



Final Terms dated 24 July 2015

Banca Nazionale del Lavoro S.p.A.

Issue of € 5,500,000,000 Floating Rate Covered Bonds (*Obbligazioni Bancarie Garantite*) due 28 July 2022 (the "Covered Bonds")

Guaranteed by
VELA OBG S.r.l.
under the €22,000,000,000 Programme

PART A - CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "Conditions") set forth in the prospectus dated 25 July 2012 (the "Prospectus"). These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Conditions and the Prospectus. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus.

- | | | | |
|----|-------|---|---|
| 1. | (i) | Issuer: | Banca Nazionale del Lavoro S.p.A. |
| | (ii) | Guarantor: | Vela OBG S.r.l. |
| 2. | (i) | Series Number: | 6 |
| | (ii) | Tranche Number: | Not Applicable |
| 3. | | Specified Currency or Currencies: | Euro ("€") |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | € 5,500,000,000 |
| | (ii) | Tranche: | Not Applicable |
| 5. | | Issue Price: | 100 per cent. of the Aggregate Nominal Amount |
| 6. | (i) | Specified Denominations: | €100,000 |
| | (ii) | Calculation Amount: | €100,000 |
| 7. | (iii) | Issue Date: | 28 July 2015 |
| | (iv) | Interest Commencement Date: | Issue Date |
| 8. | | Dematerialised Form/Registered Form/Other Form: | Dematerialised form |



9. **Maturity Date:** 28 July 2022
10. **Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Guarantee:** 28 July 2023
11. **Interest Basis:** 3 months EURIBOR + 0.10 per cent. Floating Rate, subject to paragraph 18 (xii) below
12. **Redemption/Payment Basis:** Redemption at par (subject to, upon an Issuer event of Default, Condition 14 (*Limited recourse and non petition*))
13. **Change of Interest or Redemption/Payment Basis:** Not applicable
14. **Put/Call Options:** Not Applicable
15. **Date Board approval for issuance of Covered Bonds and Guarantee respectively obtained:** 27 April 2015 and 9 July 2012, respectively
16. **Method of distribution:** Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Provisions** Not Applicable
18. **Floating Rate Provisions** Applicable
- (i) **Interest Period(s):** Interest will be payable quarterly in arrears on each Interest Payment Date from (and including) the First Interest Payment Date up to (and including) the Extended Maturity Date or, if earlier, the date on which the Covered Bonds are redeemed in full.
- (ii) **Specified Period:** Not Applicable
- (iii) **Interest Payment Dates:** Each Guarantor Payment Date from (and including) the First Interest Payment Date to (and including) the Maturity Date or, if applicable, the Extended Maturity Date.

For the avoidance of doubt, Interest Payment Dates are intended to be 28 October 2015, 28 January 2016, 28 April 2016, 28 July 2016, 28 October 2016, 28 January 2017, 28 April 2017, 28 July 2017, 28 October 2017, 28 January 2018, 28 April 2018, 28 July 2018, 28 October 2018, 28 January 2019, 28 April 2019, 28 July 2019, 28



		October 2019, 28 January 2020, 28 April 2020, 28 July 2020, 28 October 2020, 28 January 2021, 28 April 2021, 28 July 2021, 28 October 2021, 28 January 2022, 28 April 2022, 28 July 2022 and, in case of Extended Maturity Date, 28 October 2022, 28 January 2023, 28 April 2023, 28 July 2023
(iv)	First Interest Payment Date:	28 October 2015 (first coupon)
(v)	Business Day Convention:	Following Business Day Convention
(vi)	Additional Business Centre(s):	TARGET 2
(vii)	Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
(viii)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent):	Not Applicable
(ix)	Screen Rate Determination:	
	• Reference Rate:	3 months EURIBOR
	• Interest Determination Dates:	Two TARGET 2 Days prior to the relevant Interest Payment Date
	• Relevant Screen Page:	Reuters EURIBOR 01
	• Relevant Time:	11.00 a.m. Italian time
	• Relevant Financial Centre	Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)
(x)	ISDA Determination:	
	• Floating Rate Option:	Not Applicable
	• Designated Maturity:	Not Applicable
	• Reset Date:	Not Applicable
(xi)	Margin(s):	+0.10 per cent. per annum
(xii)	Minimum Rate of Interest:	Zero
(xiii)	Maximum Rate of Interest:	Not Applicable
(xiv)	Day Count Fraction:	Actual/360
(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the	Not Applicable



method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:

- | | | |
|-----|--|----------------|
| 19. | Zero Coupon Provisions: | Not Applicable |
| 20. | Index-Linked or Other Variable-Linked Interest Provisions: | Not Applicable |
| 21. | Dual Currency Covered Bonds Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

- | | | |
|-----|---|--|
| 22. | Call Option | Not Applicable |
| 23. | Put Option | Not Applicable |
| 24. | Final Redemption Amount of Covered Bonds | €100,000 per Calculation Amount (subject to, upon an Issuer Event of Default, Condition 14 (<i>Limited recourse and non petition</i>)) |
| 25. | Early Redemption Amount | |
| | Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following a Guarantor Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- | | | |
|-----|---|--------------------------------------|
| 26. | Form of Notes | Bearer Notes
Dematerialised Notes |
| 27. | New Global Note | No |
| 28. | Additional Financial Centre(s) or other special provisions relating to payment dates: | TARGET 2 |
| 29. | Details relating to Covered Bonds issued on a partly paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit | Not Applicable |



the Covered Bonds and interest due on late payment:

30.	Details relating to Covered Bonds which are amortising and for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:	<u>Date</u>	<u>Principal (€)</u>
		28 Oct 2015	499,950,000
		28 Apr 2016	199,980,000
		28 Jul 2016	199,980,000
		28 Oct 2016	199,980,000
		28 Jan 2017	199,980,000
		28 Apr 2017	199,980,000
		28 Jul 2019	199,980,000
		28 Jan 2020	199,980,000
		28 Jul 2020	199,980,000
		28 Jan 2021	399,960,000
		28 Jul 2021	499,950,000
		28 Jan 2022	299,970,000
		28 Jul 2022	2,200,330,000
31.	Redenomination provisions:	Redenomination not applicable	
32.	Other final terms:	Not Applicable	

DISTRIBUTION

33.	(i)	If syndicated, names, business addresses and underwriting commitments of [Managers/Lead Managers]	Not Applicable
	(ii)	Date of Subscription Agreement	24 July 2015
	(iii)	Name(s) [and business addresse(s)] of Stabilising Manager(s) (if any)	Not Applicable
34.		If non syndicated, name and business addresse(s) of Dealer	BNP PARIBAS S.A. acting through its Italian branch
35.		U.S. Selling Restrictions:	Reg. S Compliance Category 2, TEFRA D
36.		Additional selling restrictions:	Not applicable

ISSUER DETAILS

Further information in respect of the Issuer is provided, pursuant to Article 2414 of the Italian civil code, in the Schedule hereto.

GOVERNING LAW

Italian law



PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on EuroTLX of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein pursuant to the Euro 22,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme of Banca Nazionale del Lavoro S.p.A.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms.

Signed on behalf of Banca Nazionale del Lavoro S.p.A.

By: 

Duly authorised

Signed on behalf of Vela OBG S.r.l.

By:

Duly authorised



PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- | | | |
|------|----------------------|---|
| (i) | Listing | None |
| (ii) | Admission to trading | Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds (<i>Obbligazioni Bancarie Garantite</i>) to be admitted to trading on EuroTLX with effect from the later of the Issue Date and the admission to trading from EuroTLX. |

2. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

So far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|--|
| (i) | Reason for the offer: | The net proceeds of the sale of the Covered Bonds will be used by the Issuer for general funding purposes of the Issuer. |
| (ii) | Estimated net proceeds: | € 5,500,000,000 |
| (iii) | Estimated total expenses: | € 600 |

4. YIELD

Indication of yield: Not Applicable

5. HISTORIC INTEREST RATES

Details of historic EURIBOR rates can be obtained from Reuters.

