parties thereto have acknowledged that the Purchase Price for the Initial Portfolio shall be funded through the proceeds of the first Term Loan under the relevant Subordinated Loan Agreement. The Purchase Price for each New Portfolio will be equal to the aggregate amount of the Individual Purchase Price of all Receivables comprised in such New Portfolio as at the relevant Transfer Date.

In case the Purchase Price is paid with the principal collections then standing to the credit of the relevant Principal Collection Account and, upon the settlement procedure set out above, the Guarantor is required to pay amounts to the Seller in excess of the Purchase Price already paid, such amounts will be deducted from the amounts due to the relevant Seller as repayment of the outstanding Term Loans and, to the extent no such amounts are available, through the proceeds of an appropriate Term Loan to be made available by the relevant Seller as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

Each initial Seller has sold to the Guarantor, and the Guarantor has purchased from such Seller, the Receivables comprised in the Initial Portfolio, which meet the Common Criteria (as described in detail in the section headed "*Description of the Cover Pool*") and the relevant specific criteria (as described in detail under each relevant Master Loans Purchase Agreement). Receivables comprised in any New Portfolio to be transferred under the relevant Master Loans Purchase Agreement shall meet, in addition to the Common Criteria, the relevant specific criteria and/or any further criteria.

Pursuant to each Master Loans Purchase Agreement, prior to the occurrence of an Issuer Event of Default, the relevant Seller will have the right to repurchase individual Receivables (including Defaulted Receivables) transferred to the Guarantor under the Master Loans Purchase Agreement.

After the service of an Issuer Default Notice, the Guarantor will, prior to disposing of the Eligible Assets or Top-Up Assets pursuant to the terms of the Cover Pool Management Agreement, offer to sell the Eligible Assets to the relevant Seller at a price equal to the minimum purchase price of the relevant Eligible Assets as determined pursuant to the Cover Pool Management Agreement. If the Guarantor should subsequently propose to transfer such assets for a price lower than the minimum purchase price as determined pursuant to the Cover Pool Management Agreement, it shall again offer such assets to the relevant Seller on the same terms and conditions offered by such third parties before entering into a transfer agreement with the latter.

#### Governing law

Each Master Loan Purchase Agreement is governed by Italian law.

#### Warranty and Indemnity Agreement

On 20 May 2013, each Seller and the Guarantor entered into a Warranty and Indemnity Agreement pursuant to which each Seller has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Portfolio transferred and to be transferred by it pursuant to the relevant Master Loans Purchase Agreement, the Real Estate Assets over which the relevant Mortgages are established and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the relevant Portfolio.

Each Warranty and Indemnity Agreement contains representations and warranties given by the relevant Seller as to matters of law and fact affecting the relevant Seller including, without limitation, that the relevant Seller validly exists as a legal entity, has the corporate authority and power to enter

into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Each Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Portfolio to which it relates, including, *inter alia*, that, as of the date of execution of each Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the criteria set forth under the relevant Master Loans Purchase Agreement, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the relevant Seller in compliance with all applicable laws, rules and regulations.

Pursuant to each Warranty and Indemnity Agreement, the relevant Seller has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, any representation and warranty given by the Seller under or pursuant to the relevant Warranty and Indemnity Agreement being false, incomplete or incorrect.

#### Governing law

Each Warranty and Indemnity Agreement is governed by Italian law.

#### **Master Servicing Agreement**

On 20 May 2013, the Master Servicer, each Seller (in its capacity as Sub-Servicer) and the Guarantor entered into the Master Servicing Agreement, as amended from time to time pursuant to which the Guarantor has appointed Cariparma as Master Servicer of the Receivables. The Master Servicer will act as the "soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento" pursuant to the Securitisation and Covered Bond Law and will be responsible for the receipt of the Collections acting as agent (mandatario con obbligo di rendiconto) of the Guarantor. In such capacity, the Master Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation and Covered Bond Law.

Pursuant to the Master Servicing Agreement the Master Servicer will transfer the interest and principal collections with respect to the Receivables credited to the Italian Collection Account pertaining to each Seller to, as appropriate, the relevant Interest Collection Account and Principal Collection Account held with the Account Bank within the immediately following Business Day.

Under the Master Servicing Agreement the Master Servicer has delegated each Seller, in its capacity as Sub-Servicer, to carry out on behalf of the Guarantor and in accordance with the Master Servicing Agreement and the Credit and Collection Policy the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor.

The Master Servicer will not be responsible for the actions undertaken by the Sub-Servicers which will be responsible for the fulfilment of the obligations undertaken by them under the Master Servicing Agreement on an individual basis and without joint liability.

The Master Servicer has undertaken to deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Representative of the Covered Bondholders, the Principal Paying Agent and the Corporate Servicer, the Monthly Servicer's Report and the Quarterly Servicer's Report prepared on the basis of the information reported by each Seller as Service Provider.

The Master Servicer and each Service Provider have represented to the Guarantor that each has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Master Servicing Agreement in relation to the respective responsibilities.

The Guarantor may terminate the Master Servicer's appointment and appoint a successor master servicer or service provider if certain events occur (each, a "Master Servicer Termination Event"): namely:

- (i) failure (not attributable to *force majeure*) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 10 Business Days following receipt of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
- (ii) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor (*provided that* a failure ascribable to any Sub-Servicers delegated by the Master Servicer shall not constitute a Master Servicer Termination Event);
- (iii) an Insolvency Event occurs with respect to the Master Servicer;
- (iv) it becomes unlawful for the Master Servicer to perform or comply with any of its obligations under the Master Servicing Agreement;
- (v) the Master Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's Regulations for entities acting as servicers in the context of a covered bonds transaction;

## Governing law

The Master Servicing Agreement is governed by Italian law.

## **Programme Agreement**

For a description of the Programme Agreement, see "Subscription and Sale".

### **Intercreditor Agreement**

On 11 July 2013, the Guarantor and the Other Creditors entered into the Intercreditor Agreement, as amended from time to time. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Covered Bondholders will be entitled, in the interest of the Covered Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Transaction Documents.

In the Intercreditor Agreement the Other Creditors have agreed, *inter alia*: to the order of priority of payments to be made out of the Guarantor Available Funds; that the obligations owed by the Guarantor to the Covered Bondholders and, in general, to the Other Creditors are limited recourse obligations of the Guarantor; and that the Covered Bondholders and the Other Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Covered Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

#### Governing law

The Intercreditor Agreement is governed by Italian law.

#### Asset Monitor Agreement

On 11 July 2013, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, whereby each of the Issuer and the Guarantor has appointed the Asset Monitor to perform the services set out therein — please see "*The Asset Monitor*" below.

The appointment by the Guarantor will become effective only subject to, and with effect from, the delivery of an Issuer Default Notice, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, the Asset Monitor will provide the services to the Guarantor up to the date on which the Representative of the Covered Bondholder will have delivered an Article 74 Event Cure Notice.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of an Issuer Default Notice, to the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent in relation to the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Covered Bondholders and accepted that upon delivery of an Issuer Default Notice, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the Guarantor or the Representative of the Covered Bondholders on its behalf.

In addition, on or prior to each relevant date as set out in the Asset Monitor Agreement, the Asset Monitor has undertaken to deliver to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer the Asset Monitor Report (as defined under the Asset Monitor Agreement).

The Issuer or the Guarantor (as the case may be) may, until the occurrence of an Issuer Event of Default without any prior approval of the Representative of the Covered Bondholders and following the occurrence of an Issuer Event of Default with the prior approval of the Representative of the Covered Bondholders, revoke the appointment of the Asset Monitor, in either case by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants) written notice to the Asset Monitor (with a copy to the Representative of the Covered Bondholders and the Calculation Agent). The Asset Monitor may resign from its appointment under the Asset Monitor Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor, the Calculation Agent and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Asset Monitor Agreement.

# Governing law

The Asset Monitor Agreement is governed by Italian law.

# **Cash Allocation, Management and Payments Agreement**

On 11 July 2013, the Guarantor, the Issuer, the Sellers (also in their capacity as Sub-Servicers and Service Providers), the Master Servicer, the Account Bank, the Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer and the Representative of the Covered Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Principal Collection Accounts, the Interest Collection Accounts, the Reserve Fund Account, the Quota Capital Account, the Expenses Account and thr Guarantor Payments Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts pursuant to the terms of the Cash Allocation, Management and Payments Agreement;
- (ii) the Principal Paying Agent has agreed to provide the Guarantor (and, prior to the delivery of an Issuer Default Notice, the Issuer) with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement; and
- (iii) the Calculation Agent has agreed to provide the Guarantor with calculation services.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke its appointment of any Agent under the Cash Allocation, Management and Payment Agreement by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders and the Issuer subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement.

# Governing law

The Cash Allocation, Management and Payments Agreement is governed by Italian law.

# **Cover Pool Management Agreement**

On 11 July 2013, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent, the Sellers and the Representative of the Covered Bondholders entered into the Cover Pool Management Agreement, as amended from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests with respect to the Cover Pool and the purchase and sale by the Guarantor of assets included in the Cover Pool.

Under the Cover Pool Management Agreement, starting from the Issue Date of the first Series of Covered Bonds and until the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms, each Seller (and failing the Seller to do so, the Issuer and, failing the Issuer, the other Seller(s)) has undertaken to procure that on any Calculation Date each of the Statutory Tests is met with respect to the Cover Pool. In addition, on each Calculation Date following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice (but prior to service of a Guarantor Default Notice) the Calculation Agent shall verify that the Amortisation Test is met with respect to the Cover Pool.

The Calculation Agent has agreed to prepare and deliver to Issuer, the Sellers, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor a report setting out the calculations carried out by it in respect to the Statutory Tests, the Amortisation Test and other information such as, *inter alia*, the Top-up Assets Limits (the "**Test Performance Report**"). Such Test Performance Report shall specify the amount of Top-Up Assets in relation to each Seller, the occurrence of a breach of the

Statutory Tests and/or of the Amortisation Test and the Portfolio with respect to which a shortfall has occurred, identified on the basis of the Seller (or Sellers) which transferred it to the Guarantor (each, a "**Relevant Seller**").

If the Calculation Agent notifies the breach of any Test during the Test Grace Period, the Guarantor will purchase Eligible Assets and/or Top-Up Assets, to be transferred by (a) the Relevant Seller(s); and/or (b) upon the occurrence of the circumstances set out below, the Issuer; and/or (c) upon the occurrence of the circumstances set out below, the other Sellers, in an aggregate amount sufficient to ensure, also taking into account the information provided by the Calculation Agent in the Test Performance Report notifying the relevant breach, that as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool.

Each Seller has undertaken, to the extent it is identified as a Relevant Seller, to promptly deliver a written notice to the Guarantor, the Issuer and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor (the "**Relevant Seller Notice**"). To the extent that the Relevant Seller deems that the circumstances above will only prevent it from transferring to the Guarantor a part of the Eligible Assets and/or Top-Up Assets required, for the purpose of allowing the Issuer or, as appropriate, the other Seller(s) to determine the amount of Eligible Assets and Top-Up Assets to be transferred to remedy the breach of Tests, the Relevant Seller Notice shall specify the amount of Eligible Assets and Top-Up Assets and Top-Up Assets that the Relevant Seller will not be able to transfer.

To the extent that, within the 1<sup>st</sup> (first) Calculation Date following the date on which the breach of the Tests has occurred, the Issuer has received a Relevant Seller Notice from the Relevant Seller(s) or the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets to be transferred to remedy the Tests, the Issuer has undertaken to (a) transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool and (b) accordingly to promptly deliver a written notice, substantially in the form of the Relevant Seller Notice, to the Guarantor and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor.

To the extent that, within the 2<sup>nd</sup> (second) Calculation Date following the date on which the breach of the Tests has occurred, (a) the Issuer has received a Relevant Seller Notice from the Relevant Seller(s); or (b) the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets; and (i) the other Seller(s) have received a notice substantially in the form of a Relevant Seller Notice from the Issuer; or (ii) the Guarantor has not received a contractual proposal by the Issuer in respect of such Eligible Assets and/or Top-Up Assets, the other Seller(s), jointly and severally, have undertaken to transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool. The undertakings described above, assumed by each of the Seller, are conditional upon transfer of the relevant Initial Portfolio by each of them to the Guarantor.

The parties to the Cover Pool Management Agreement have acknowledged that, at any time prior to the delivery of an Issuer Default Notice, the aggregate amount of Top-Up Assets included in the Cover Pool may not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool,

pursuant to the combined provisions of Decree No. 310 and the Bank of Italy Regulations. In this respect, the Calculation Agent has undertaken to determine, on each Calculation Date, the amount of Top-Up Assets (including any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets already transferred to the Guarantor) forming part of the Cover Pool and to report such calculation in each Test Performance Report.

Should it result from any Test Performance Report that the aggregate amount of Top-Up Assets included in the Cover Pool is in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, then the Seller(s) in relation to which the aggregate amount of (i) Top-Up Assets transferred by such Seller(s) to the Guarantor and (ii) the Collections and Recoveries on the relevant Portfolio is in excess of 15 per cent. of the Outstanding Principal Balance of the relevant Portfolio (the "**Relevant Top-Up Assets Excess**") shall, during the 3<sup>rd</sup> (third) following Calculation Period, transfer to the Guarantor New Portfolio(s) of Eligible Assets in an aggregate amount at least equal to the Relevant Top-Up Assets Excess; provided however that such transfer will not be necessary if the Relevant Top-Up Assets Excess has been cured in full on or prior to the 3<sup>rd</sup> (third) Guarantor Payment Date immediately following the Calculation Date in which any such Test Performance Report has been delivered, upon repayment by the Guarantor of any Term Loan outstanding under the relevant Subordinated Loan Agreement in accordance with the Pre-Issuer Event of Default Principal Priority of Payments.