6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Not Applicable

7. PERFORMANCE OF RATES OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Not Applicable

8. OPERATIONAL INFORMATION

ISIN Code:	IT0005123507
Common Code:	Not Applicable

Y



Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Monte Titoli S.p.A.

Delivery: Delivery free of payment

Names and Specified Offices of additional Paying Agent(s) (if any) Not Applicable

Intended to be held in a manner which would allow Eurosystem eligibility: Yes

9. **FURTHER INFORMATION IN RESPECT OF THE ISSUER**

Name Banca Nazionale del Lavoro S.p.A.

Objects: The object of the Issuer, as set out in article 3 of its by-laws, is as follows.

The granting of credit and the acceptance of deposits in their various forms in Italy and abroad.

The Issuer may engage in any banking, financial and intermediation transaction or service, subject to obtaining the necessary official approval and to comply with the relevant legislation; it may also undertake any other operation that is conducive or otherwise related to achieving its object.

Registered office: Via Vittorio Veneto 119, 00187 Rome, Italy

Company's registered number: Companies register of Rome, number 09339391006

Amount of paid-up share capital: As at 31 December 2013, amount of paid-up share capital is EUR 2,076,940,000.



BANCA NAZIONALE DEL LAVORO S.P.A.

(incorporated as a società per azioni under the laws of the Republic of Italy)

€12,000,000,000

COVERED BOND PROGRAMME

unconditionally and irrevocably guaranteed as to payments of interest and principal by

VELA OBG S.R.L.

(incorporated as a società a responsabilità limitata under the laws of the Republic of Italy)

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

Under the €12,000,000,000 covered bond programme (the "Programme") described in this Prospectus, Banca Nazionale del Lavoro S.p.A. ("BNL" or the "Issuer"), subject to compliance with all relevant laws and regulations, may from time to time issue covered bonds (*obbligazioni bancarie garantite*) (the "Covered Bonds") guaranteed by Vela OBG S.r.l. (the "Guarantor") pursuant to article 7-bis of Italian law number 130 of 30 April 1999 (as amended and supplemented from time to time, "Law 130") and regulated by the decree of the Italian Ministry of Economy and Finance number 310 of 14 December 2006 (as amended and supplemented from time to time, the "Decree 310") and the supervisory guidelines of the Bank of Italy set out in the "Nuove Disposizioni di Vigilanza Prudenziale per le Banche" contained in the *circolare* number 263 of 27 December 2006 (as amended and supplemented from time to time, the "Prudential Regulations").

Covered Bonds may be 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 €12,000,000,000 (or its equivalent in other currencies, calculated as described herein).

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. The Guarantor has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "Guarantee") which is collateralised by a pool of assets (the "Cover Pool") consisting of Eligible Assets and Top-Up Assets assigned and to be assigned to the Guarantor by the Main Seller and, upon accession to the Programme, the Additional Seller(s). Recourse against the Guarantor under the Guarantee is limited to the Segregated Assets (as defined herein).

Each Series or Tranche (as defined herein) of Covered Bonds may be issued without the consent of the holders of any outstanding Covered Bonds, subject to certain conditions. Covered Bonds of different Series or Tranche may have different terms and conditions, including, without limitation, different maturity dates. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Series or Tranche will be set out in the relevant final terms (the "Final Terms").

From their relevant issue dates, the Covered Bonds will be issued in dematerialised form or in other form as set out in the relevant Final Terms. Covered Bonds issued in dematerialised form will be held on behalf of their ultimate owners by Monte Titoli S.p.A. ("Monte Titoli") for the account of the relevant Monte Titoli account holders. Monte Titoli may 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 evidenced by book-entries in accordance with the provisions of article 83-bis of the Financial Laws Consolidation Act 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 number 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.

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 Condition 10 (*Redemption and Purchase*)). Unless previously redeemed in full in accordance with the Conditions, the Covered Bonds of each Series or Tranche will be redeemed at their Final Redemption Amount on the relevant Maturity Date (or, as applicable, the Extended Maturity Date), subject as provided in the relevant Final Terms.

An investment in Covered Bonds issued under the Programme involves certain risks. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

As at the date of this Prospectus, payments of interest and other proceeds in respect of the Covered Bonds may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996 (as amended and supplemented from time to time, the "Decree 239") and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under any Series or Tranche of Covered Bonds, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Covered Bonds any Series or Tranche.

The Covered Bonds will not be listed on any stock exchange. Accordingly, this Prospectus is neither subject to any approval or authorisation of CONSOB or Borsa Italiana S.p.A., nor to any disclosure duties in the Republic of Italy, other than those provided for by Italian Law.

Sole Arranger

BANCA NAZIONALE DEL LAVORO S.P.A.

Dealer

BNP PARIBAS

The Issuer accepts responsibility for the information contained in this Prospectus other than the information regarding the Guarantor (as set out in the section headed "Description of the Guarantor" below) for which the Guarantor accepts responsibility. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read and construed in conjunction with any supplements hereto and, in relation to any Series or Tranche of Covered Bonds, with the relevant Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Representative of the Bondholders or the Dealer. Neither the delivery of this Prospectus nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealer to subscribe for, or purchase, any Covered Bonds.

The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Dealer to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended. There are certain restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the Republic of Italy.

The Dealer has not separately verified the information contained in this Prospectus. The Dealer makes no representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this 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 Guarantor, the Representative of the Bondholders or the Dealer that any recipient of this 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 Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealer or the Representative of the Bondholders undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Representative of the Bondholders.

In this Prospectus, unless otherwise specified or unless the context otherwise requires, all references to "£" or "Sterling" are to the currency of the United Kingdom, "Dollars" are to the currency of the United States of America, and all references to "€", "euro" and "Euro" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Figures included in this Prospectus may have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.

INDEX

Section	Page
SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES.....	4
STRUCTURE OVERVIEW	5
OVERVIEW OF THE PROGRAMME	11
1. THE PRINCIPAL PARTIES	11
2. THE PROGRAMME.....	12
3. THE COVERED BONDS	13
4. BREACH OF TESTS, SEGREGATION EVENTS, ISSUER EVENTS OF DEFAULT AND GUARANTOR EVENTS OF DEFAULT	17
5. THE GUARANTOR AND THE GUARANTEE	22
6. SALE AND DISTRIBUTION.....	26
RISK FACTORS AND INVESTMENT CONSIDERATIONS	28
TERMS AND CONDITIONS OF THE COVERED BONDS.....	54
FORM OF FINAL TERMS.....	125
BANCA NAZIONALE DEL LAVORO S.P.A.	139
THE GUARANTOR.....	148
DESCRIPTION OF THE PROGRAMME DOCUMENTS.....	150
CREDIT STRUCTURE	168
CASHFLOWS	175
DESCRIPTION OF THE COVER POOL	181
LAW 130.....	184
DOCUMENTS AVAILABLE	190
GLOSSARY	192

SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor may agree with the Dealer(s) to issue Covered Bonds in a form not contemplated in the section entitled "*Form of Final Terms*". To the extent that the information relating to that Series or Tranche of Covered Bonds constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Series or Tranche (the "**Drawdown Prospectus**") will be made available and will contain such information.

The terms and conditions applicable to any particular Series or Tranche of Covered Bonds will be the conditions set out in the section entitled "*Terms and Conditions of the Covered Bonds*", as amended and/or replaced to the extent described in the relevant Final Terms or Drawdown Prospectus. In the case of a Series or Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Prospectus:

- *Programme:* Under the terms of the Programme, the Issuer will issue Covered Bonds to Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Guarantee.
- *Guarantor:* The Guarantor is a corporate entity separate and distinct from the Issuer and maintains corporate records and books of account separate from those of the Issuer. The authorised and issued quota capital of the Guarantor is euro 10,000.00 and is held by Banca Nazionale del Lavoro S.p.A., as to 70 per cent. and SVM Securitisation Vehicles Management S.r.l. as to 30 per cent. The Guarantor has issued no voting securities other than its authorised and issued quota capital. For further details, see section “*The Guarantor*” below.
- *Guarantee:* In accordance with the provisions of Law 130 and Decree 310, the Guarantor has provided a first demand, unconditional, autonomous and irrevocable guarantee, for the benefit of the Bondholders in accordance with the Programme Documents, for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders under the Covered Bonds. Under the terms of the Guarantee, the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the Guaranteed Amounts become Due for Payment. The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under Law 130. The recourse to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.
- *Subordinated Loan Agreement(s):* Under the terms of the relevant Subordinated Loan Agreement, the Main Seller and each Additional Seller (if any), in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender, will from time to time grant to the Guarantor one or more Term Loans, in the form of a Term Loan A or a Term Loan B, for the purposes of funding the payments described in the paragraph headed “*The proceeds of Term Loans*” below. Prior to the service of a Breach of Tests Notice, an Issuer Default Notice or a Guarantor Default Notice, each Term Loan may be repaid by the Guarantor on each Guarantor Payment Date according to the Pre-Issuer Default Principal Priority of Payments within the limits of the then Guarantor Available Funds. Following the occurrence of a Segregation Event upon service of a Breach of Tests Notice, there shall be no further payments to any Subordinated Lender under any relevant Term Loan(s) as long as a Breach of Tests Cure Notice is delivered in accordance with the Programme Documents. Following the service of an Issuer Default Notice or a Guarantor Default Notice, the Term Loans shall be repaid within the limits of the then 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. Each Term Loan that has been repaid pursuant to the terms of a Subordinated Loan Agreement will be available for redrawing during the Subordinated Loan Availability Period within the limits of the Total Commitment. Payments by the Issuer of

amounts due under the Covered Bonds are not conditional upon receipt by the Issuer of payments from the Guarantor pursuant to the Subordinated Loan Agreement. Amounts owed by the Guarantor under the Subordinated Loan Agreement will be subordinated to amounts owed by the Guarantor under the Guarantee.

- *Proceeds of Term Loans*: Pursuant to each Subordinated Loan Agreement:
 - (i) each Term Loan A will be granted for the purpose of funding (a) the purchase price of the Eligible Assets included in the Initial Portfolio; (b) in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme, and/or (b) the redemption, at its maturity date or earlier, of any Term Loan A previously disbursed by the relevant Subordinated Lender;
 - (ii) each Term Loan B will be granted for the purpose of funding, *inter alia*, (a) in whole (upon delivery by the Test Calculation Agent of a Test Performance Report showing the breach of any of the Tests for reasons other than the breach of the 15% Limit) or in part, the purchase price of the Eligible Assets and Top-Up Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to remedy the breach of any of the Tests; (b) in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to comply with the 15% Limit with respect to the Top-Up Assets; (c) in whole or in part, the purchase price of any Eligible Assets and Top-Up Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement for overcollateralisation purposes; or (d) the redemption, at its maturity date or earlier, of any Term Loan B previously disbursed by the relevant Subordinated Lender.
- *Cashflows*: Prior to the service of an Issuer Default Notice on the Issuer and the Guarantor and provided that no Breach of Tests Notice has been served and has not been revoked through the delivery of a Breach of Tests Cure Notice, the Guarantor will:
 - apply Interest Available Funds to pay interest and/or Premium on the relevant Term Loans, but only after payment of the other items ranking higher in the Pre-Issuer Default Interest Priority of Payments (including, but not limited to, certain expenses and any amount due and payable under the Asset Swap Agreement(s)). For further details of the Pre-Issuer Default Interest Priority of Payments, see “*Cashflows*” below; and
 - apply Principal Available Funds to pay, *inter alia*, in whole or in part, the purchase price of any New Portfolios and repay the Term Loans, but only after payment of the other items ranking higher in the relevant Pre-Issuer Default Principal Priority of Payments. For further details of the Pre-Issuer Default Principal Priority of Payments, see “*Cashflows*” below.

After the service of a Breach of Tests Notice, payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered, and the Guarantor will make payments to the Other Guarantor Creditors in accordance with the Pre-Issuer Default Interest Priority of Payments and the Pre-Issuer Default Principal Priority of Payments, provided that, until a Breach of Test Cure Notice has been delivered, there shall be no further payments (whether of interest or principal) to the Subordinated Lender(s) under any relevant Term Loan and the purchase price for any New Portfolios to be acquired by the Guarantor shall be paid only by using the proceeds of a new Term Loan.

Following service on the Issuer and on 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 Guarantor Available Funds to pay Guaranteed Amounts when the same shall become Due for Payment, subject to paying certain higher ranking obligations of the Guarantor under the Guarantee Priority of Payments. In such circumstances, the Subordinated Lender(s) will only be entitled to receive payment from the Guarantor of interest, Premium (if any) and repayment of principal under the relevant Term Loan(s) after all amounts due under the Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. The above provisions will apply also following the service of an Issuer Default Notice as a consequence of an Issuer Event of Default consisting of an Article 74 Event, it being understood that the Article 74 Event may be temporary so that, upon delivery of an Article 74 Event Cure Notice (and to the extent that no other Issuer Event of Default or Guarantor Event of Default has occurred and is continuing), the above provisions shall cease to apply until the Guarantee is newly enforced by the Representative of the Bondholders.

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 at their Early Termination Amount and the Representative of the Bondholders, on behalf of the Bondholders, shall have a claim against the Guarantor under the Guarantee for an amount equal to the Early Termination Amounts, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable as gross-up) and any Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see section “*Cashflows*” below.

- *Mandatory Tests*: The Programme provides that the Assets of the Guarantor are subject to certain tests (the “**Mandatory Tests**”) intended to ensure that the Guarantor can meet its obligations under the Guarantee as set out under article 3 of Decree 310. Accordingly, starting from the First Issue Date and until the date on which all Series or Tranches of the Covered Bonds have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, the Issuer and any Additional Seller(s) (if any) must ensure that the following tests are satisfied on each Test Reference Date and on each Post-Breach of Tests Reference Date:
 - (i) *Nominal Value Test*: the aggregate Outstanding Principal Balance of the Cover Pool shall be equal to or higher than the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, provided that, prior to the delivery of an Issuer Default Notice, such test will

always be deemed met to the extent that the Asset Coverage Test (as referred below) is met as of the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

- (ii) *Net Present Value Test*: the Net Present Value Test is intended to ensure that the net present value of the Cover Pool, net of all the costs to be borne by the Guarantor (including payments of any costs, fees and expenses expected or due with respect to any Swap Agreement), shall be higher than or equal to the net present value of all Series or Tranche of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;
- (iii) *Interest Coverage Test*: the Interest Coverage Test is intended to ensure that the amount of interest and other revenues generated by the Assets included in the Cover Pool, net of all the costs borne by the Guarantor (considering also any Swap Agreement), shall be higher than or equal to the amount of interest due on all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

For a more detailed description, see section “*Credit structure - Tests*” below.

- *Asset Coverage Test*: In addition to the Mandatory Tests, the Programme provides that until the earlier of (i) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms, and (ii) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served), the Issuer, also in its capacity as Main Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that the Asset Coverage Test is satisfied on each Test Reference Date and Post-Breach of Tests Reference Date. The Asset Coverage Test is intended to ensure that, on the relevant Test Reference Date and Post-Breach of Tests Reference Date, the Adjusted Aggregate Asset Amount (as defined in section “*Credit Structure*” below) is at least equal to the aggregate Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date or Post-Breach of Tests Reference Date. The Adjusted Aggregate Asset Amount is the amount calculated pursuant to the formula set out in the section “*Credit structure - Tests*” below.
- *Amortisation Test*: Starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor (provided that, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served) and until the earlier of (a) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantor Default Notice is delivered, the

Amortisation Test is intended to ensure that, on each Test Reference Date, the Amortisation Test Aggregate Asset Amount (as defined in section “*Credit structure - Tests*” below) is higher than or equal to the Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date. For a more detailed description, see section “*Credit structure - Tests*” below.