The purchase price of New Portfolio(s) of Eligible Assets so transferred will be financed (i) through the principal collections standing to the credit of the relevant Principal Collection Accounts, pursuant to Clause 3.4 of the relevant Master Loans Purchase Agreement or (ii) if the sums standing to the credit of the relevant Principal Collection Accounts are not sufficient to fund the purchase price of such New Portfolio(s) of Eligible Assets, through the proceeds of Term Loan(s) advanced by such Seller(s) to the Guarantor pursuant to the relevant Subordinated Loan Agreement.

The parties have also acknowledged and agreed that, if notwithstanding one or more Seller(s) having pursued the remedies set out in above, the aggregate amount of Top-Up Assets included in the Cover Pool is still in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, (a) the obligations to transfer New Portfolio(s) of Eligible Assets will be undertaken by the Issuer and/or the other Seller(s) (which for such purpose are deemed to be Relevant Seller(s)) in the circumstances set out above and (b) the obligations to fund the purchase price of such New Portfolio(s) of Eligible Assets will be funded as described below.

Following the delivery of an Issuer Default Notice on the Issuer and the Guarantor, any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets transferred to the Guarantor may then exceed the 15 per cent. limit of the aggregate Outstanding Principal Balance of the Cover Pool and the above provisions shall cease to apply, provided however that, should the Issuer Default Notice consist of an Article 74 Event, such provisions will again apply upon delivery of an Article 74 Event Cure Notice.

For the purpose of allowing the Guarantor to fund the purchases referred to above:

(d) each Relevant Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such Relevant Seller, also acknowledging that the Total Commitment set out from time to time under the relevant Subordinated Loan Agreement shall not be a limitation with respect to the Relevant Seller's obligation to advance the Term Loans to

the Guarantor in order to fund the purchase price for the relevant Eligible Assets and Top-Up Assets;

- (e) the Issuer has undertaken to advance a subordinated loan to the Guarantor on substantially the same terms as provided for under the Subordinated Loan Agreements in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by the Issuer; and
- (f) each other Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such other Seller.

The Guarantor will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the Cariparma Crédit Agricole Banking Group.

If, within the Test Grace Period, the relevant breach of the Tests is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Covered Bondholders will deliver:

- 1. an Issuer Default Notice to the Issuer and the Guarantor; or
- 2. a Guarantor Default Notice, if an Issuer Default Notice has already been served (*provided that*, should such Issuer Default Notice consist of an Article 74 Event, it has not served an Article 74 Event Cure Notice).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

After the service of an Issuer Default Notice on the Issuer and the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor will sell, refinance or otherwise liquidate the Eligible Assets and Top-Up Assets included in the Cover Pool, subject to the rights of pre-emption in favour of the Sellers to buy such Eligible Assets and, if applicable, Top-Up Assets pursuant to the relevant Master Loans Purchase Agreements, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Covered Bondholders will have delivered an Article 74 Event Cure Notice.

The Eligible Assets to be sold or liquidated will be selected from the Cover Pool by the Master Servicer on behalf of the Guarantor (any such Eligible Assets, together with any relevant Top-Up Assets, the "**Selected Assets**") and the proceeds from any sale of Selected Assets shall be credited to the Reserve Fund Account and applied as part of the Guarantor Available Funds in accordance with the applicable Priority of Payments. The Selected Assets shall be selected on a random basis and so to ensure that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Outstanding Principal Amount of all Series of Covered Bonds remains unaltered both prior to and following the sale or liquidation of the relevant Selected Assets and repayment of the Earliest Maturing Covered Bonds.

Before offering Selected Assets for sale or liquidating them, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance in an amount which is as close as possible to:

- the Outstanding Principal Amount in respect of the Earliest Maturing Covered Bonds, multiplied by 1 + Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365); *minus*
- 2. amounts standing to the credit of the Principal Collection Accounts; *minus*
- 3. the principal amount of any Top-Up Assets consisting of deposits,

excluding, with respect to items 2 and 3 above, all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the applicable Priority of Payments (the "**Required Outstanding Principal Balance**").

The Guarantor will offer the Selected Assets for sale or liquidate them for the best price or proceeds reasonably available but in any event for an amount not less than the Required Outstanding Principal Balance (the "**Required Outstanding Principal Balance Amount**").

If the Selected Assets have not been sold or otherwise liquidated in an amount equal to the Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series of Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale or liquidate them for the best price reasonably available notwithstanding that such amount may be less than the Required Outstanding Principal Balance Amount.

With respect to any sale or liquidation to be carried out, the Guarantor shall instruct the Portfolio Manager (as defined below) — to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds — to sell or liquidate any Top-Up Assets included in the Cover Pool before any Eligible Assets are sold in accordance herewith.

The Guarantor may offer for sale or otherwise liquidate part of any portfolio of Selected Assets (a "**Partial Portfolio**"). Except in certain circumstances described in the Cover Pool Management Agreement, the sale price or liquidation proceeds of the Partial Portfolio (as a proportion of the Required Outstanding Principal Balance Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Assets.

Upon the occurrence of an Issuer Event of Default, the Guarantor will through a tender process (to be carried out by the Guarantor Corporate Servicer on behalf of the Guarantor) appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best proceeds for the sale or liquidation of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale to purchasers (except where a Seller is buying the Selected Assets in accordance with its right of pre-emption under the Master Loans Purchase Agreement) or liquidation of the Selected Assets. The terms of the agreement giving effect to the appointment in accordance with such tender, as well as the terms and conditions of the sale of the Selected Assets, shall be approved by the Representative of the Covered Bondholders.

Following the delivery of an Issuer Default Notice consisting of an Article 74 Event, the obligation of the Guarantor to sell or liquidate Selected Assets, as described above, shall cease to apply starting from the date on which the Representative of the Covered Bondholders delivers to the Issuer, the

Sellers, the Guarantor and the Asset Monitor an Article 74 Event Cure Notice in accordance with the provisions of the Covered Bond Guarantee.

Following the delivery by the Representative of the Covered Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or liquidate all assets included in the Cover Pool in accordance with the procedures described above and the proceeds thereof will be applied as Guarantor Available Funds, *provided that* the Guarantor (or, in the absence, the Representative of the Covered Bondholders) will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale or liquidation is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

## Governing law

The Cover Pool Management Agreement is governed by Italian law.

# The Swap Agreements

## **Liability Swap Agreements**

The Guarantor may enter into one or more Liability Swap Agreements on or about the Issue Date of a Series of Covered Bonds with one or more Liability Swap Providers to hedge certain interest rate, currency and other risks in respect of amounts payable by the Guarantor in respect of the Series of Covered Bonds issued on that Issue Date. The aggregate notional amount of the Liability Swap Agreements entered into on each Issue Date shall be linked to the Outstanding Principal Amount of the relevant Series of Covered Bonds.

Under the Liability Swap Agreements, on each Guarantor Payment Date, it is expected that the Guarantor will pay to the Liability Swap Provider an amount calculated by reference to the notional amount of the relevant Series of Covered Bonds multiplied by either a fixed rate or Euribor, possibly increased by a margin. In return, the Liability Swap Provider would pay to the Guarantor on the payment dates elected in the relevant confirmation an amount calculated by reference to the notional amount multiplied by a rate linked to the interest rate applicable to the relevant Series of Covered Bonds.

It is intended that each Liability Swap Agreement would terminate on the date corresponding to the Maturity Date of the Covered Bonds of the relevant Series and may or may not take account of any extension of the Maturity Date under the terms of such Series of Covered Bonds as specified in the relevant Liability Swap Agreement.

# Asset Swap Agreements

Some of the Mortgage Loans in the portfolio purchased by the Guarantor from each Seller from time to time will pay a variable rate of interest and other Mortgage Loans will pay a fixed rate of interest. The Guarantor may enter into an Asset Swap Agreement to mitigate variations between the rate of interest payable on the Mortgage Loans in the Portfolio and EURIBOR and to ensure sufficient funding of the payment obligations of the Guarantor.

# **Rating Downgrade Event**

Under the terms of each Swap Agreement, in the event that the rating(s) of a Swap Provider or its credit support provider are downgraded by a Rating Agency below the rating(s) specified in the relevant Swap Agreement (in accordance with the criteria of the Rating Agencies), then such Swap

Provider will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement, or
- (b) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency in order to maintain the rating of the Covered Bonds, or
- (c) procuring another entity, with the ratings meeting the relevant Rating Agency's criteria in order to maintain the rating of the Covered Bonds, to become a guarantor in respect of such Swap Provider's obligations under the Swap Agreement.

A failure by the relevant Swap Provider to take such steps within the time periods specified in the Swap Agreement may allow the Guarantor to terminate the relevant Swap Agreement(s).

Any Swap Provider that does not, on the day of entry into a Swap Agreement, have the adequate rating shall have its obligations to the Guarantor under such Swap Agreement guaranteed by an appropriately rated entity.

## Swap Agreement Credit Support Document

Each Swap Agreement will be supplemented and complemented by a credit support document in the form of the ISDA 1995 Credit Support Annex (Transfer English Law) to the ISDA Master Agreement (a "**Credit Support Annex**"). The Credit Support Annex will provide that the relevant Swap Provider, if required to do so following its downgrade or the downgrade of its credit support provider and subject to the conditions specified in such Credit Support Annex, will transfer collateral ("**Swap Collateral**"), and the Guarantor will be obliged to return equivalent collateral in accordance with the terms of the Swap Agreement.

Cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms and within the limits of the Swap Agreement .

Any Swap Collateral will be returned by the Guarantor to the relevant Swap Provider directly in accordance with the terms of the Swap Agreement and not under any Priority of Payments.

#### Governing law

The Swap Agreements and any non-contractual obligations arising out or connected with them are governed by English Law.

#### **Mandate Agreement**

On 11 July 2013, the Guarantor and the Representative of the Covered Bondholders entered into a mandate agreement (the "**Mandate Agreement**"), pursuant to which the Representative of the Covered Bondholders shall be authorised, subject to a Guarantor Default Notice being delivered to the Guarantor or upon failure by the Guarantor to exercise its rights under the Transaction Documents and, subject to certain conditions, to exercise, in the name and on behalf of the Guarantor, in the interest of the Covered Bondholders and for the benefit of the Other Creditors all the Guarantor's right with reference to certain Transaction Documents.

#### Governing law

The Mandate Agreement is governed by Italian law.

#### **Deed of Pledge**

On 11 July 2013, the Guarantor, the Representative of the Covered Bondholders and the Other Creditors entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation and Covered Bond Law and the Deed of Charge, if any, securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

# Governing law

The Deed of Pledge is governed by Italian law.

# **Deed of Charge**

The Guarantor may enter into the Deed of Charge with the Representative of the Covered Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation and Covered Bond Law and the Deeds of Pledge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor will charge and assign in favour of the Representative of the Covered Bondholders as trustee for the Covered Bondholders and the Other Creditors all of its right, title, benefit and interest under the Swap Agreements, including the benefit of any guarantees thereunder, and right or title on or to any asset subject to English law. The security created pursuant to the Deed of Charge will become enforceable upon the service of a Guarantor Default Notice.

# Governing law

The Deed of Charge will be governed by English law.

# **Corporate Services Agreement**

On 11 July 2013, the Guarantor Corporate Servicer and the Guarantor have entered into a corporate services agreement with the Guarantor Corporate Servicer (the "**Corporate Services Agreement**"), pursuant to which the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor

# Governing law

The Corporate Services Agreement is governed by Italian law.

# **Quotaholders' Agreement**

For a description of the Quotaholders' Agreement, see "The Guarantor".

## **CREDIT STRUCTURE**

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Covered Bondholders of an Issuer Default Notice on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the Covered Bondholders of Default Notice on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the Covered Bondholders of Default Notice on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Covered Bond Guarantee provides credit support;
- the Statutory Tests are periodically performed with the intention of ensuring that the Cover Pool is at all times sufficient to repay the Covered Bonds;
- the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds;
- a Reserve Fund Account will be established which will build up over time using excess cash flow from Interest Available Funds and Principal Available Funds, in order to ensure that the Guarantor will have sufficient funds set aside to fulfil its obligation to pay interest accruing with respect to the Covered Bonds; and
- the swap agreements that may be entered into in order to hedge certain interest rate, currency or other risks, in respect of amounts received and/or payable by the Guarantor.

Certain of these factors are considered more fully in the remainder of this section.

# Guarantee

The Covered Bond Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when they become due for payment in respect of all Covered Bonds issued under the Programme.

See "*Overview of the Transaction Documents* — *Covered Bond Guarantee*" above, as regards the terms of the Covered Bond Guarantee. See "*Cashflows* — *Guarantee Priority of Payments*" further, as regards the payment of amounts payable by the Guarantor to Covered Bondholders and the Other Issuer Creditors following the occurrence of an Issuer Event of Default.

# **Compliance with the Tests**

Under the terms of the Cover Pool Management Agreement, each Relevant Seller (as defined under the Cover Pool Management Agreement) (and failing which, the Issuer, failing which, the other Seller(s)) must ensure that, on each Calculation Date prior to service of an Issuer Default Notice, the Cover Pool is in compliance with the Tests described below. If on any Calculation Date the Cover Pool is not in compliance with the Tests, then the Relevant Seller (and failing which, the Issuer, failing which, the other Seller(s)) will sell Eligible Assets or Top-Up Assets to the Guarantor for an amount sufficient to allow the Tests to be met on the next following Calculation Date, in accordance with the relevant Master Loans Purchase Agreements and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Relevant Seller(s), and/or the Issuer and/or the other Seller(s) (each only in respect of the Eligible Assets and/or Top-Up Assets transferred by it.

# Statutory Tests

The Statutory Tests are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. In order to ensure that the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**") are satisfied and that the Cover Pool is at all times sufficient to repay the Covered Bonds, each Seller (and failing the Seller to do so, the Issuer) must ensure that the three tests set out below are satisfied on each Calculation Date.

# Nominal Value Test

The Calculation Agent shall verify that on each Calculation Date, the aggregate Outstanding Principal Balance of the Cover Pool shall be higher than or equal to the Outstanding Principal Amount of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date.

For the purpose of the above, the Calculation Agent shall consider the Outstanding Principal Balance of the Cover Pool as an amount equal to the "**Nominal Value**", which will be calculated on each Calculation Date, by applying the following formula:

$$A + B + C - Y - W - Z$$

where,

- "A" stands for the "Adjusted Outstanding Principal Balance" of each Mortgage Loan, in the Cover Pool as at the relevant Calculation Date, which shall be the lower of:
  - (i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
  - (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, M = 0.80;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, M = 0.60; and
- (c) for all Mortgage Loans that are Defaulted Loans M = 0;

#### minus

the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool, if any of the following occurred during the previous Collection Period:

(1) a Mortgage Loan (or any security granted in relation thereto, the "Related Security") was, in the immediately preceding Collection Period, in breach of the representations and warranties contained in the Warranty and Indemnity Agreement or was subject to any other obligation of the relevant Seller to repurchase the relevant Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage Loans of the relevant Debtor to the extent required by the terms of the Master Loans Purchase Agreement (each such loan being an "Affected Loan"). In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the relevant Calculation Date); and/or

(2) the Issuer (in its capacity as Seller) or any other Seller, in the preceding Collection Period, was in breach of any other material warranty under the relevant Master Loans Purchase Agreement and/or the Master Servicer was, in the preceding Collection Period, in breach of a material term of the Master Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Guarantor or on its behalf without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Issuer, the relevant Seller and/or the Master Servicer or the relevant Sub-Servicer to indemnify the Guarantor for such financial loss);

*multiplied* by the Asset Percentage;

- "**B**" stands for the aggregate amount standing to the credit of the Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;
- "C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans;
- "**Y**" is equal to the Potential Set-Off Amount;
- "W" is equal to the Commingling Amount; and
- "Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

The "Asset Percentage" means the lower of (i) 100.00 per cent. and (ii) such other percentage figure as may be determined by the Issuer on behalf of the Guarantor.

#### Net Present Value Test

The Issuer and the Sellers shall ensure that the Net Present Value of the Cover Pool shall be higher than or equal to the Net Present Value of the Covered Bonds at the relevant Calculation Date.

#### The "Net Present Value of the Cover Pool" is an amount equal to:

#### $\mathbf{A} + \mathbf{B}$

where:

"A" stands for the net present value of all Eligible Assets and Top Up Assets comprised in the Cover Pool, including any sum standing to the credit of the Accounts, minus the payments to be made in priority to or *pari passu* with the amounts to be paid in relation to the Covered Bonds in accordance with the relevant Priority of Payments; and

"*B*" stands for the net present value of any and each Swap Agreement, if any.

The "**Net Present Value of the Covered Bonds**" is an amount equal to the value resulting from discounting at a given discount rate a series of future payments or incomes (as the case may be) of the Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms.

# Interest Coverage Test

The Issuer and the Sellers must ensure that on each Calculation Date the amount of interest and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement), shall be higher than the amount of interest due on all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date, taking into account the Swap Agreements entered into in connection with the Programme.

The Interest Coverage Test will be considered met if, on the relevant Calculation Date, the Expected Revenue Income (as defined below) is in an amount equal to or greater than the Expected Revenue Liability (as defined below), both as calculated on the relevant Calculation Date.

The "**Expected Revenue Income**" will be an amount calculated on each Calculation Date by applying the following formula:

# A+B+C

where,

- "A" stands for the aggregate amount standing to the credit of the Interest Collection Accounts and the Reserve Fund Account as of the relevant Calculation Date;
- "**B**" stands for any payments that the Guarantor is expected to receive under any Swap Agreement as at the end of the relevant Guarantor Payment Period; and
- "C" stands for the interest component of all the Instalments falling due from the relevant Calculation Date to the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date).

The "**Expected Revenue Liability**" will be an amount calculated on each Calculation Date by applying the following formula:

#### D+E+F

where,

- "D" stands for the aggregate amount of all interest payments due under all outstanding Series of Covered Bonds on the Interest Payment Dates falling in the period starting from the immediately following Calculation Date and ending on the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date);
- "E" stands for any Senior Liabilities (net of any amounts credited to the Reserve Fund Account and payments made under any and all Swap Agreements) expected to be borne by the Guarantor during the period starting from the immediately following Calculation Date and ending on the date falling 12-months thereafter; and
- "**F**" stands for any payments expected to be borne or due by the Guarantor under any Swap Agreement as at the end of the Guarantor Payment Period.

The Interest Coverage Test will:

- (i) be met if  $\mathbf{A}+\mathbf{B}+\mathbf{C} \ge \mathbf{D}+\mathbf{E}+\mathbf{F}$ ; or
- (ii) not be met if A+B+C < D+E+F.

## Amortisation Test

The Amortisation Test is intended to ensure that, following an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Covered Bond Guarantee. The Amortisation Test will be considered met if, on the relevant Calculation Date, the Amortisation Test Aggregate Loan Amount is an amount at least equal to the Outstanding Principal Amount of the issued Covered Bonds as calculated on the relevant Calculation Date. If the Amortisation Test Aggregate Loan Amount is less than the Outstanding Principal Amount of the issued Covered Bonds, then the Amortisation Test will be deemed to be breached and if such breach is not remedied by the Relevant Seller(s) (or failing which, the Issuer or, failing the Issuer, the other Seller(s)) by the 3<sup>rd</sup> (third) following Calculation Date, a Guarantor Default Notice will be served by the Representative of the Covered Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee. The Calculation Agent, whilst Covered Bonds are outstanding, will immediately notify the Representative of the Covered Bondholders of any breach of the Amortisation Test. Following a Guarantor Default Notice, the Guarantor will be required to make payments in accordance with the Post-Enforcement Priority of Payments.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Calculation Date as follows:

$$A + B + C - Z$$

where,

- "A" stands for the aggregate "Adjusted Outstanding Principal Balance" of each Mortgage Loan in the Cover Pol as at the relevant Calculation Date, which shall be the lower of:
  - (i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
  - (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, M = 0.80;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, M = 0.60; and
- (c) for all Mortgage Loans that are Defaulted Loans M = 0;
- "**B**" stands for the aggregate amount standing to the credit of the Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;
- "C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans; and
- "Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Outstanding Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

#### **Reserve Fund Account**

The Reserve Fund Account is held in the name of the Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the relevant Reserve Fund Amount. Such Reserve Fund Amount will be determined on each Calculation Date in an amount sufficient to ensure that, in the event that a

payment is required to the Guarantor under the Covered Bond Guarantee, the Guarantor would have sufficient funds set aside and readily available to pay (i) interest amounts accruing, from time to time, with respect to all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due the Covered Bondholders of such Series), provided that on each Calculation Date immediately preceding each Interest Payment Date, the Reserve Fund Amount will be calculated on the basis of the Euribor determined on the immediately preceding Interest date, *plus* with reference to the first Guarantor Payment Date following the Issue Date of any Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds from the Issue date to such Guarantor Payment Date, *plus* (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the items (First) to (Third) of the Pre-Issuer Event of Default Interest Priority of Payments. The required Reserve Fund Amount will be credited by the Guarantor to the Reserve Fund Account on each Guarantor Payment Date in accordance with the Pre-Issuer Event of Default Interest Priority of Payments and the Pre-Issuer Event of Default Principal Priority of Payments.

## CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default Notice is served on the Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

## Definitions

For the purposes hereof:

"Interest Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool (other than the interests due and taken into account for the purpose of the Individual Purchase Price of each Receivable) and credited into the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (b) all recoveries in the nature of interest and fees received by the Master Servicer or any Sub-Servicer and credited to the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Calculation Date;
- (d) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts;
- (e) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (f) (a) prior to the delivery of an Issuer Default Notice, an amount equal to the Release Reserve Amount or (b) after the delivery of an Issuer Default Notice, the Reserve Fund Amount, standing to the credit of the Reserve Fund Account; and
- (g) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"Individual Purchase Price" means, with respect to each Receivable transferred pursuant to the Master Loan Purchase Agreements: (i) the *Ultimo Valore di Iscrizione in Bilancio* (as defined under the Master Definition Agreement) of the relevant Receivable minus all principal and interest collections (with respect only to the amounts of interest which constitute the *Ultimo Valore di Iscrizione in Bilancio*) received by the Seller with respect to the relevant Receivables from the date of the most recent financial statements of the Seller up to the relevant Transfer Date (included) and increased of the amount of interest accrued and not yet collected on such Receivables during the same period; or, at the option of the relevant Seller (ii) such other value, as indicated by the relevant Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables had not been transferred for the purpose of article 7-bis, sub-paragraph 7, of the Securitisation and Covered Bond Law.

"Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts (and any interest amount taken into account for the purpose of the Individual Purchase Price of each Receivable) collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the Collection Period preceding the relevant Calculation Date;
- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Principal Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestment of Top-Up Assets;
- (e) where applicable, any swap principal payable under the Swap Agreements other than any Swap Collateral Excluded Amounts; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

# **PRIORITY OF PAYMENTS**

## **Pre-Issuer Event of Default Interest Priority of Payments**

Prior to service of an Issuer Default Notice on the Guarantor and the Issuer or service of a Guarantor Default Notice on the Guarantor, Interest Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Interest Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor (or make provision for any Expenses of the Guarantor which will be due before the next Guarantor Payment Date);
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Sub-Servicers, the Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor and the Principal Paying Agent;
- (d) *Fourth*, where applicable, to pay any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party) other than the swap principal;
- (e) *Fifth*, to transfer to the Reserve Fund Account the relevant Reserve Fund Amount;
- (f) Sixth, to allocate to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Date pursuant to item Second of the Pre Issuer Event of Default Principal Priority of Payments, net of any amount already allocated under this item Sixth on any previous Guarantor Payment Date;
- (g) *Seventh*, to pay any payments due and payable by the Guarantor to any Swap Provider not paid under item *Fourth* above; and

# **Pre-Issuer Event of Default Principal Priority of Payments**

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor or service of a Guarantor Default Notice on the Guarantor, all Principal Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Principal Priority of Payments**"):

- (a) *First*, to pay any swap principal due to any Swap Provider;
- (b) *Second*, to transfer any amounts to the Reserve Fund Account necessary in order to make up any shortfall in the Reserve Fund Amount;
- (c) Third, to repay the Term Loans advanced by the Subordinated Lenders under the relevant Subordinated Loan Agreements, provided the Tests and the Relevant Portfolio Test and the other conditions set forth under Clause 6.2 of the relevant Subordinated Loan Agreement are complied with; and
- (d) Fourth, to the extent that any Subordinated Lender has not received amounts as repayment of the Term Loans under item Third above, to deposit, pursuant to Clause 6.2.2 of the Subordinated Loan Agreements, the relevant amounts in the appropriate Principal Collection Account(s).

# Guarantee Priority of Payments

On each Guarantor Payment Date after the service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to the service of a Guarantor Default Notice), the Guarantor Available Funds shall be applied at the direction of the Guarantor in making the following payments or provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Sub-Servicers, the Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor and the Principal Paying Agent;
- (d) Fourth, to pay, pari passu and pro rata, according to the respective amounts thereof, any amounts, other than in respect of principal, due and payable on such Guarantor Payment Date or during the next following Guarantor Payment Period (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (e) Fifth, to pay, pari passu and pro rata, according to the respective amounts thereof, any amounts in respect of principal due and payable on such Guarantor Payment Date or during the immediately following Guarantor Payment Period; (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (f) *Sixth*, to deposit in the Reserve Fund Account any cash balances until the Covered Bonds have been repaid in full or sufficient amounts have been accumulated to pay outstanding Covered Bonds;

- (g) *Seventh*, to pay any termination payments due and payable by the Guarantor to the Swap Providers not paid under item *Fourth* or *Fifth* above;
- (h) *Eighth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (i) *Ninth*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (j) *Tenth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

# Application of Moneys following Occurrence of a Guarantor Event of Default

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Guarantor Available Funds will be applied in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Representative of the Covered Bondholders and the remuneration due to any Receiver and any proper costs and expenses incurred by it;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Sub-Servicers, the Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor and the Principal Paying Agent;
- (d) Fourth, to pay, pari passu and pro rata, according to the respective amounts thereof: (i) any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) any interest and any Outstanding Principal Amount due under all outstanding Series of Covered Bonds;
- (e) *Fifth*, to pay any termination payments due and payable by the Guarantor to any Swap Provider not paid under item *Fourth* above;
- (f) *Sixth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (g) *Seventh*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (h) *Eighth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

## **DESCRIPTION OF THE COVER POOL**

The Cover Pool is comprised of (i) the Portfolio, which is in turn comprised of Mortgage Loans and related collateral assigned to the Guarantor by the Sellers in accordance with the terms of the Master Loans Purchase Agreement and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor.

The Initial Portfolio and each New Portfolio acquired by the Guarantor (the "**Portfolio**"), consists of Mortgage Loans sold by any of the Sellers to the Guarantor from time to time, in accordance with the terms of the Master Loans Purchase Agreement, as more fully described under "*Overview of the Transaction Documents* — *Master Loans Purchase Agreements*".

For the purposes hereof:

"**Initial Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement;

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

# Eligibility Criteria

The sale of Loans and their Related Security and the transfer of any other Eligible Asset or Top-Up Asset to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Transfer Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that Italian law requirements are met.

The following assets (*attivi idonei* or "**Eligible Assets**") are considered eligible under Article 2, sub-paragraph 1, of Decree No. 310:

- (a) residential mortgage loans that have an LTV that does not exceed 80 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (b) commercial mortgage loans that have an LTV that does not exceed 60 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (c) receivables owed by, securities issued by, or receivables or securities which have the benefit of a guarantee eligible for credit risk mitigation granted by:
  - (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach; and
  - (ii) public entities, located outside the European Economic Area or Switzerland, for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach;

- (d) asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks standardised approach *provided that* at least 95 per cent. of the relevant securitised assets are:
  - (i) residential mortgage loans that have an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
  - (ii) commercial mortgage loans that have an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
  - (iii) receivables or securities satisfying the requirements indicated under item (c) above;

*provided that* the assets described under item (d)(ii) above may not amount to more than 10 per cent. of the aggregate nominal value of the Cover Pool.