- *Extendable obligations under the Guarantee:* An Extended Maturity Date may be specified as applying in relation to a Series or Tranche of Covered Bonds (other than Hard Bullet Covered Bonds) in the applicable Final Terms. This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series or Tranche of Covered Bonds on the relevant Maturity Date and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series or Tranche 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 or Tranche of Covered Bonds), then payment of the unpaid amount pursuant to the 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 (as defined below) 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 in accordance with the applicable Priority of Payments. Interest will continue to accrue on any unpaid amount during such extended period and be payable on each Guarantor Payment Date up to the Extended Maturity Date in accordance with Condition 10 (*Redemption and Purchase*).
- *Servicing:* Banca Nazionale del Lavoro S.p.A. (in its capacity as Main Servicer) has entered into the Master Servicing Agreement with the Guarantor, pursuant to which (i) the Main Servicer has agreed to provide administrative services in respect of the Assets transferred by itself as Main Seller and to act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to articles 2, paragraphs 3 and 6-bis of Law 130, and (ii) the parties thereto agreed that, should any Additional Seller enter into the Programme, such Additional Seller will be appointed as Additional Servicer for the administration, management, collection and recovery activities relating to the Assets from time to time assigned by it to the Guarantor.
- *Asset Monitor Engagement Letter:* Pursuant to an engagement letter entered into on or about the date of this Prospectus, 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*, the control of (i) the fulfilment of the eligibility criteria set out under Decree 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (ii) the calculation performed by the Issuer in respect of the Mandatory Tests; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under Decree 310; and (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.
- *Further Information:* For a more detailed description of the transactions summarised above

relating to the Covered Bonds, see, amongst other relevant sections of this Prospectus, *“Overview of the Programme”, “Terms and Conditions of the Covered Bonds”, “Description of the Programme Documents”, “Credit Structure”, and “Cashflows”, below.*

OVERVIEW OF THE PROGRAMME

This section constitutes a general description of 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 Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meaning in this overview.

1. THE PRINCIPAL PARTIES

Issuer, Main Seller, Main Servicer, Main Subordinated Lender, Principal Paying Agent, Account Bank, Test Calculation Agent, Asset Swap Provider, Cash Manager and Quotaholder	BANCA NAZIONALE DEL LAVORO S.P.A. , a bank incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , having its registered office at Via Vittorio Veneto 119, 00187 Rome, Italy, fiscal code and enrolment with the companies register of Rome number 09339391006, share capital of Euro 2,076,940,000 fully paid up, enrolled under number 1005 in the register of banks held by Bank of Italy pursuant to article 13 of the Consolidated Banking Act, subject to the direction and coordination (<i>direzione e coordinamento</i>) activities of the sole shareholder, BNP Paribas S.A. (“ BNL ” or the “ Issuer ”).
Guarantor	VELA OBG S.R.L. , a special purpose entity incorporated as limited liability company (<i>società a responsabilità limitata</i>) under the laws of the Republic of Italy pursuant to article 7-bis of Law 130, having its registered office at Via V. Alfieri 1, 31015, Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso number 04514090267, quota capital of Euro 10,000, enrolled under number 42019 in the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, subject to the direction and coordination (<i>direzione e coordinamento</i>) activities of BNL, and having as its sole purpose the ownership of the Cover Pool and the granting to holders of the Covered Bonds of the Guarantee.
Additional Seller(s)	Any other bank which is a member of the BNP Paribas Group and wishes to sell Assets to the Guarantor in the context of the Programme, subject to satisfaction of certain conditions and which, for such purpose, shall accede to, <i>inter alia</i> , the Master Assets Purchase Agreement and the Cover Pool Management Agreement.
Additional Servicer(s)	Any Additional Seller that, subject to satisfaction of certain conditions, is appointed to act as Additional Servicer for the administration, management and collection activities relating to the Assets from time to time assigned by it to the Guarantor and, for such purpose, will accede to the Master Servicing Agreement.
Additional Subordinated	Any Additional Seller that has acceded to the Programme as Additional Seller will also act as Additional Subordinated Lender

Lender	in respect of the Assets transferred by itself to the Guarantor and, for such purpose, shall enter into a Subordinated Loan Agreement with the Guarantor.
Guarantor Calculation Agent, Guarantor Corporate Servicer and Representative of the Bondholders	SECURITISATION SERVICES S.P.A. , a company incorporated under the laws of the Republic of Italy as a <i>società per azioni</i> , having its registered office at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, share capital of Euro 1,595,055 fully paid up, fiscal code and enrolment with the companies register of Treviso number 03546510268, currently enrolled under number 31816 in the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, as well as in register held by the Bank of Italy pursuant to article 107 of the Consolidated Banking Act, subject to the direction and coordination activities (<i>attività di direzione e coordinamento</i>) of Finanziaria Internazionale Holding S.p.A.
Asset Monitor	Reconta Ernst & Young S.p.A., a company incorporated under the laws of the Republic of Italy, having its registered office at Via Po, 32, Rome, Italy, share capital of Euro 1,402,500.00, enrolled with the companies register of Rome under number 00434000584, VAT number 00891231003 and enrolled with the special register of accounting firms held by the CONSOB pursuant to the Financial Laws Consolidation Act.
Quotaholder	SVM SECURITISATION VEHICLES MANAGEMENT S.R.L. , a company incorporated under the laws of the Republic of Italy as a <i>società a responsabilità limitata</i> , having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 30,000 fully paid up, fiscal code and enrolment in the companies register of Treviso number 03546650262.
Dealer(s)	BNP PARIBAS S.A. , a company incorporated under the laws of the Republic of France as a <i>société anonyme</i> , having its registered office at 16, Boulevard des Italiens, 75009 Paris, France, acting through its Italian branch with office at Piazza San Fedele, 1/3, 20121 Milan, Italy, and any other Dealer(s) appointed in accordance with the Programme Agreement.

2. THE PROGRAMME

Programme description	Under the terms of the Programme, the Issuer will issue Covered Bonds (<i>obbligazioni bancarie garantite</i>) to Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Guarantee.
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Programme Limit The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 12,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement subject to any increase thereof). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Documents.

3. THE COVERED BONDS

Form of Covered Bonds Unless otherwise specified in the Terms and Conditions and the relevant Final Terms, the Covered Bonds will be issued in dematerialised form and held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli Account Holders and title thereto will be evidenced by book entries. Monte Titoli may also act as depository for Euroclear and Clearstream. No physical document of title will be issued in respect of any such dematerialised Covered Bonds.

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.

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.

Specified Currency Subject to any applicable legal or regulatory restrictions or central bank requirements, each Series or Tranche of Covered Bonds will be issued in such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s) and the Principal Paying Agent.

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 or Tranche of Covered Bonds will indicate either that the Covered Bonds of such Series or Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for

taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following a Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the 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.

The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments for such amounts and on the dates indicated in the Final Terms. For further details, see Condition 10 (*Redemption and purchase*).

Redemption at the option of Bondholders

If the relevant Final Terms of the Covered Bonds provide for a put option to be exercised by the Bondholders prior to an Issuer Event of Default, the Issuer shall, at the option of any Bondholder, redeem such Covered Bonds held by it on the date which is specified in the relevant put option notice at a price (including any interest (if any) accrued to such date) and on other terms as may be specified in, and determined in accordance with, the relevant Final Terms.