# Eligibility Criteria for Mortgage Loans

Under the Master Loans Purchase Agreements, the relevant Sellers and the Guarantor have agreed the following common criteria (the "**Common Criteria**") (see "*Overview of the Transaction Documents* — *Master Loans Purchase Agreements*" above) that will be applied in selecting the Mortgage Loans that will be transferred thereunder to the Guarantor:

Receivables arising from loans:

- which are, alternatively: (A) residential mortgage receivables (i) with a risk weight not higher than 35% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80% of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a residential property, which have a risk weight higher than 35% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80% of the value of the residential property; or (B) commercial mortgage receivables (i) with a risk weight not higher than 50% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60% of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a commercial property, which have a risk weight higher than 50% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60% of the value of the commercial property;
- in relation to which the consolidation period applicable to the relevant mortgage has ended and the relevant mortgage is not subject to appeal pursuant to Article 67 of Royal Decree No. 267 of 16 March 1942 and, where applicable, Article 39, paragraph 4, of Legislative Decree No. 385 of 1 September 1993;
- which have been drawn or purchased by banks belonging to Cariparma Crédit Agricole Banking Group;
- which are governed by Italian law;
- in relation to which no instalments outstanding for more than 30 days from the due payment date subsist;

- which do not include any clauses limiting the possibility for Cariparma to assign the receivables arising thereunder or providing the debtor's consent for such assignment, Cariparma has obtained such consent;
- in respect of which the pre-amortization period, if provided for under the relevant loan agreement, has elapsed or in relation to which the debtor has paid at least one instalment;
- which provide for all payments on behalf of the debtor to be made in Euro;
- which have been fully disbursed;
- which have been granted to: (A) an individual (including individuals who are, or were as of the date the mortgage was drawn, employees of any company within the Cariparma Crédit Agricole Banking Group); (B) a legal person (excluding public sector entities, local authorities and central administrations and central banks); or (C) more individuals or legal persons jointly;
- which bear a floating interest rate (determined from time to time by Cariparma) or a fixed interest rate.

# DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

The following is a general description of the Italian Securitisation and Covered Bond Law (as defined below) and other legislation that may be relevant to investors in assessing the Covered Bonds, including recent legislation affecting the rights of mortgage borrowers. It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this summary is based on Italian Legislation as in effect on the date of this Base Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Covered Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.

# The Securitisation and Covered Bond Law

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Article 7-*bis* and article 7-*ter* of the Law No. 130 of 30 April 1999 (as amended and supplemented from time to time, the "**Italian Securitisation and Covered Bond Law**");
- the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree No. 310 (the "**MEF Regulation**");
- the C.I.C.R. Decree dated 12 April 2007; and
- Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (*Circolare* No. 263 of 27 December 2006), as amended and supplemented from time to time (the "**Bank of Italy Instructions**").

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Securitisation and Covered Bond Law by adding two new articles, Articles 7-*bis* and 7-*ter*, which enable banks to issue covered bonds. Articles 7-*bis* and 7-*ter*, however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

Following the issue of the MEF Regulation, the Bank of Italy Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010 and further supplemented by Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (*Circolare* No. 263 of 27 December 2006), completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of this funding instrument, which has previously only been available under special legislation to specific companies (such as Cassa Depositi e Prestiti S.p.A.).

The Bank of Italy Instructions introduced provisions, among other things, regulating:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits; and
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

## Basic structure of a covered bond issue

The structure provided under Article 7-*bis* with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (*i.e.* the cover pool) to an Article 7-*bis* special purpose vehicle (the "**SPV**");
- the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- the bank issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the SPV.

Article 7-bis however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

## The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Italian Securitisation Law, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

# The guarantee

The MEF Regulation provides that the guarantee issued by the SPV for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the SPV must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. The acceleration of the issuer's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the SPV will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. In addition, the SPV will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amounts recovered by the SPV from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

# Segregation and subordination

Article 7-bis provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively

designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*bis* expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

# Exemption from claw-back

Article 7-*bis* provides that the guarantee and the subordinated loan granted to fund the payment by the SPV of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Italian Bankruptcy Law (Royal Decree No. 267 of 16 March 1942).

# The issuing bank

The Bank of Italy Instructions provide that covered bonds may only be issued by banks which individually satisfy, or which belong to banking groups which, on a consolidated basis:

- have regulatory capital of at least Euro 500,000,000; and
- have a minimum total capital ratio of 9 per cent.

The Bank of Italy Instructions specify that the requirements above also apply to the bank acting as cover pool provider (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider).

The Bank of Italy Instructions furthermore provide that the total amount of eligible assets that a bank may transfer to cover pools in the context of covered bond transactions is subject to limitations linked to the total capital ratio and tier 1 ratio of the individual bank (or of the relevant banking group, if applicable) as follows:

Ratios		Transfer Limitations
"A" range	– Total capital ratio ≥ 11%	No limitation
	– Tier 1 ratio ≥ 7%	
"B" range	– Total capital ratio $\ge 10\%$ and $< 11\%$	Up to 60% of eligible assets may be transferred
	– Tier 1 ratio ≥ $6.5\%$	
"C" range	– Total capital ratio $\ge 9\%$ and $< 10\%$	Up to 25% of eligible assets may be transferred
	– Tier 1 ratio ≥ 6%	

The Bank of Italy Instructions clarify that the ratios provided with respect to each range above must be satisfied jointly: if a bank does not satisfy both ratios with respect to a specific range, the range applicable to it will be the following, more restrictive, range. Accordingly, if a bank (or the relevant banking group) satisfies the "b" range total capital ratio but falls within the "c" range with respect to its tier 1 ratio, the relevant bank will be subject to the transfer limitations applicable to the "c" range.

# The Cover Pool

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-bis, see "Description of the Cover Pool – Eligibility Criteria".

Ratio between cover pool value and covered bond outstanding amount

The MEF Regulation provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the SPV, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the SPV) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's s board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Instructions require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Instructions require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

# Substitution of assets

The MEF Regulation and the Bank of Italy Instructions provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralisation provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction.

The eligible assets comprised in the cover pool may only be substituted or supplemented by means of:

- the transfer of further assets (eligible to be included in the cover pool in accordance with the criteria described above);
- the establishment of deposits held with banks ("**Qualified Banks**") which have their registered office in a member state of the European Economic Area or in Switzerland or in a state for

which a 0 per cent. risk weight is applicable in accordance with the prudential regulations' standardised approach; and

• the transfer of debt securities, having a residual life of less than one year, issued by the Qualified Banks.

The MEF Regulation and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above, cannot exceed 15 per cent. of the aggregate nominal value of the cover pool. This 15 per cent. limitation must be satisfied throughout the transaction and, accordingly, the substitution of cover pool assets may also be carried out in order to ensure that the composition of the assets comprised in the cover pool continues to comply with the relevant threshold.

The Bank of Italy Instructions clarify that the limitations to the overall amount of eligible assets that may be transferred to cover pools described under "*The Issuing Bank*" above do not apply to the subsequent transfer of supplemental assets for the purposes described under this paragraph.

# Suspension of payments

In exceptional circumstances, pursuant to article 74 of the Consolidated Banking Act, one or more special administrator (*commissari straordinari*) appointed by the Bank of Italy, in order to protect the interests of the creditors, in consultation with an oversight committee composed of between three and five members (*comitato di sorveglianza*) and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional two months. During the suspension period forced executions or actions to perfect security interests involving the bank's properties or customers' securities may not be initiated or prosecuted. During the same period mortgages may not be registered on the bank's immovable property nor may any other rights of preference on the bank's movable property be acquired, except in the case of enforceable court orders issued prior to the beginning of the suspension period. The suspension shall not constitute insolvency.

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer, the SPV, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "*The Guarantor and the Covered Bond Guarantee - Suspension of Payments*" and section "*Overview of the Transaction Documents - Covered Bond Guarantee*".

# Taxation

Article 7-*bis*, sub-paragraph 7, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

## Aspects of Italian Law relevant to Mortgage Loans

The Bersani Decree aims at, *inter alia*, increasing competitiveness in a number of sectors, including the banking sector. In particular, in the banking sector, the Bersani Decree aims at reducing the costs associated with prepayment of mortgage loans with a view allowing borrowers to refinance their mortgage loans more easily. The Bersani Decree also provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is void with respect to mortgage loan agreements entered into, with an individual as borrower, on or after 2 February 2007 (being the date on which the Bersani Decree entered into force) for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

With respect to loan agreements entered into prior to the enactment of the Bersani Decree (i.e. prior to 2 February 2007), article 7, paragraph 5 of the Bersani Decree **provided that** the Italian banking association (*Associazione bancaria italiana*) ("**ABI**") and the main national consumer associations were entitled to reach, within three months from 2 February 2007, an agreement regarding the equitable renegotiation of prepayment penalties within certain maximum limits calculated on the residual amount of the loans (in each instance, the "**Substitutive Prepayment Penalty**"). Had ABI and the relevant consumer associations failed to reach an agreement, the Bank of Italy would have determined the Substitutive Prepayment Penalty by 2 June 2007.

The agreement reached on 2 May 2007 between ABI and national consumer associations (the "**Prepayment Penalty Agreement**") contains the following main provisions (as described in an ABI press release dated May 2007):

- (i) with respect to variable rate loan agreements the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, 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 per cent, and should be further reduced to: (a) 0.20 per cent, 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 per cent if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent 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 per cent, 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:

- (i) 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 per cent;
- (ii) 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 per cent if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent; or (y) 0.15 per cent, if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

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.

The Bersani Decree moreover includes other miscellaneous provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

The 2008 Budget Law provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. The new provisions of law facilitate the exercise by the Debtors of their right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or the subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Civil Code, by eliminating the limits and costs previously borne by the Debtors for the exercise of such right. The recent Law Decree number 78 of 1 July 2009 (as converted into law by the Italian Law number 102 of 3 August 2009) provides, *inter alia*, that if the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor.

In addition, the 2008 Budget Law provided for the right of borrowers, under mortgage loans related to the purchase of the first house ("*prima casa*") and unable to pay the relevant instalments, to request the suspension of payments of instalments due under the relevant mortgage loans for a maximum of two times and for a maximum aggregate period of 18 months. The 2008 Budget Law also provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund.

Further, Law Decree No. 93 of 27 May 2008 came into force on 29 May 2008 (as amended and converted into law by Law number 126 of 24 July 2008), providing new legislation on the renegotiation of mortgage loan repayment plans for principal residence homeowners. Under the provisions of the Convention in order to regulate the renegotiation of floating rate/floating instalments mortgage loans executed before 29 May 2008 for the purpose of the purchase, building or maintenance of the debtors' principal residence. The Convention is open to the adhesion of banks and financial

intermediaries enrolled in the general register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act (such as Cariparma which has adhered), including special purpose companies incorporated under the Securitisation Law. The banks and financial intermediaries who adhere to the Convention shall, within 29 August 2008, propose to their clients meeting the requirements set out therein the renegotiation of the relevant mortgage loans. Pursuant to the new legislation, the instalments payable by the relevant debtors are recalculated by reference to the average of the floating interest rates applied under the relevant loan during 2006 (or, in case of loans executed after 31 December 2006, by reference to the parameters used to calculate the first amortisation instalment), rendered fixed instalments starting from 1 January 2009 and thereafter applied on the outstanding debt for the entire duration of the loan. The difference between the amount of the instalments so calculated will then be debited to an ancillary loan account accruing interest at the rate of IRS for 10 years plus a margin of 0.50 per cent per annum and repayable after the repayment of the renegotiated loan with the same fixed instalments.

Furthermore, the Abruzzo Decree provides, *inter alia*, for the establishment of a fund entitled "*Fondo antisismico*" and suspension of payments of instalments due under the relevant mortgage loans in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events as of 6 April 2009. In addition, the Abruzzo Decree provides that the Italian state will subrogate the relevant Debtor, and make payments on his behalf, (i) in case of destruction or collapse of the relevant real estate properties securing mortgage loan agreements granted by banks and financial intermediaries enrolled in the general and special registers held by the Bank of Italy pursuant to articles 106 and 107 of the Italian Legislative Decree No. 385 of 1993, and (ii) **provided that** the amount disbursed by the Italian state will not exceed the sums necessary for the rebuilding or repairing of such real estate properties.

Further to the above, the Law Decree number 74 of 6 June 2012 "Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici che hanno interessato il territorio delle province di Bologna, Modena, Ferrara, Mantova, Reggio Emilia e Rovigo il 20 maggio e il 29 maggio 2012" provides, inter alia, for the suspension of all terms provided under contractual obligations starting from 20 May 2012 and ending on 31 July 2012 in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the province affected by the earthquake events as of 20 May and 29 May 2012.

The PMI Moratorium provides, *inter alia*, for a suspension of payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises ("**PMI**") for a period of 12 months. The suspension applies on the condition that the instalments (i) are timely paid or in case of late payments, the relevant instalment has not been outstanding for more than 180 days from the date of request of the suspension. As further requirements, (i) the PMI must bear positive economic perspectives and be able to guarantee a business continuity or, in any case, be under "temporary" financial difficulties; (ii) that, on 30 September 2008, their positions were classified by the bank as performing; and (iii) that, at the time of the request of the suspension, they had no positions which could be classified as suffering and defaulting and no enforcement procedures were commenced. The ABI communication dated 15 June 2010 clarified that such suspension can be requested up to 31 January 2011.

ABI communication dated 14 January 2010 "Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio" and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the PMI Moratorium and, in particular, extended the

applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender.

The Piano Famiglie, stipulated on 18 December 2009, provides for a 12 month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 January 2011. The suspension is allowed only where the following events have occurred: (i) termination of employment relationship; (ii) termination of employment relationships regulated under article 409 n. 3 of the Italian Civil Procedure Code; (iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or (iv) suspension from work or reduced working hours for a period of at least 30 days. The relevant events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 31 December 2010. The suspension can be requested on one occasion only and applies to the following categories of mortgage loans: (i) which are granted in an amounts not exceeding 150,000 Euro, (ii) which are granted for the purpose of purchasing, constructing or renovating of a primary residence (*mutui prima casa*); (iii) which have been assigned under securitisation or covered bond transactions pursuant to Law 130, or (iv) which have been renegotiated pursuant to the Convention or whose lender was subrogated pursuant to the Bersani Decree. Finally, in order to obtain such suspension of payments, the Debtor shall have an income not exceeding 40,000 Euro per year. The document clarifies that in the context of a securitisation or covered bond transaction, the special purpose vehicle, or the Bank acting on its behalf, can adhere to the Piano Famiglie. The suspension can be limited to principal instalments only or can encompass both principal and interest instalments.

On 24 June 2010 the Italian Banking Association (ABI), by a resolution of the Executive Committee, provided for further measures representing an adjustment of the "*Accordo per la sospensione del pagamento delle rate dei mutui nell'ambito del Piano Famiglie*' ("**Misures for Familes**") and the "*Avviso Comune per la sospensione dei debiti delle PMI verso il settore creditizio*" ("**Misures for Enterprises''**), as appropriate to the specific area of Abruzzo affected by the earthquake.

Such measures shall be applicable from the 30 June 2010, which is the deadline for the application of facilities previously established by ABI.

Particularly, the Measures for Families provides for the right of the families residing in the municipalities affected by the earthquake to suspend, for further 6 months, the payment of instalments of the mortgage loans related to the primary residence ("*prima casa*"), The suspension will apply to mortgage loans not exceeding Euro 150 000, the relevant debtor has a taxable income of less than 40 000 per year and is compliant with one of the conditions of the Piano Famiglia (loss of job, death or onset of term care, suspension from work).

The Measures for Enterprises consist of an extension to all companies located in the municipalities affected by the earthquake, of the facilities previously provided for small and medium enterprises to suspend the debts owed to banking sector. The enterprises, requiring such suspension or extension, should have a position classified by the bank as "performing" at 6 April 2009. The beneficiaries can apply for the suspension until 31 January 2011.

Each bank may voluntarily adhere to the Measures for Enterprises. The ABI will collect all the adhesions from the banks and will publish them on its website.

# TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

## **Republic of Italy**

## Tax treatment of Covered Bonds

Decree No. 239 sets out the applicable regime regarding the tax treatment of interest, premium and other income from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree 239 only apply to Covered Bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**")

## Italian resident Covered Bondholders

Where an Italian resident Covered Bondholders is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the *risparmio gestito regime* see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,
- (e) interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as "imposta sostitutiva", levied at the rate of 20 per cent. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the imposta sostitutiva applies as a provisional tax and may be deducted from the taxation on income due.

Where an Italian resident Covered Bondholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected, and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*. They must, however, be included in the relevant Covered Bondholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also to IRAP (the regional tax on productive activities).

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the relevant Covered Bondholder.

Where an Italian resident Covered Bondholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but they must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "Intermediary").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Covered Bondholders or, absent that, by the Issuer.

# Non-Italian resident Covered Bondholders

Where the Covered Bondholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "White List States") as listed (i) in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the tax year in which the decree pursuant to article 168-bis of Decree No. 917 is effective, in the list of States allowing an adequate exchange of information with the Italian tax authorities as per the decree issued to implement Article 168-bis, paragraph 1 of Decree No. 917 (for the 5 years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the new white-list); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-Italian resident Covered Bondholders must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Covered Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, which remains valid until withdrawn or revoked, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. to Interest paid to Covered Bondholders who do not qualify for the exemption.

Covered Bondholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Covered Bondholder.

# Payments made by an Italian resident guarantor

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

In accordance with another interpretation, any such payment made by the Italian resident Guarantor may be subject to an advance or final withholding tax at a rate of 20 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In the case of payments to non-Italian resident bondholders, double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

### Atypical securities

Interest payments relating to Covered Bonds that are not deemed to fall within the category of bonds (obbligazioni) or debentures similar to bonds (titoli similari alle obbligazioni) may be subject to a withholding tax, levied at the rate of 20 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Covered Bonds issued by an Italian resident issuer, where the Covered Bondholder is:

(a) an Italian individual engaged in an entrepreneurial activity to which the Bonds are connected;

- (b) an Italian company;
- (c) a permanent establishment in Italy of a foreign entity carrying on an entrepreneurial activity;
- (d) an Italian commercial partnership; or
- (e) an Italian entity carrying on an entrepreneurial activity,

such withholding tax is a provisional withholding tax.

In all other cases, including when the Covered Bondholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Covered Bondholders, the 20 per cent. withholding tax rate may be reduced by any applicable tax treaty.

# Capital gains tax

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 20 per cent. Covered Bondholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Covered Bondholders holding the Covered Bonds. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *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.
- (b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
  - (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and

(ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Covered Bondholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Covered Bondholders or using funds provided by the Covered Bondholders for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Covered Bonds results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Covered Bondholders are not required to declare the capital gains in the annual tax return.

(c) In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

The capital gains realised by an Italian collective investment fund or a SICAV are not subject to imposta sostitutiva nor to any other income tax in the hands of the relevant Fund.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Covered Bondholders from the sale or redemption of Covered Bonds issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

Capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident in a White List States as defined above;;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in White List States.

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent. However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.

## Inheritance and gift taxes

Transfers of any valuable asset (including shares, Covered Bonds or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding Euro 100,000; and
- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

## Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 168 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

### Stamp duty

Pursuant to Article 19(1) of Law Decree No. 201 of 6 December 2011 ("Decree 201"), converted by Law no. 214 of 22 December 2011, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Covered Bondholder in respect of any Covered Bonds which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.15 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Covered Bonds held. The stamp duty can be no lower than  $\notin$  34.20 and it cannot exceed  $\notin$  4.500.00 if the Covered Bondholder is not an individual.

Under a certain interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Covered Bondholders, to the extent that Covered Bonds are held with an Italian-based financial intermediary.

# Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Covered Bonds outside the Italian territory are required to pay an additional tax at a rate of 0.15 per cent.

This tax is calculated on the market value of the Covered Bonds at the end of the relevant year or - if no market value figure 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).

## EU Savings Directive

Under EC Council Directive 2003/48/EC (the "EU Savings Directive") on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are permitted to apply an optional information reporting system, whereby if a beneficial owner (within the meaning of the EU Savings Directive) does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period with the rate of withholding currently at 35%. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, including Switzerland and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for an individual resident or certain limited types of entity established in certain to payments made by a person in a Member State to, or collected by such a person for an individual resident or certain limited types of entity established in certain to payments made by a person in a Member State to, or collected by such a person for an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, for interest paid from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax Authorities of the State of residence of the beneficial owner.

Either payments of interest on the Covered Bonds or the realisation of the accrued interest through the sale of the Covered Bonds would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree 84. Accordingly, such payments of interest arising out of the Covered Bonds would fall within the scope of the Directive being the Covered Bonds issued after 1st March, 2001.

#### SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement entered into, on 11 July 2013, between, *inter alia*, the Issuer, the Guarantor, the Dealer and the Arranger. Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

#### **Selling restrictions**

#### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a Base Prospectus pursuant to Article 3 of the Prospectus Directive or supplement a Base Prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Covered Bonds to the public" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 Amending Directive, to the extent implemented in the Relevant Member State),

and includes any relevant implementing measure in the Relevant Member State and the expression "2010 Amending Directive" means the Directive 2010/73/EC.

## United States of America

Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.

The Covered Bonds have not been and will not be registered under the Securities Act and have not been registered or qualified under any state securities or "Blue Sky" laws of the states 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 in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act.

The Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, it will not offer, sell or deliver Covered Bonds, (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in case of an issue of the Covered Bonds on a syndicated basis, the relevant lead manager, of all Covered Bonds of the Tranche of which such Covered Bonds are a part within the United States of America or to, or for the account or benefit of, U.S. persons Each Dealer further agrees and each further Dealer appointed under the Programme will be required to agree that it will send to each Dealer to which it sells Covered Bonds during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds within the United States of America or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds an offer or sale of such Covered Bonds within the United States of America by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise that in accordance with an available exemption from registration under the Securities Act.

# Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act no. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act no. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### The United Kingdom

In relation to each Series of Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree with the Issuer that:

- (a) *No deposit-taking*: in relation to any Covered Bonds having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) Financial *promotion*: it has only communicated or caused to be communicated and will only communicate any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not, or in the case of the Issuer, would not, if it was not an authorised person, apply to the Guarantor; and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### Republic of Italy

The offering of Covered Bonds has not been registered with the Commissione nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, save as set out below, it has not made and will not make an offer of any Covered Bonds to the public in the Republic of Italy, and that sales of the Covered Bonds in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations; in particular, no Covered Bonds may be offered, sold or delivered, nor copies of the Base Prospectus or of any other document relating to any Covered Bonds may be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Financial Law and Article 34-*ter*, paragraph 1 (b) of CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time ("**Regulation no. 11971**"); or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Law and Regulation no. 11971.

Any offer, sale or delivery of the Covered Bonds or distribution of copies of this Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Law, CONSOB Regulation no. 16190 of 29 October 2007 (as amended from time to time) and the Banking Law; and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## Republic of Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to represent and agree) that:

- (a) in connection with offers for sale of any Covered Bond issued by the Issuer that is not listed on any stock exchange and that does not mature within two years, it will not:
  - knowingly sell or offer for sale any Covered Bonds issued by the Issuer to any person, including any body corporate, resident in Ireland or having its usual place of abode in Ireland (an "Irish Person");
  - (ii) knowingly issue or distribute, or knowingly cause to be issued or distributed, any documentation offering for subscription or sale any Covered Bonds issued by the Issuer, to any Irish Person;
  - (iii) as far as primary sales of any Covered Bonds issued by the Issuer are concerned, its actions in any jurisdiction will comply with the then applicable laws and regulations;
  - (iv) offer, sell or deliver any such Covered Bond to any person in a denomination of less than Euro 500,000 or its equivalent in any other currency;
- (b) in connection with offers for sale of any Covered Bond issued by the Issuer that is not listed on any stock exchange that matures within two years, it will not offer, sell or deliver any such Note to any person in a denomination of less than Euro 500,000 if the relevant Covered Bond is denominated in euro, US\$500,000 if denominated in US Dollars, or if denominated in a currency other than euro or US Dollars, the equivalent of Euro 500,000 at the date the Programme is first publicised.

In addition, such Covered Bond must be cleared through Euroclear, Clearstream, Luxembourg or DTC (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners, which includes Monte Titoli S.p.A.).

### General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Programme Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and

regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Base Prospectus.

#### **GENERAL INFORMATION**

#### Listing and Admission to Trading

This Base Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the *Commission de Surveillance du Secteur Financier* ("**CSSF**") in its capacity as competent authority in the Grand Duchy of Luxembourg for the purposes of the Prospectus Directive. Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

The CSSF may, at the request of the Issuer, send to the competent authority of another Member State of the European Economic Area: (i) a copy of this Base Prospectus; (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of a summary of this Base Prospectus.

### Authorisations

The establishment of the Programme has been duly authorised by a resolution of the management board of the Issuer dated 26 March 2013, the giving of the Covered Bond Guarantee has been duly authorised by the resolutions of the board of directors of the Guarantor dated 14 May 2013 and the establishment of the Programme has been duly authorised by the resolutions of the board of directors of the Guarantor dated 14 May 2013.

### Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12-months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer, the Guarantor or their respective Subsidiaries.

### **Trend Information**

Since 31 December 2012, there has been no material adverse change in the prospects of Cariparma and the Cariparma Crédit Agricole Banking Group.

Since the date of its incorporation, there has been no material adverse change in the prospects of the Guarantor.

### No Significant Change

There has been no significant change in the financial or trading position of Cariparma and Crédit Agricole Banking Group since 31 December 2012.

There has been no significant change in the financial or trading position of Cariparma OBG since the date of its incorporation.

### Minimum Denomination

Where Covered Bonds issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European

Economic Area in circumstances which require the publication of a base prospectus under the Prospectus Directive, such Covered Bonds will not have a denomination of less than Euro 100,000 (or, where the Covered Bonds are issued in a currency other than Euro, the equivalent amount in such other currency).

## **Documents on Display**

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (except for Saturdays, Sundays and public holidays) for inspection at the registered office of the Issuer:

### **Documents available for inspection**

For so long as the Programme remains in effect or any Covered Bonds shall be outstanding and admitted to trading on the regulated market of the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent, namely:

- (i) the Transaction Documents;
- (ii) the Issuer's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;
- (iii) the Guarantor's memorandum of association (*Atto Costitutivo*) and by-laws (*Statuto*) as of the date hereof;
- (iv) the Issuer's audited consolidated annual financial statements in respect of the years ended on 31 December 2011 and 31 December 2012;
- (v) the Guarantor's audited annual financial statements in respect of the years ended on 31 December 2012;
- (vi) the independent Auditor's report in respect of the Guarantor's audited annual financial statements;
- (vii) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;
- (viii) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Covered Bondholders.

Copies of all such documents shall also be available to Covered Bondholders at the Specified Office of the Representative of the Covered Bondholders.

# Auditors

Reconta Ernst & Young S.p.A. are the auditors of the Issuer and are registered on the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992 ("**Decree No. 88**"). Reconta Ernst & Young S.p.A. is also a member of Assirevi, the Italian association of auditing firms. Reconta Ernst & Young S.p.A. has

audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2012 and 31 December 2011.

Reconta Ernst & Young S.p.A. are the auditors of the Guarantor for the period 2012 – 2015 and are registered in the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Decree No. 88. Reconta Ernst & Young S.p.A. is also a member of Assirevi.

### **Post-issuance Information**

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information.