Extended Maturity Date

The applicable Final Terms relating to each Series or Tranche of Covered Bonds (other than a Hard Bullet Covered Bond) issued may indicate, in the interest of the Guarantor, that the Guarantor's obligations under the Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series or Tranche of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if an Issuer Default Notice has been delivered, having the Issuer failed to pay the Final Redemption Amount on the Maturity Date for such Series or Tranche of Covered Bonds and if the Guarantor does not pay the Final Redemption Amount in respect of the relevant Series or Tranche of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date.

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 Maturity Date may be paid, in accordance with the applicable Priority of Payments, by the Guarantor on any Interest Payment Date thereafter according to the relevant Final Terms, up to (and including) the relevant Extended Maturity Date.

Interest will continue to accrue and be payable on the unpaid

amount at a floating rate as shall be indicated in the relevant Final Terms up to the Extended Maturity Date, subject to and in accordance with the provisions of the relevant Final Terms.

If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date falling one calendar year after the relevant Maturity Date.

For further details, see Condition 10 (*Redemption and Purchase*).

Issue Price

Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid or partly-paid basis.

Interest

Covered Bonds may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, credit-linked or equity-linked and the method of calculating interest may vary between the Issue Date and the Maturity Date of the relevant Series or Tranche. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case 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 the 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 case, as set out in the applicable Final Terms.

The CB Margin (if any, as defined in the Terms and Conditions) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.

Bullet Covered Bonds	Covered Bonds which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which an Extended Maturity Date may or may not apply.
Hard Bullet Covered Bonds	Covered Bonds which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.
Index-Linked and Other Variable-Linked Interest Covered Bonds	Payments of interest in respect of Index-Linked and Other Variable-Linked Interest Covered Bonds (including Covered Bonds bearing credit- or equity-linked interest) will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.
Dual Currency Interest Covered Bonds	Payments of interest, whether at maturity or otherwise, in respect of Dual Currency Interest Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree as set out in the applicable Final Terms.
Zero Coupon Covered Bonds	Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.
Amortising Covered Bonds	Covered Bonds may be issued with a predefined, prescheduled amortisation schedule where, in addition to interest, the Issuer will pay, on each relevant Interest Payment Date, a portion of principal up to the relevant Maturity Date (as set out in the applicable Final Terms) in instalments.
Partly-Paid Covered Bonds	Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms.
Taxation	All payments in relation to Covered Bonds will be made without

tax deduction or withholding except where required by law. If any tax deduction is made, the Issuer shall be required to pay additional amounts in respect of the amounts so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree 239.

Under the Guarantee, the Guarantor will not be liable to pay any such additional amounts to any Bondholders in respect of the amount of such withholding or deduction.

For further details, see Condition 12 (*Taxation*).

Cross default provisions

Each Series or Tranche of Covered Bonds will cross-accelerate as against each other Series or Tranches, but will not otherwise contain a cross default provision. Accordingly, neither an event of default under any other indebtedness of the Issuer (including other debt securities of the Issuer) nor any acceleration of such indebtedness will itself give rise to an Issuer Event of Default (except where such events constitute an Insolvency Event in respect of the Issuer).

In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, provided however that, where a Guarantor Event of Default occurs and the Representative of the Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series or Tranche of outstanding Covered Bonds issued under the Programme.

For further details, see Condition 13 (*Segregation Event and Events of Default*).

Governing Law

The Covered Bonds, the related Programme Documents and any non-contractual obligations arising out thereof will be governed by Italian law, except for the Swap Agreement(s) which will be governed by English law.

4. BREACH OF TESTS, SEGREGATION EVENTS, ISSUER EVENTS OF DEFAULT AND GUARANTOR EVENTS OF DEFAULT

Breach of Mandatory Tests and/or Asset Coverage Test

If any Test Performance Report specifies the breach of any of the Mandatory Tests and/or the Asset Coverage Test on any Test Reference Date, then, within the Test Grace Period, the Main Seller (and/or, if any, any Additional Seller) will either (i) sell additional Eligible Assets and/or Top-Up Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management

Agreement, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any), or (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period.

If, within the Test Grace Period, the breach of the relevant Test(s) is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice and a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the relevant Test(s) is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the relevant Test(s) is/are newly met at the end of the Test Remedy Period according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

**Breach of Amortisation
Test**

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, a Guarantor Event of Default will occur and the Representative of the Bondholders will deliver a Guarantor Default Notice (unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the Assets included in the Cover Pool.

The Tests	<p>For an overview of the Tests, see paragraphs “<i>Mandatory Tests</i>”, “<i>Asset Coverage Test</i>” and “<i>Amortisation Test</i>” of section “<i>Structure Overview</i>” above.</p> <p>For a detailed description of the Tests, see paragraph “<i>Tests</i>” of section “<i>Credit Structure</i>” below.</p>
15% Limit	<p>The aggregate amount of Top-Up Assets included in the Cover Pool may not be in excess of 15% of the aggregate outstanding principal amount of the Cover Pool, other than as otherwise permitted by law or applicable regulation (the “15% Limit”).</p>
Segregation Events	<p>In case of the occurrence of a breach of any of the Mandatory Tests and/or the Asset Coverage Test on the relevant Test Reference Date, which in either case has not been remedied within the applicable Test Grace Period, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor.</p> <p>Upon delivery of a Breach of Tests Notice, a Segregation Event will occur and:</p> <ul style="list-style-type: none"> (a) no further Series or Tranche of Covered Bonds may be issued by the Issuer; (b) there shall be no further payments to the Subordinated Lender under any relevant Term Loan; (c) the Purchase Price for any Eligible Assets or Top-Up Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan; (d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and (e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered. <p>For further details, see section “<i>Description of the Programme Documents - Cover Pool Management Agreement</i>”.</p>
Issuer Events of Default	<p>An Issuer Event of Default will occur if:</p> <ul style="list-style-type: none"> (i) <i>Non-payment</i>: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series or Tranche of Covered Bonds and such breach is not remedied within 15 Business Days, in case of amounts of interest, or 20

Business Days, in case of amounts of principal, as the case may be;

- (ii) *Breach of other obligations*: a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Issuer; or
- (iii) *Insolvency*: an Insolvency Event occurs in respect of the Issuer; or
- (iv) *Article 74 Event*: a resolution pursuant to Article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or
- (v) *Breach of Tests*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests or the Asset Coverage Test is not met at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period.

If any of the events set out in points from (i) to (v) above (each, an “**Issuer Event of Default**”) occurs and is continuing, then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

Upon the service of an Issuer Default Notice:

- (a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event from items (a) to (d) shall apply; and
- (b) *Guarantee*: (i) 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 Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the relevant Priority of Payment; (ii) the Guarantor (or the Representative of the 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 Guarantee; and

- (c) *Disposal of Assets*: if necessary in order to make timely payments under the Covered Bonds, the Guarantor shall sell, or otherwise liquidate, 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 determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (iv) (*Article 74 Event*) above) (the "**Article 74 Event**"), the effects listed in items (a) (*Application of the Segregation Event provisions*), (b) (*Guarantee*) and (c) (*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) during the Suspension Period, the Guarantor, shall be responsible for the payments of the amounts due and payable under the Covered Bonds, in accordance with Decree 310; and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

Please also see Condition 13.2 (*Issuer Events of Default*).

Guarantor Event of Default

Following the delivery of an Issuer Default Notice, a Guarantor Event of Default will occur if:

- (i) *Non-payment*: the Guarantor fails to pay any Guaranteed Amount under the 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 in respect of the Guarantor; or
- (iii) *Breach of other obligations*: a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) which is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or
- (iv) *Breach of the Amortisation Tests*: the Amortisation Tests is

breached on any Test Reference Date.

If any of the events set out in points from (i) to (iv) above (each, a “**Guarantor Event of Default**”) occurs and is continuing then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise.

Upon the delivery of a Guarantor Default Notice:

- (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 and will rank *pari passu* among themselves in accordance with the Post-Enforcement Priority of Payments;
- (ii) *Guarantee*: subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the 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 as gross-up) in accordance with the Post-Enforcement Priority of Payments;
- (iii) *Disposal of Assets*: the Guarantor shall immediately sell, or otherwise liquidate, 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 Bondholders may, at its discretion and without further notice, 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 resolution of the Bondholders.

Please also see Condition 13.3 (*Guarantor Events of Default*).

5. THE GUARANTOR AND THE GUARANTEE

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, provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered.

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

For further details, see “*Description of the Programme Documents - Guarantee*”.

Cover Pool

The Guarantee will be:

- (a) collateralised by the Cover Pool constituted by the Portfolio comprised of (i) Receivables, (ii) Asset Backed Securities, assigned from time to time to the Guarantor by the Main Seller (and/or each Additional Seller, if any) in accordance with the terms of the Master Assets Purchase Agreement, and (iii) any other Eligible Assets and Top-Up Assets held by the Guarantor with respect to the Covered Bonds, including any of the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the other Eligible Assets and the Top-Up Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer), and
- (b) limited to the Segregated Assets, consisting of (i) the Cover Pool, (ii) any amounts paid by the relevant Debtors and/or the Swap Providers and (iii) any amount paid to the Guarantor deriving from any other Programme Documents.

For further details, see “*Description of the Cover Pool*”.

Limited recourse

The obligations of the Guarantor to the Bondholders and, in general, to the Main Seller (and/or any Additional Seller(s), if any) and other creditors will be limited recourse obligations of the Guarantor. The Bondholders, the Seller (and /or any Additional Seller(s), if any) and such other creditors will have a claim against the Guarantor only within the limits of the Guarantor Available Funds and subject to the relevant Priorities of Payments, in each

case subject to, and as provided for in, the Guarantee and the other Programme Documents.

Term Loans

Under the terms of the relevant Subordinated Loan Agreement, the Main Seller and each Additional Seller, if any, in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s), will from time to time grant to the Guarantor Term Loans in the form of a Term Loan A or a Term Loan B.

Each Term Loan A will be granted for the purpose of funding (a) the purchase price of the Eligible Assets included in the Initial Portfolio; (b) in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme, and/or (b) the redemption, at its maturity date or earlier, of any Term Loan A previously disbursed by the relevant Subordinated Lender.

Each Term Loan B will be granted for the purpose of funding, *inter alia*, (a) in whole (upon delivery by the Test Calculation Agent of a Test Performance Report showing the breach of any of the Tests for reasons other than the breach of the 15% Limit) or in part, the purchase price of the Eligible Assets and Top-Up Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to remedy the breach of any of the Tests; (b) in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to comply with the 15% Limit with respect to the Top-Up Assets; (c) in whole or in part, the purchase price of any Eligible Assets and Top-Up Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement for overcollateralisation purposes; or (d) the redemption, at its maturity date or earlier, of any Term Loan B previously disbursed by the relevant Subordinated Lender.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee.

For further details, see "*Description of the Programme Documents* -

Subordinated Loan Agreement".

Excess Assets and support for further issues

Any Eligible Assets and Top-Up Assets forming part of the Cover Pool which are in excess of the value of the Eligible Assets and Top-Up Assets required to satisfy the Tests may be (i) purchased by the Seller in accordance with the provisions of the Cover Pool Management Agreement and the Master Assets Purchase Agreement or (ii) retained in the Cover Pool, also to be applied to support the issue of new Series or Tranche of Covered Bonds or ensure compliance with the Tests, provided that in each case any such disposal or retention shall occur in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130, the Prudential Regulations and the Decree 310 and no disposal under item (i) above may occur if it would cause any of the Tests to be breached.

For further details, see *"Description of the Programme Documents - The Cover Pool Management Agreement"*.

Segregation of Guarantor's rights and collateral

The Covered Bonds benefit from the provisions of article 7-bis of Law 130, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.

In accordance with article 7-bis of Law 130, prior to and following an Issuer Event of Default causing the Guarantee to be enforced, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to (i) the Swap Providers under the Swap Agreement, (ii) any other creditors exclusively in satisfaction of the transaction costs of the Programme, and (iii) upon delivery of an Issuer Default Notice, the Bondholders.

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 Guarantee or cancellation thereof.

Cross-collateralisation

All Eligible Assets and Top-Up Assets transferred from the Seller(s) to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof, any proceeds arising from the Asset Swap Agreement and any funds generated by the sale of assets included in the Cover Pool form the collateral supporting the Guarantee in respect of all Series or Tranche of Covered Bonds.

Claims under Covered

The Representative of the Bondholders, for and on behalf of the

Bonds Bondholders, may submit a claim to the Guarantor and make a demand under the Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.

Disposal of the Assets included in the Cover Pool following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice) After the service of an Issuer Default Notice on the Guarantor, but prior to the service of a Guarantor Default Notice, the Guarantor (or the Main Servicer on behalf of the Guarantor) shall, to the extent necessary to pay any amounts due in relation to the Covered Bonds, sell the Eligible Assets and Top-Up Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the right of pre-emption in favour of the Issuer, as Main Seller, or any Additional Seller(s), if any (as the case may be), in respect of the Eligible Assets and Top-Up Assets transferred by each of them. The proceeds from any such sale will be credited to the BNL Collection Account and applied as set out in the applicable Priority of Payments, provided that in case of an Issuer Default Notice specifying that the relevant Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Bondholders will have delivered an Article 74 Event Cure Notice to the Issuer, the Guarantor and the Asset Monitor, informing such parties that the Article 74 Event has been cured.

The Eligible Assets and Top-Up Assets to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor (any such Eligible Assets and Top-Up Assets, the “**Selected Assets**”).

Disposal of the Assets included in the Cover Pool following the delivery of a Guarantor Default Notice After the service of a Guarantor Default Notice, the Guarantor shall immediately sell all Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the procedures described in the Cover Pool Management Agreement, subject to the right of preemption in favour of the Issuer, as Main Seller, or any Additional Seller(s), if any (as the case may be), provided that the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

For further details, see Condition 13.3 (*Guarantor Events of Default*).

6. SALE AND DISTRIBUTION

Purchase of Covered Bonds by the Issuer The Issuer or any such subsidiary may at any time purchase any Covered Bonds in the open market or otherwise and at any price.

Certain restrictions

Each Series or Tranche of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements may apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

This section describes the principal risk factors associated with an investment in 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 Prospectus is split into two main sections – General Investment Considerations and Investment Considerations relating to the Issuer and the Guarantor.

General warning about the economic-financial crisis

The current economic situation, the recent dynamic connected to financial markets, the perspectives concerning the stability and the economic growth of the country in which the Issuer operates, impact the earning capacity and the solvency of the Issuer and its creditworthiness.

Factors such as investors' expectations and trust, the levels and the implied volatility of short and long term interest rates, the exchange rates, the liquidity of the financial markets, the availability and the cost of capital, the sovereign debt sustainability, family incomes and consumers' expenditures, the unemployment levels, inflation and housing costs, are of paramount importance to the crisis.

Accordingly, during periods of economic and financial distress, such elements may have a detrimental impact by amplifying the risk factors, which are described hereunder, and may trigger financial losses, an increase in financing costs, a decrease in value of assets of the Issuer, causing a potential negative impact on the Issuer's liquidity and on its financial stability.

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.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Guarantee until the occurrence of an Issuer Event of Default and the service by the Representative of the Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice. The occurrence of an Issuer Event of Default does not automatically give rise to a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Bondholders to accelerate the obligations under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Guarantee.

Obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of any of the Dealer, the Representative of the Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, after the service by the Representative of the Bondholders of an Issuer Default Notice, the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity (and, in respect of the Guarantor, within the

limits of the Segregated Assets) 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.

Bondholders are bound by Extraordinary Resolutions and Programme Resolutions

A meeting of Bondholders may be called to consider matters which affect the rights and interests of Bondholders. These include (but are not limited to): instructing the Representative of the Bondholders to take enforcement action 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; extending the Test Remedy Period; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Programme Documents. Certain resolutions are required to be passed as Programme Resolutions, passed at a single Meeting of all holders of Covered Bonds, regardless of Series. A Programme Resolution will bind all 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 Bondholders may agree to the modification of the Programme Documents without consulting the Bondholders to correct a manifest error or an error established as such to the satisfaction of the Representative of the Bondholders or where such modification (i) is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law, or (ii) in the sole opinion of the Representative of the Bondholders, is expedient to make, is not or will not be materially prejudicial to Bondholders of any Series or Tranche.

It shall also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Bondholders on its behalf). The rights and powers of the Bondholders may only be exercised in accordance with the Rules of the Organisation of the Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Bondholders. The Terms and Conditions limit the ability of each individual Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Bondholders the power to determine in accordance with the Rules of Organisation of the Bondholders, whether any Bondholder may commence any such individual actions.

Representative of the Bondholders' powers may affect the interests of the holders of the Covered Bonds

In the exercise of its powers, trusts, authorities and discretions the Representative of the Bondholders shall only have regard to the interests of the holders of the Covered Bonds and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between these interests the Representative of the Bondholders shall have regard solely to the interests of the

Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Bondholders may not act on behalf of the Issuer.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series or Tranche would be materially prejudiced thereby, the Representative of the Bondholders shall not exercise such power, trust, authority or discretion without the approval of holders of the Covered Bonds of the relevant Series by Extraordinary Resolution or by a direction in writing of holders of the Covered Bonds of the relevant Series representing at least 75 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series or Tranche.

Extendible obligations under the Guarantee

Following the failure by the Issuer to pay the Final Redemption Amount of a Series or Tranche of Covered Bonds on their Maturity Date and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series or Tranche of Covered Bonds are not paid 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 and Tranche of Covered Bonds (other than Hard Bullet Covered Bonds) provides that such Covered Bonds are subject to an extended final maturity date (the “**Extended Maturity Date**”) on 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 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 or Tranche 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 Condition 10 (*Redemption and Purchase*). If the Final Terms for a relevant Series or Tranche of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, 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, in accordance with the applicable Priority of Payments. 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 10 (*Redemption and Purchase*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Guarantor Payment Date and on the Extended Maturity Date. In these circumstances, except where the Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Guarantor to make payment in respect of the Final Redemption Amount on the Maturity Date (or such later date within the applicable grace period) shall not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay the Guaranteed Amounts corresponding to the Final Redemption Amount on the Extended Maturity Date and/or Guaranteed Amounts constituting interest on any Guarantor Payment Date will (subject to any applicable grace periods) be a Guarantor Event of Default.

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 transfer thereof as set forth in the Programme Agreement. If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Bondholders with liquidity of investment with the result that a Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Bondholder to realise a desired yield or a yield comparable to similar investments that have a developed secondary market. This is particularly the case for bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Covered Bonds.

Exchange Rate Risk Factor

Changes in interest rates, foreign exchange rates, equity prices and other market factors affect the Issuer's business. The most significant market risks which the Issuer faces are interest rate, foreign exchange and bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and may affect income from foreign exchange dealing. The performance of financial markets may cause changes in the value of the Issuer's investment and trading portfolios. The Issuer has implemented risk management methods to mitigate and control these and other market risks to which the Issuer is exposed. However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Issuer's financial performance and business operations.

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 one or more Tranche of Covered Bonds 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 the guarantee granted by the Guarantor under the Guarantee. Following the service on the Issuer and on 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), and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered, 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 Guarantee 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 Term Loans 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 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 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, the Issuer must always ensure that the relevant Tests are satisfied on each Test Reference Date and on each Post-Breach of Tests Reference Date for the purpose of ensuring that the Guarantor can meet its obligations under the Guarantee.

Controls over the transaction

The Prudential 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. However, specific monitoring activities to be performed by the Asset Monitor are provided under the Programme in order to verify the compliance by the Issuer with such Prudential Regulations.

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 Prudential Regulations. More specifically, under the Prudential Regulations, integration is allowed exclusively for the purpose of (a) complying with the tests provided for under the Decree 310; (b) complying with any contractual overcollateralisation requirements agreed by the parties to the relevant Programme Documents or (c) complying with the 15% Limit of the Top-Up Asset.

Investors should note that Integration is not allowed in circumstances other than as set out in the Prudential 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 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 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, and shall not be obliged to pay any additional amounts to the Bondholders.

Prospectus to be read together with applicable Final Terms

This Prospectus, to be read together with applicable Final Terms of Covered Bonds, applies 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 Terms and Conditions as set out in full in this 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 amend the Terms and Conditions of the Programme in the manner required to reflect the particular terms and conditions applicable to the relevant Series or Tranche of Covered Bonds.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC 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 paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. 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, 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 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 paying agent in a Member State to, or collected by such a paying agent for, an individual resident in one of those territories. 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 Covered Bond 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.

U.S. Foreign Account Tax Compliance Withholding

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 after 31 December 2016 in respect of any Covered Bonds issued or materially modified after 31 December 2012, or that are treated as equity for U.S. federal income tax purposes whenever issued, pursuant to Sections 1471 through 1474 of the Code, U.S. Treasury regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("FATCA"). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (an "FFI") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (the "IRS") to provide certain information on its account holders (making the Issuer a "participating FFI"), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as

holding a "United States account" of the Issuer or such other non-U.S. financial institution, or (b) an investor does not consent, where necessary, to have its information disclose to the IRS, or (c) any FFI through or to which payment on such Covered Bonds is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds is not clear. 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 a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Covered Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds

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 the 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 Agreement(s), English law) in effect as at the date of this 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 Programme Document and to administrative practices in the relevant jurisdiction.

Law 130

Law 130 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 Prospectus, no interpretation of the application of Law 130 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 number 130 of 14 December 2006 ("**Decree 310**"), setting out the technical requirements of the guarantee which may be given in respect of covered bonds and (ii) the instructions of the Bank of Italy dated 17 May 2007, as subsequently amended and consolidated into the prudential regulations for banks, and any further clarification issued by the Bank of Italy concerning, *inter alia*, 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 Law 130 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

The Covered Bonds may not be a suitable investment for all investors

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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 light of other investments available at that time.

Index Linked Interest Covered Bonds, Index Linked Redemption Covered Bonds and Dual Currency Interest Covered Bonds

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

- (a) the market price of such Covered Bonds may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency from that expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Covered Bonds

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Zero Coupon Covered Bonds

The Issuer may issue Covered Bonds bearing no interest, which may be offered and sold at a discount to their nominal amount.

Variable Interest rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

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 in such circumstances, the 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 Bondholders of fluctuating interest rate levels and uncertain interest earnings.

Credit Linked Interest Covered Bonds and Equity Linked Interest Covered Bonds

The Issuer may issue Covered Bonds with interest determined by reference to the price, value, performance or some other factor relating to one or more reference assets and/or the creditworthiness of, performance of obligations by or some other factor relating to one or more reference entities.

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.

Investment Considerations relating to the Issuer

Factors that may affect the Issuer's and BNL Group's ability to fulfil its obligations under the Covered Bonds issued under the Programme

Risks regarding the Issuer and the BNL Group

Risks relating to the Issuer's business

As a credit institution, the Issuer is exposed to the typical risks associated with the business of a financial intermediary such as credit risk, market risk, interest rate risk, liquidity and operational risk, risks connected to pending legal proceedings, plus a series of other risks typical to businesses such as strategic risk, legal risk, tax and reputational exposure.