## **Material Contracts**

Save for the Transaction Documents described under section "Overview of the Transaction Document" of this Base Prospectus, neither the Issuer nor the Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Covered Bondholders.

## **Clearing of the Covered Bonds**

The Covered Bonds have been accepted for clearance through Monte Titoli, Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information.

#### GLOSSARY

"Acceptance" means the notice sent by the Guarantor to the Subordinated Lender, pursuant to clause 4.2 (*Accettazione*) of the Subordinated Loan Agreement, substantially in the form set out in schedule 2 (*Accettazione*) to each Subordinated Loan Agreement.

"Accounts" means the Cariparma Collection Accounts, the Carispe Collection Accounts, the BPF Collection Accounts, the Expenses Account, the Guarantor Payments Account, the Quota Capital Account, the Securities Accounts and the Reserve Fund Account and any other account opened in the context of the Programme, excluding any account opened in relation to the deposit of the amounts due under the Swap Agreements.

"Account Bank" means Cariparma, in its capacity as account bank, or any other depositary institution that may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"Account Bank Report" means the report to be delivered by the Account Bank in accordance with the provisions set forth under the Cash Allocation, Management and Payments Agreement.

"Account Bank Report Date" means the date falling on the 10<sup>th</sup> Business Day of each month.

"Account Mandates" means the resolutions, instructions and signature authorities relating to each of the Accounts, given in accordance with clause 4 (*Account Mandates*) of the Cash Allocation, Management and Payments Agreement.

"Accrual Yield" has the meaning given in the relevant Final Terms.

"Additional Business Centre(s)" means the city or cities specified as such in the relevant Final Terms;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Final Terms.

"Adjusted Outstanding Principal Balance" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Agents" means each of the Italian Account Bank, the Calculation Agent, the Principal Paying Agent and the Guarantor Corporate Servicer, and any other paying agent acceding to the Cash Allocation Management and Payments Agreement.

"**Amortisation Test**" means the tests which will be carried out pursuant to clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date.

"Amortisation Test Aggregate Loan Amount" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Amortisation Test Outstanding Principal Balance" the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement.

"Arranger" means Credit Agricole Corporate and Investment Bank.

"Article 74 Event" means, in respect of the Issuer, the issue of a resolution pursuant to Article 74 of the Consolidated Banking Act.

"Article 74 Event Cure Notice" has the meaning ascribed to such term in the Conditions.

"Asset Backed Securities" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 the asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Prudential Regulations — standardised approach — *provided that* (a) such asset backed securities were originated by a member of the same consolidated group of which the Issuer is also a member or by an entity affiliated to the same central body to which the Issuer is also affiliated, and (b) at least 95 per cent. of the relevant securitised assets are:

- (i) Residential Mortgage Loans;
- (ii) Commercial Mortgage Loans;
- (iii) Public Entity Receivables or Public Entity Securities.

"Asset Monitor" means Mazars S.p.A., acting in its capacity as asset monitor, or any other entity that may be appointed as such pursuant to the Asset Monitor Agreement.

"Asset Monitor Agreement" means the asset monitor agreement entered into on or about the date hereof between, *inter alios*, the Asset Monitor and the Issuer.

"Asset Monitor Report Date" has the meaning ascribed to such term in clause 1.2 (*Other Definitions*) of the Asset Monitor Agreement.

"Asset Percentage" means the lower of (i) 100.00 per cent. and (ii) such other percentage figure as may be determined by the Issuer on behalf of the Guarantor.

"Asset Swap Agreements" means any asset swap agreement that may be entered into between the Guarantor and each Asset Swap Provider.

"Asset Swap Provider" means any entity acting as asset swap provider pursuant to the relevant Asset Swap Agreement.

"Authorised Signatory" means, in relation to each Seller or any other person, any person who is duly authorised and in respect of whom the Guarantor has received a certificate signed by a director or another Authorised Signatory of a Seller or such other person setting out the name and signature of such person and confirming such person's authority to act.

"**Availability Period**" means the period starting on date of the signing of the relevant Subordinated Loan Agreement and ending on the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the respective Final Terms.

"**Bank of Italy Regulations**" (*Regolamento della Banca d'Italia*) means the regulations relating to covered bonds contained in Title V, Chapter 3 of the Prudential Regulations (Circular No. 263 of 27 December 2006).

"**Bankruptcy Law**" means Royal Decree No. 267 of 16 March 1942 as amended from time to time.

"**Base Prospectus**" means the Base Prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

"**Beneficiaries**" means the Covered Bondholders and the Other Issuer's Creditors as beneficiaries of the Covered Bond Guarantee.

"**BPF Collection Accounts**" means jointly the BPF Interest Collection Account and the BPF Principal Collection Account.

"**BPF Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT55T0623012700000037030942, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"BPF Portfolios" means the Initial BPF Portfolio and each New BPF Portfolio.

"**BPF Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT58R0623012700000037030841, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Business Day**" (*Giorno Lavorativo*) means any day on which commercial banks are open for business in Parma, Milan and Luxembourg and in which the "Trans-European Automated Real Time Gross Transfer System" (TARGET2) or the substitutive system.

"**Calculation Agent**" means Crédit Agricole Corporate and Investment Bank, Milan Branch, acting as calculation agent or any other institution that, from time to time, may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"Calculation Amount" has the meaning given in the relevant Final Terms.

"**Calculation Date**" means the date falling on the 7<sup>th</sup> Business Day following each Master Servicer Quarterly Report Date.

"**Calculation Period**" means each monthly period starting on a Calculation Date (included) and ending on the following Calculation Date (excluded).

"Cariparma" means the Issuer.

"**Cariparma Collection Accounts**" means jointly the Cariparma Interest Collection Account and the Cariparma Principal Collection Account.

"Cariparma Crédit Agricole Banking Group" means a banking group whose structure includes Cariparma as parent company and, as the date hereof, BPF and Carispe.

"**Cariparma Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT61P0623012700000037030740, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Cariparma Portfolios**" means the Initial Cariparma Portfolio and each New Cariparma Portfolio.

"**Cariparma Portfolio Test, Carispe Portfolio Test, BPF Portfolio Test**" means the Test that will be carried out by the Calculation Agent on each Calculation Date, following the same procedures of the Test performed on the Cover Pool pursuant to clause 2.2.1 of the Cover Pool Management Agreement, in relation to, respectively, Cariparma Portfolios, Carispe Portfolios and BPF Portfolios.

"**Cariparma Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT96V0623012700000037030639, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Carispe Collection Accounts**" means jointly the Carispe Interest Collection Account and the Carispe Principal Collection Account.

"**Carispe Interest Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IBAN IT05M0623012700000037031144, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Carispe Portfolios" means the Initial Carispe Portfolio and each New Carispe Portfolio.

"**Carispe Principal Collection Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT08K0623012700000037031043, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Cash Allocation, Management and Payments Agreement" means the cash allocation, management and payments agreement entered into on or about the date herofbetween, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent and the Account Bank.

"Civil Code" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March 1942.

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg.

"**Code of Civil Procedure**" means the Italian code of civil procedure, enacted by Royal Decree No. 1443 of 28 October 1940.

"**Collateral Security**" means any security (including any loan mortgage insurance in respect of the Mortgage Loan and excluding Mortgages) granted to any Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgages Loan Agreements.

"**Collection Accounts**" means, collectively, the Cariparma Collection Accounts, the Carispe Collection Accounts, the BPF Collection Accounts.

"**Collections**" means all amounts received or recovered by the Master Servicer and/or the Sub-Servicers in respect of the Eligible Assets and Top-Up Assets comprised in the Cover Pool.

"Collection Date" means the date falling on the last calendar day of March, June, September and December of each year. The fist Collection Date falls on 31 December 2013.

"**Collection Period**" means each period, commencing on (and excluding) a Collection Date and ending on (but including) the immediately following Collection Date, and, in respect of the first Collection Period, the period from (and including) the Transfer Date of the transfer of the Initial Portfolio to (and including) the next following Collection Date.

"Commercial Assets" means the Real Estate Assets with respect to Commercial Mortgage Loans.

"**Commercial Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 a commercial mortgage loan which has an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Commercial Mortgage Loan Agreement**" means any commercial mortgage loan agreement out of which Receivables arise.

"**Commingling Amount**" means an amount equal to 0 (zero) or any higher amount as may be determined by the Issuer (or the Servicer, as the case may be) and notified to the Representative of the Covered Bondholders, the Servicer, the Calculation Agent and the Asset Monitor not later than 5 Business Days before each Calculation Date.

"Commission Regulation No. 809/20042" means the Commission Regulation (EC) No. 809/2004 of 29 April 2004, implementing the Proscpectus Directive, as supplemented and amended form time to time.

"**Common Criteria**" means the criteria listed in schedule 2 (*Criteri Comuni per la selezione ed identificazione dei Crediti*) to the each Master Loans Purchase Agreement.

"**Conditions**" means the terms and conditions of the Covered Bonds and "**Condition**" means a clause of them.

"CONSOB" means Commissione Nazionale per le Società e la Borsa;

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993, as amended and supplemented from time to time;

"**Corporate Services Agreement**" means the corporate services agreement entered in on or about the date hereof, between the Guarantor and the Guarantor Corporate Servicer;

"**Cover Pool**" means the cover pool constituted by, collectively, any Eligible Assets and Top-Up Assets held by the Guarantor in accordance with the provisions of the Securitisation and Covered Bond Law, the Decree No. 310 and the Bank of Italy Regulations.

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into, on or about the date hereof between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders.

"**Covered Bonds**" means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

"**Covered Bond Guarantee**" means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer's Creditors, in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

"**Covered Bond Calculation Agent**" means the Principal Paying Agent or such other Person as may be specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms (including any successor Covered Bond calculation agent appointed);

"Covered Bondholders" means the holders from time to time of the Covered Bonds;

"Credit and Collection Policy" means the procedures for the management, collection and recovery of Receivables attached as Schedule 1 (*Procedure di Riscossione*) to the Master Servicing Agreement.

"Criteria" means, collectively, the Common Criteria, the Specific Criteria and any Further Criteria.

"**Dealers**" means Crédit Agricole Corporate and Investment Bank, Milan Branch and any other entity which may be nominated as such by the Issuer upon execution of a letter in the terms or substantially in the terms set out in schedule 6 (*Form of Dealer Accession Letter*) to the Programme Agreement.

"**Debtor**" means any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise.

"Decree No. 239" means Italian Legislative Decree number 239 of 1 April 1996;

"**Decree No. 310**" means the ministerial decree No. 310 of 14 December 2006 issued by the Ministry of the Economy and Finance.

"**Decree 461**" means the Legislative Decree number 461 of 21 November 1997, as amended from time to time.

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors).

"**Deed of Pledge**" means the Italian law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors).

"**Defaulted Loans**" means any Mortgage Loan in relation to which there are 1 (one) or more Defaulted Receivables.

"**Defaulted Receivable**" means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool which has been classified as "*crediti deteriorati*" pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"Defaulting Party" has the meaning ascribed to that term in the relevant Swap Agreement.

"**Delinquent Loan**" means any Mortgage Loan in relation to which there are 1 (one) or more Delinquent Receivables.

"**Delinquent Receivable**" any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor and which has not been classified as Defaulted Receivable.

"Determination Date" has the meaning given to it in the applicable Final Terms.

"**Documentation**" means any documentation relating to the Receivables comprised in the Cover Pool.

"**Drawdown Date**" means the date on which a Term Loan is advanced under the relevant Subordinated Loan Agreement during the Availability Period.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"Early Redemption Amount (Tax)" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

"**Eligible Assets**" means the following assets contemplated under article 2, sub-paragraph 1, of Decree No. 310:

- (i) the Residential Mortgage Loans;
- (ii) the Commercial Mortgage Loans;
- (iii) the Public Entity Receivables;
- (iv) the Public Entity Securities; and
- (v) the Asset Backed Securities.

"Eligible Institution" means any bank with legal office in an Eligible State.

"**Eligible Investment**" means (i) any Euro denominated security which qualifies as Eligible Asset; (ii) reserve accounts, deposit accounts, and other similar accounts that provide direct liquidity and/or credit enhancement held at an Eligible Institution; and/or (iii) any security issued by an Eligible Institution, provided that any such investment has a residual maturity not longer than 1 (one) year.

"Eligible States" means any State belonging to the European Economic Area or Switzerland or in a country for which a zero per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"**Eonia**" means the euro overnight index average (EONIA) as calculated and published by the European Central Bank.

"**EU Insolvency Regulation**" means Council Regulation (EC) No. 1346/2000 of 29 May 2000, as amended from time to time.

"**EU Stabilisation Regulation**" means Council Regulation (EC) No. 2273/2003 of 22 December 2003, as amended from time to time.

"EU Directive on the Reorganisation and Winding up of Credit Institutions" means Directive 2001/2/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions, as amended from time to time.

"**EURIBOR**" means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Transaction Documents.

"Euro", "€' and "EUR" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 Boulevard du Roi Albert II, B-1210 Bruxelles;

"**European Economic Area**" means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer's Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

"**Expenses Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT38S0623012700000037051352, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Expiry Date**" means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

"**Extraordinary Resolution**" has the meaning ascribed to such term in the Rules of Organisation of the Covered Bondholders.

"**Facility**" means the facility to be granted by each Subordinated Lender pursuant to the terms of Clause 2 (*Il Finanziamento*) of the relevant Subordinated Loan Agreement.

"Final Maturity Date" means the date on which all the Series of Covered Bond are redeemed in full or cancelled.

"**Final Redemption Amount**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"**Final Terms**" means, in relation to any issue of any Series of Covered Bonds, the relevant terms contained in the applicable Transaction Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series of Covered Bonds.

"**Financial Law Consolidation Act**" means Legislative Decree number 58 of 24 February 1998 as amended from time to time.

"**First Interest Period**" means, in relation to any Term Loan, the period starting on the relevant Drawdown Date and ending on the first Guarantor Payment Date.

"First Issue Date" means the date of issuance of the first Series of Covered Bonds.

"**Further Criteria**" means the criteria identified in accordance with clause 2.4.3 (*Criteri Ulteriori*) of each Master Loans Purchase Agreement.

"Guaranteed Amounts" means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional

amounts payable to the Covered Bondholders under Condition 9(a) (*Gross-up by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents.

"Guaranteed Obligations" means the Issuer's payments obligations with respect to the Guaranteed Amounts.

"Guarantee Priority of Payments" means the order of priority pursuant to which the Guarantor Available Funds shall be applied, on each Guarantor Payment Date following the delivery of an Issuer Default Notice, but prior to the delivery of a Guarantor Default Notice, in accordance with the terms of the Intercreditor Agreement.

"Guarantor" means Cariparma OBG S.r.l., acting in its capacity as guarantor pursuant to the Covered Bond Guarantee.

"Guarantor Available Funds" means, collectively, the Interest Available Funds and the Principal Available Funds.

"Guarantor Corporate Servicer" means Zenith Services S.p.A., acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

"Guarantor Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default.

"Guarantor Event of Default" means any of the following events or circumstances:

- (i) Non payment: following the delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee and either breach is not remedied within the next following 15 (fifteen) Business Days, in case of amounts of interests, or 20 (twenty) Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Insolvency:* an Insolvency Event occurs with respect to the Guarantor; or
- (iii) Breach of other obligation: a serious material breach of any obligation under the Transaction Documents by the Guarantor occurs which is not remedied within 30 (thirty) days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or
- (iv) Breach of Amortisation Test: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice), the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) Invalidity of the Covered Bond Guarantee: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect.

"**Guarantor Payment Date**" (*Data di Pagamento del Garante*) means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 10<sup>th</sup> day of February, May, August and November of each year or, if such day is not a Business Day, the immediately following Business Day, provided that the fist Guarantor Payment Date will be 10 February 2014; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the

Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

"Guarantor Payment Period" means the period commencing on (and including) a Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date, and, in respect of the first Guarantor Payment Date, the period from (and including) the Transfer Date of the Initial Portfolio to (but excluding) the next following Guarantor Payment Date.

"Guarantor Payment Period" has the meaning ascribed to such term in the Intercreditor Agreement.

"**Guarantor Payments Account**" means the euro denominated account established in the name of the Guarantor and held with the Account Bank, IBAN IT02O0623012700000037031245, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Guarantor's Rights" means the Guarantor's rights under the Transaction Documents.

"**IFRS**" means the International Financial Reporting and Accounting Standards issued by the International Accounting Standard Board (IASB).

"Individual Purchase Price" means, with respect to each Receivable transferred pursuant to the Master Loans Purchase Agreements: (i) the *Ultimo Valore di Iscrizione in Bilancio* of the relevant Receivable minus all principal and interest collections (with respect only to the amounts of interest which constitute the *Ultimo Valore di Iscrizione in Bilancio*) received by the Seller with respect to the relevant Receivables from the date of the most recent financial statements of the Seller up to the relevant Transfer Date (included) and increased of the amount of interest accrued and not yet collected on such Receivables during the same period; or, at the option of the relevant Seller (ii) such other value, as indicated by the relevant Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables had not been transferred for the purpose of article 7-bis, sub-paragraph 7, of the Securitisation and Covered Bond Law.

"**Initial BPF Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from BPF pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Cariparma Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from Cariparma pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Carispe Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from Carispe pursuant to the relevant Master Loans Purchase Agreement.

"**Initial Portfolio**" means the Initial Cariparma Portfolio, the Initial Carispe Portfolio or the Initial BPF Portfolio as the case may be

"Insolvency Event" means in respect of any company, entity, or corporation that:

(i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "fallimento", "liquidazione coatta amministrativa", "concordato

*preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser 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, entity or corporation 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 case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (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, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding 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 Covered Bondholders); or
- (v) such company, entity 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 deemed to carry on business.

"**Insolvency Official**" means the official receiver appointed in the context of any insolvency procedure which may be opened following the occurrence of an Insolvency Event.

"**Instalment**" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Insurance Companies" means the companies with whom the Insurance Policies are held.

"**Insurance Policies**" means the insurance policies taken out with the Insurance Companies in relation to each Real Estate Asset and each Mortgage Loan.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the date hereof between, *inter alios*, the Guarantor and the Other Creditors.

"Interest Amount" means, in relation to any Series of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series for that Interest Period;

"Interest Available Funds" means in respect of any Calculation Date, the aggregate of:

- (i) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool (other than the interests due and taken into account for the purpose of the Individual Purchase Price of each Receivable) and credited into the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (ii) all recoveries in the nature of interest and fees received by the Master Servicer or any Sub-Servicer and credited to the Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Calculation Date;
- (iv) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts;
- (v) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (vi) (a) prior to the delivery of an Issuer Default Notice, an amount equal to the Release Reserve Amount or (b) after the delivery of an Issuer Default Notice, the Reserve Fund Amount, standing to the credit of the Reserve Fund Account; and
- (vii) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"**Interest Collections**" means all the collections, other than the Principal Collections, realised in respect of Eligible Assets and Top-Up Assets transferred to the Guarantor.

"**Interest Commencement Date**" means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

"Interest Coverage Test" has the meaning ascribed to such term in clause 2.5 (*Interest Coverage Test*) of the Cover Pool Management Agreement.

"Interest Collection Accounts" means jointly the Cariparma Interest Collection Account, the Carispe Interest Collection Account and the BPF Interest Collection Account.

"Interest Determination Date" has the meaning given in the relevant Final Terms.

"Interest Payment Date" has the meaning ascribed to such term in the Conditions.

**"Investor Report Date**" means the date falling on the 7th Business Day following each Master Servicer Report Date.

"**Investor Report**" has the meaning ascribed to such expression in the Cash Management and Agency Agreement.

"Interest Period" means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc..

"**Issue Date**" has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

"Issuer" means Cariparma, acting in its capacity as issuer pursuant to the Programme Agreement.

"**Issuer Default Notice**" means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default.

"Issuer Event of Default" means any of the following events and circumstances:

- (i) Non-payment: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 (fifteen) Business Days, in case of amounts of interest, or 20 (twenty) Business Days, in case of amounts of principal, as the case may be; or
- (ii) Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 (thirty) days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (iii) *Cross-default:* any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) Insolvency: an Insolvency Event occurs with respect to the Issuer; or
- (v) *Article 74 resolution:* a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (vi) Cessation of business: the Issuer ceases to carry on its primary business; or
- (vii) *Breach of Tests:* the Tests are breached and are not remedied within the Test Grace Period.

"Latest Valuation" means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Prudential Regulations) addressed to the Sellers or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

"**Liabilities**" means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any VAT or similar tax charged or chargeable in respect of any sum referred in this definition.

"**Liability Swap Agreements**" means the swap agreements that may be entered into on or about each Issue Date between the Guarantor and a liability swap provider.

"**Liability Swap Provider**" means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement.

"Listing Agent" means CACEIS Bank Luxembourg.

"Loans" means any Mortgage Loan (as defined in the Master Definitions Agreement) which is sold and assigned by each Seller to the Guarantor from time to time under the terms of the relevant Master Loans Purchase Agreement.

"Loan Event of Default" means any of the events specified as such in clause 8 (*Eventi* Rilevanti - Decadenza dal Beneficio del Termine) of each Subordinated Loan Agreement.

"Loan Interest Period" means, in relation to any Term Loan: (i) the relevant First Interest Period; and thereafter (ii) each monthly period starting on a Guarantor Payment Date (excluded) and ending on the following Guarantor Payment Date (included).

"LTV" means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of a Real Estate Asset and the value of the relevant Mortgage Loan.

"**Mandate Agreement**" means the mandate agreement entered into on or about the date hereof between the Representative of the Covered Bondholders and the Guarantor.

"Master Definitions Agreement" means this Agreement.

"**Master Loans Purchase Agreement**" means each master loans purchase agreement entered into on 20 May 2013 between the Guarantor and each Seller.

"Master Servicer" means Cariparma in its capacity as master servicer pursuant to the Master Servicing Agreement.

**"Master Servicer Monthly Report"** means the monthly report to be prepared in accordance with the provisions of the Master Servicing Agreement by the Master Servicer on each Master Servicer Monthly Report Date, containing details about Collections made during the relevant Collection Period, and delivered by the Master Servicer to, *inter alia*, the Guarantor and the Asset Monitor.

**"Master Servicer Monthly Report Date"** means, in case of breach of Tests pursuant to the Cover Pool Management Agreement, (a) prior to the delivery a Guarantor Default Notice, the date falling on the 10<sup>th</sup> (tenth) Business Day of each month, and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Covered Bondholders.

**"Master Servicer Quarterly Report"** means the quarterly report to be prepared and delivered by the Master Servicer in accordance with the provisions of the Master Servicing Agreement, by each Master Servicer Quarterly Report Date, containing details in relation to Collections made during the relevant Collection Period, and delivered by the Master Servicer to, inter alia, the Guarantor and the Asset Monitor.

**"Master Servicer Quarterly Report Date"** means, starting from January 2014 (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 10<sup>th</sup> Business Day following each Collection Date, and (b) following the delivery of a Guarantor Default Notice, such date as may be indicated by the Representative of the Covered Bondholders

"**Master Servicer's Reports**" means, collectively, the Master Servicer Monthly Report and the Master Servicer Quarterly Report.

"**Master Servicer Termination Event**" means any of the events set out under clause 8.1.1 of each Master Servicing Agreement, which allows the Guarantor to terminate the Master Servicer's appointment and to appoint a Substitute Master Servicer pursuant to the Master Servicing Agreement.

"**Master Servicing Agreement**" means the master servicing agreement entered into on 20 May 2013 between the Guarantor, the Issuer and the Master Servicer.

"**Maturity Date**" means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"**Maximum Guaranteed Amount**" has the meaning ascribed to such term in the Covered Bond Guarantee.

"Maximum Redemption Amount" has the meaning given in the relevant Final Terms;

"Member State" means a member State of the European Union.

"Minimum Redemption Amount" has the meaning given in the relevant Final Terms;

"**Monte Titoli**" means Monte Titoli S.p.A., a *società per azioni* having its registered office at Via Mantegna, 6, 20154 Milan, Italy.

"**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quater* of the Financial Law Consolidated Act.

"**Monte Titoli Mandate Agreement**" means the agreement entered into on or about the First Issue Date between the Issuer and Monte Titoli.

"**Mortgage Loan Agreement**" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement, as the case may be, out of which the Receivables arise.

"Mortgage Loan" means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be.

"**Mortgages**" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets or the Commercial Assets, as the case may be, pursuant to Italian law in order to secure claims in respect of the Receivables.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of a Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"**Negative Carry Factor**" means "0" (zero) or such other percentage provided by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders, to the Master Servicer and to the Calculation Agent.

"**Net Present Value Test**" has the meaning ascribed to such term in clause 2.2.2 (*Net Present Value Test*) of the Cover Pool Management Agreement.

"**Net Present Value**" has the meaning ascribed to such term in clause 2.4 (*Net Present Value Test*) of the Cover Pool Management Agreement.

"**New Cariparma Portfolio**" means any portfolio of Receivables (other than the Initial Cariparma Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased

by the Guarantor from Cariparma pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New Carispe Portfolio**" means any portfolio of Receivables (other than the Initial Carispe Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from Carispe pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New BPF Portfolio**" means any portfolio of Receivables (other than the Initial BPF Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from BPF pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"**New Portfolio**" means a New Capriparma Portfolio, a New Carispe Portfolio or a New BPF Portfolio as the case may be.

"Nominal Value" has the meaning ascribed to such term in the Section named "Credit Structure" above.

"**Nominal Value Test**" has the meaning ascribed to such term in clause 2.2.1 of the Cover Pool Management Agreement.

"**Obligations**" means all the obligations of the Guarantor created by or arising under the Transaction Documents.

"**Offer Date**" means, with respect to each New Portfolio, the date falling 5 (five) Business Days prior to each Transfer Date, pursuant to clause 3.1 (*Offerta*) of the relevant Master Loans Purchase Agreement.

"Official Gazette of the Republic of Italy" or "Official Gazette" means the *Gazzetta Ufficiale* della Repubblica Italiana.

"**Optional Redemption Amount (Call)**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Optional Redemption Amount (Put)**" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"Optional Redemption Date (Call)" has the meaning given in the relevant Final Terms;

"Optional Redemption Date (Put)" has the meaning given in the relevant Final Terms;

"**Organisation of the Covered Bondholders**" means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders.

"**Other Creditors**" means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Account Bank, the Asset Monitor, each Asset Swap Provider (if any), the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme.

"**Other Issuer's Creditors**" means the Principal Paying Agent, any Liability Swap Provider, the Asset Monitor and any other Issuer's creditors which may, from time to time, be identified as such in the context of the Programme.

"**Outstanding Principal**" means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

"**Outstanding Principal Amount**" means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor.

"**Outstanding Principal Balance**" means any principal balance outstanding in respect of a Mortgage Loan.

"**Paying Agent**" means the Principal Paying Agent and each other paying agent appointed from time to time under the terms of the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report to be prepared and delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement on the second Business Day prior to each Guarantor Payment Date with respect to the immediately preceding Collection Period.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Place of Payment**" means, in respect of any Covered Bondholders, the place at which such Covered Bondholder receives payment of interest or principal on the Covered Bonds.

"**Portfolio**" means, in respect of each Seller, collectively, the Initial Portfolios and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**Portfolio Manager**" means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Management Agreement.

"**Post-Enforcement Priority of Payments**" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"**Post Default Notice Report**" means the report setting out all the payments to be made on the following Guarantor Payment Date under the Post-Enforcement Priority of Payments which, following the occurrence of a Guarantor Event of Default and the delivery of a Guarantor Default Notice, shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payments Agreement.

"**Potential Set-Off Amount**" means 0 (zero) or any higher amount as may be determined by the Issuer and notified to the Representative of the Covered Bondholders, the Master Servicer, the

Calculation Agent and the Asset Monitor not later than 5 Business Days before each Calculation Date.

"**Pre-Issuer Event of Default Interest Priority of Payments**" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"**Pre-Issuer Event of Default Principal Priority of Payments**" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"**Premium**" means the premium payable by the Guarantor to each Seller in accordance with the relevant Subordinated Loan Agreement, as determined thereunder.

"Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts (and any interest amount taken into account for the purpose of the Individual Purchase Price of each Receivable) collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the Collection Period preceding the relevant Calculation Date;
- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Principal Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestment of Top-Up Assets;
- (e) where applicable, any swap principal payable under the Swap Agreements other than any Swap Collateral Excluded Amounts; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

"**Principal Collections**" means all the principal collections realised in respect of Eligible Assets and Top-Up Assets transferred to the Guarantor.

"**Principal Collection Accounts**" means jointly the Cariparma Principal Collection Account, the Carispe Principal Collection Account and the BPF Principal Collection Account.

"**Principal Financial Centre**" means, in relation to any currency, the principal financial centre for that currency *provided*, *however*, *that*:

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Covered Bond Calculation Agent;

"Principal Instalment" means the principal component of each Instalment.

"**Principal Paying Agent**" means, until the delivery of an Issuer Default Notice, Cassa di Risparmio di Parma e Piacenza S.p.A. and, subsequently, Credit Agricole Corporate and Investment Bank, Milan Branch, each of them acting in its capacity as principal paying agent or any other institution that, from time to time, may be appointed as such pursuant to the Cash Allocation, Management and Payments Agreement.

"**Priority of Payments**" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

"**Privacy Law**" means the Italian Legislative Decree no. 196 of 30 June 2003, as subsequently amended, modified or supplemented, together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali.

"**Programme**" means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-*bis* of the Securitisation and Covered Bond Law.

"**Programme Agreement**" means the programme agreement entered into on or about the date hereof between, *inter alios*, the Guarantor, the Sellers, the Issuer, the Representative of the Covered Bondholders and the Dealers.

"**Programme Amount**" means € 8,000,000,000.

"**Programme Resolution**" has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions;

"**Prospectus Directive**" means Directive 2003/71/EC of 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a relevant Members State of the European Economic Area).

"**Prudential Regulations**" means the prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular No. 263 (*Nuove disposizioni di vigilanza prudenziale per le banche*), as amended from time to time.

"Public Entities" means:

- public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach;
- (ii) public entities, located outside the European Economic Area or Switzerland, for which 0 (zero) per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks standardised approach- or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks standardised approach.

"**Public Entity Receivables**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any receivables owned by, or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by Public Entities.

"**Public Entity Securities**" means pursuant to article 2, sub-paragraph 1, of Decree No. 310, any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by Public Entities.

"**Purchase Price**" means, in relation to the Initial Portfolio and each New Portfolio transferred by a Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the relevant Master Loans Purchase Agreement.

"**Put Option Notice**" means a notice of exercise relating to the put option contained in Condition 7 (f) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in Schedule 6 to the Cash Allocation, Management and Payments Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Principal Paying Agent.

"**Put Option Receipt**" means a receipt issued by the Principal Paying Agent to a depositing Covered Bondholder upon deposit of Covered Bonds with the Principal Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

"Quotaholders" means Cariparma and Stichting Pavia.

"Quotaholders' Agreement" means the agreement entered into on or about the date hereof, between Cariparma, Stichting Pavia, the Guarantor and the Representative of the Covered Bondholders.

"Quota Capital" means the quota capital of the Guarantor, equal to Euro 10,000.00.

"**Quota Capital Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank, IBAN IT55K0503501600225570545225,or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure the Receivables and each of them the "**Real Estate Asset**".

"**Receivables**" means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Transfer Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to each Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements, including penalties and any other amount due to each Seller in the case of prepayments of the Mortgage Loans, and to the warranties and insurance related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with

the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Transfer Date;

- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which each Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (garanzie reali o garanzie personali) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Sellers in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

"**Receiver**" means any receiver, manager or administrative receiver appointed in accordance with clause 9 (*Appointment of Receiver*) of the Deed of Charge.

"**Records**" means the records prepared pursuant to clause 10.1 (*Duty to maintain Records*) of the Cash Allocation, Management and Payments Agreement.

"**Recoveries**" means any amounts received or recovered by the Master Servicer, or by each Sub-Servicer in accordance with the terms of the Master Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

"**Redemption Amount**" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

"**Reference Banks**" has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Covered Bond Calculation Agent in the market that is most closely connected with the Reference Rate;

"**Reference Price**" has the meaning given in the relevant Final Terms.

"Reference Rate" has the meaning given in the relevant Final Terms.

"**Release Reserve Amount**" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to the portion of the balance of the Reserve Fund Account corresponding to the interest paid by the Issuer on all outstanding Series of Covered Bonds, on each Interest Payment Date falling during the immediately preceding Guarantor Payment Period.

"**Relevant Clearing System**" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made.

"**Relevant Dealer**(s) " means, in relation to a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Programme Agreement.

"**Relevant Portfolio**" means, in respect of each Asset Swap Agreement, the Portfolio transferred to the Guarantor by the Asset Swap Provider which is party thereto.

"**Relevant Portfolio Test**" means the test that the Calculation Agent will perform on each Calculation Date in the same manner as the Nominal Value Test, with respect to the Portfolio transferred by each relevant Seller.

"**Relevant Screen Page**" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

"**Representative of the Covered Bondholders**" means Zenith Service S.p.A., acting in its capacity as representative of the Covered Bondholders pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions and the Final Terms of each Series of Covered Bonds.

"**Reserve Fund Account**" means the Euro denominated account established in the name of the Guarantor with the Account Bank IBAN IT41Q623012700000037051251, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Reserve Fund Amount**" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to:

- (i) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Guarantor Payment Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due to the Covered Bondholders of such Series), provided that on each Calculation Date immediately preceding each Interest Payment Date, the Reserve Fund Amount will be calculated on the basis of the Euribor determined on the immediately preceding Interest Determination Date, *plus* with reference to the first Guarantor Payment Date following the Issue Date of any Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds, interest accruing in respect of such Series of Covered Bonds from the Issue date to such Guarantor Payment Date, *plus*
- (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the Senior Liabilities.

"**Residential Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Residential Mortgage Loan Agreement**" means any residential mortgage loan agreement out of which Receivables arise.

"**Rules of the Organisation of the Covered Bondholders**" or "**Rules**" means the rules of the Organisation of the Covered Bondholders attached as exhibit to the Conditions of the Covered Bonds.

"**Security**" means the security created pursuant to the Deeds of Pledge and the Deed of Charge, if any.

"**Securities Accounts**" means the accounts opened in the name of the Guarantor with the Account Bank, upon purchase by the Guarantor from any Seller of Eligible Assets and/or Top-Up Assets represented by bonds, debentures, notes or other financial instruments in book entry form in accordance with and subject to the conditions of the Cash Allocation, Payments and Management Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended and supplemented from time to time.

"Securitisation and Covered Bond Law" means Law No. 130 of 30 April 1999 as amended from time to time.

"Security Interest" means:

- (i) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (ii) 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 or any sum owed or payable to any person; or
- (iii) any other type or preferential arrangement having a similar effect.

"**Security**" means the security created pursuant to the Deeds of Pledge, the Luxembourg Deed of Pledge and the Deed of Charge (if any).

"**Seller**" means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement.

#### "Senior Liabilities" means

- (i) on any Guarantor Payment Date prior to the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments, as provided for in the relevant Payments Report;
- (ii) on any Guarantor Payment Date following the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Guarantee Priority of Payments, as provided for in the relevant Payments Report.

"Series" or "Series of Covered Bonds" means each series of Covered Bonds issued in the context of the Programme.

"**Sole Affected Party**" means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

"**Specific Criteria**" means (i) with respect to each Initial Portfolio, the criteria listed in schedule 3 (*Criteri specifici di selezione e indentificazione dei Crediti*) to each Master Loans Purchase Agreement; or (ii) with respect to each New Portfolio, the criteria listed in Annex A of the relevant Transfer Notice of the New Portfolio.

"**Specified Currency**" has the meaning given in the relevant Final Terms.

"Specified Denomination(s) " has the meaning given in the relevant Final Terms.

"**Specified Office**" means in relation to the Principal Paying Agent, its Italian branch at Via Università, 1, Parma 43121, Italy, with respect to the Guarantor Corporate Servicer Via Gustavo Fara 26, 20124 Milan, Italy, with respect to the Calculation Agent, Piazza Cavour, no 2, 2012, Milan, Italy.

"Specified Period" has the meaning given in the relevant Final Terms.

"**Stabilisation Manager**" means each Dealer or any other person acting in such capacity in accordance with the terms of the Programme Agreement.

"**Statutory Tests**" means such tests provided for under article 3 of Decree 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under clause 2 (*Statutory Test*) of the Cover Pool Management Agreement.

"**Statutory Tests**" means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under Clause 2 (*Statutory Test*) of the Cover Pool Management Agreement.

"Statutory Test Verification" has the meaning ascribed to such term in the Asset Monitor Agreement.

"**Stichting Pavia**" means Stichting Pavia, a foundation incorporated under the laws of the Netherlands, having its registered office in Claude Debussylaan, 18, The Netherlands, and enrolled with the companies register of Amsterdam under number 34344630.

"Stock Exchange" means the Luxembourg Stock Exchange.

"**Subordinated Lender**" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement.

"**Subordinated Loan Agreement**" means each subordinated loan agreement entered into on 20 May 2013 between a Subordinated Lender and the Guarantor.

"**Subscription Agreements**" means each subscription agreement entered into on or about the Issue Date of each Series of Covered Bonds between each Dealer and the Issuer.

"Subsidiary" has the meaning ascribed to such term in Article 2359 of the Italian Civil Code.

"**Sub-Servicer**" means each Seller, other than Cariparma, in its capacity as sub-servicer pursuant to the Master Servicing Agreement.

"**Substitute Master Servicer**" means the successor to the Master Servicer which may be appointed by the Guarantor, upon the occurrence of a Master Servicer Termination Event, pursuant to clause 8.1.1 (*Sostituto del Master Servicer*) of the Master Servicing Agreement.

"**Sub-Servicer**" means each Seller, other than Cariparma, in its capacity as sub-servicer pursuant to the Master Servicing Agreement;

"**Sub-Servicing Agreement**" means, as the case may be (i) the sub-servicing agreement entered into on 20 May 2013 between the Guarantor, the Master Servicer and BPF; or (ii) the sub-servicing agreement entered into on 20 May 2013 between the Guarantor, the Master Servicer and Carispe.

"Subsidiary" has the meaning ascribed to such term it in Article 2359 of the Italian Civil Code.

"**Swap Agreements**" means, collectively and severally, each Asset Swap Agreement, Liability Swap Agreement, and any other swap agreement that may be entered into from time to time in connection with the Programme;

"**Swap Collateral**" means the collateral that may be transferred by the Swap Providers to the Issuer or to the Guarantor, as the case may be, in support of their own obligations pursuant to the Swap Agreements.

"Swap Collateral Excluded Amounts" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer, including Swap Collateral which is to be returned to the relevant Swap Provider from time to time, in accordance with the terms of the Swap Agreements and, ultimately, upon termination of the relevant Swap Agreement.

"**Swap Providers**" means, collectively, the Asset Swap Providers, the Liability Swap Providers and any other entity that may act as swap provider pursuant to a swap agreement entered into in the context of the Programme.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlemente Express Transfer payments system which utilises a single shared platform and which was launched on 19 November 2007.

"**Tax**" means 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 sub-division thereof or any authority thereof or therein.

"**Term Loan**" means a loan made or to be made available to the Guarantor under the Facility or the principal amount outstanding for the time being of that loan, in accordance with each Subordinated Loan Agreement.

"**Test Grace Period**" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the 3<sup>rd</sup> (third) following Calculation Date.

"Tests" means, collectively, the Statutory Tests and the Amortisation Test.

"**Top-Up Assets**" means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of Decree 310, each of the following assets:

- deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0 per cent risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks standardised approach; and
- (ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding 1 (one) year.

"**Total Commitment**" with respect to each Subordinated Lender, has the meaning ascribed to such term under the relevant Subordinated Loan Agreement.

"Trade Date" means the date on which the issue of the relevant Series of Covered Bonds is priced.

"**Tranche**" means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

"**Transfer Agreement**" means any subsequent transfer agreement for the purchase of each New Portfolio entered into in accordance with the terms of the relevant Master Loans Purchase Agreement.

"**Transaction Documents**" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Sub-Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements (if any), the Mandate Agreement, the Quotaholders' Agreement, these Conditions, the Deed of Pledge, the Deed of Charge (if any), the Master Definitions Agreement, each Final Terms and any other agreement which will be entered into from time to time in connection with the Programme.

"**Transfer Date**" means: (a) with respect to each Initial Portfolio, 20 May 2013; and (ii) with respect to each New Portfolio, the date designated by the relevant Seller in the relevant Transfer Notice.

"**Transfer Notice**" means, in respect to each New Portfolio, such transfer notice which will be sent by each Seller and addressed to the Guarantor in the form set out in Schedule 5 (*Modello di proposta di cessione di Nuovi Portafogli*) to the relevant Master Loans Purchase Agreement.

"**Treaty**" means the treaty establishing the European Community.

"Usury Law" means the Law number 108 of 7 March 1996 as amended from time to time together with Decree number 394 of 29 December 2000 which has been converted in law by Law number 24 of 28 February 2001 as amended from time to time.

"Value Added Tax" or "VAT" means *Imposta sul Valore Aggiunto (IVA)* as defined in D.P.R. number 633 of 26 October 1972.

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into on 20 May 2013 between a Seller and the Guarantor.

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#### **REPRESENTATIVE OF THE COVERED BONDHOLDERS**

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