Credit risk

The Issuer is exposed to essentially the same credit risks as in traditional lending activities. Accordingly – even though, with respect to the principles and methodologies set forth in Basel II and regulated by Italian supervisory authorities, pursuant to the implementation of EU Directive on the Capital Adequacy of Investment Firms and Credit Institutions, the Issuer's credit policies are addressed to efficiently select customers in order to reduce the risk of insolvency, to diversify portfolios and to monitor market developments and trends, by carefully conducting a monitoring and supervisory activity on risk – the breach of contracts by customers or their inability to honour their obligations, or the lack of information or the improper information customers are provided with in connection with the respective financial and credit position, may trigger negative effects on economic, capital and/or financial conditions of the Issuer.

Generally speaking, counterparts may not fulfil their obligations towards the Issuer due to a default event, lack of liquidity, operational malfunctioning or other reasons. The default of a relevant market operator or also a perception as to the non-fulfilment of its obligations, could raise concerns about liquidity, losses or defaults of other institutions, that may in turn adversely affect the Issuer. Moreover, in certain circumstances, the Issuer could face the risk that credits towards third parties will not be payable. Furthermore, a decrease of the credit ratings related to third parties, whose securities and debt securities are held by the Issuer, may result in a loss and/or negatively affect the Issuer's ability to use again or differently such securities and debt securities for the purpose of increasing the level of liquidity. Hence, a significant decrease of the credit ratings of the Issuer's counterparts could cause the Issuer's results to adversely differ from those anticipated. In several cases the Issuer may call upon further guarantees from counterparts that are facing financial distress, whereas complaints may be filed as to the amount of guarantees the Issuer has the right to obtain and to the value pertaining the assets involved in such guarantees. The default rates, decreases and complaints in relation to counterparts about the assessment of the guarantee significantly increase during periods of economic stress and market illiquidity.

In particular, considering the current economic situation and the pressure determined by sovereign debts, it should be noted that the Issuer is exposed only to the risks relating to the Italian sovereign debt. Therefore, the Issuer is not materially exposed to sovereign debts pertaining to other countries.

Risks relating to pending legal proceedings

In the ordinary course of business, the Issuer and its subsidiaries are involved in various legal civil proceedings (including proceedings concerning the capitalization of interests, derivatives and bonds) and administrative proceedings, the result potentially being the compensation against the BNL Group.

The BNL Group establishes in its balance sheet an accrued liability for litigation matters when these matters present loss contingencies that may arise from pending proceedings, also taking into account the evaluation of any outside counsel handling the matter. As of 31 December 2011, the accrued liability amounted to Euro 279,765,000 Euro.

Liquidity risk relating to the Issuer

Liquidity risk is the potential inability of the Bank to meet its contractual obligations as they become due.

The Issuer's liquidity – since the Issuer conducts its business operations within an international Group of primary standing and is endowed with policies and procedures to manage the liquidity risk – could be adversely affected due to the inability to enter into the capital markets through the issue of debt securities (secured or not), and to sell specific assets or to redeem its own investments, and due to unexpected negative cash flows or the duty to grant further guarantees.

Risk relating to the potential deterioration of the Issuer's credit worthiness (rating)

Credit ratings are an assessment of the Issuer's ability to pay its obligations, including those on the financial instruments.

A potential deterioration of the Issuer's creditworthiness may indicate a reduced ability for the Issuer to fulfil its obligations, compared to previous years. The Issuer's credit rating is affected by the fact that the Issuer belongs to the BNP Paribas Group. Thus, as a result, the potential deterioration – whether actual or expected – of credit ratings relating to the BNP Paribas Group could cause a deterioration of the Issuer's rating. The potential deterioration of the Republic of Italy sovereign rating may adversely impact on the Issuer's rating as well.

Operational risk

The Issuer is exposed to the operational risk in the same way as any other banking institutions. The operational risk is a risk of losses a company undertakes when it attempts to conduct its business, resulting from breakdowns in internal procedures or external deliberate, unintentional or natural events.

To this end, the purpose of the Compliance Function of BNL, as part of its ongoing mission, is to assist the bank in managing operational risks, by closely cooperating with business functions, in order to identify the mitigation actions to be taken, by monitoring the business-level of implementation and ensuring a coordination of the permanent control activities.

At the end of the process which has begun in April 2008, and considering the affiliation to an European banking group, in June 2011, the A.C.P. - Autorité de Contrôle Prudentiel - (the former Commission Bancaire) – authorised BNP Paribas to allow also BNL, from July 1, 2011, to calculate the required capital for operational risk on the basis of its empirical model – the so called "Advanced measurement approach" ("AMA") under Basel II. Under AMA the Issuer is allowed to quantify the required capital for operational risk with its empirical method, plus an "add-on" factor in the amount of 50% of the capital absorption capacity, to be calculated pursuant to the internal model.

Market risk

Market risk is the risk that the value of financial instruments held by the Issuer will be adversely affected by changes in market factors (including, without limitation, interest rates, the price of the securities, exchange rates) which may determine a deterioration of the capital stability of the Issuer.

The Issuer – whose businesses are rather limited and which set up specific policies and procedures aimed at reducing the market risk, applying the same measuring and controlling model using a VaR approach adopted by BNP Paribas, pursuant to the regulatory framework of Basel II and authorised by the competent Supervisory Authorities – is thus exposed to potential changes in the value of the

financial instruments, due to the volatility of interest rates, exchange and currency rates, price of shares and of commodities and of the credit spread, and/or other risk factors.

Such fluctuations may arise from factors such as changes in the general economic situation, the investors' appetite for investing, monetary and fiscal policies, market liquidity on a global scale, availability and cost of capital, interventions targeted by rating agencies, political occurrences, both on a local and International scale, armed conflicts and terrorist attacks.

Considering the current economic situation and the pressure determined by sovereign debts, it should be noted that the Issuer is exposed, in a limited way, to the risks relating to the Italian sovereign debt. *Risks connected with the creditworthiness of customers*

The Issuer's business depends to a substantial degree on the creditworthiness of its customers. Notwithstanding its detailed controls including customer credit checks, it bears normal lending risks and thus may not, for reasons beyond its control (such as, for example, fraudulent behaviour by customers), have access to all relevant information regarding any particular customer, their financial position, or their ability to pay amounts owed or repay amounts borrowed. The failure of customers to accurately report their financial and credit position or to comply with the terms of their agreements or other contractual provisions could have an adverse effect on the Issuer's business and financial results.

Risks connected with information technology

The Issuer's business relies upon integrated information technology systems, including an offsite back-up system. It relies on the correct functioning and reliability of such system and on its ability to protect the Issuer's network infrastructure, information technology equipment and customer information from losses caused by technical failure, human error, natural disaster, sabotage, power failures and other losses of function to the system. The loss of information regarding customers or other information central to the Issuer's business, such as credit risk control, or material interruption in the service could have a material adverse effect on its results of operations. In addition, upgrades to the Issuer's information technology required by law or necessitated by future business growth may require significant investments.

Risk factors regarding the BNL Group's business sector

Competition

The Issuer is subject to competition from a large number of companies who may offer the same financial products and services and other forms of alternative and/or novel forms of borrowing or investment. Such competitors include banks and other financial intermediaries. In addition, the formation of increasingly large banking groups, and the entry of foreign financial institutions into the Italian banking market, may allow such companies to offer products and services on terms that are more financially advantageous than those which it is able to offer as a result of their possible economies of scale.

In addition, after the enactment of the Bersani Decree (as defined below), the competition in the Italian mortgage loan industry has increased. Both traditional and new lenders use heavy advertising, targeted marketing, aggressive pricing competition in an effort to expand their presence in or to facilitate their entry into the market and compete for customers. For example, certain of the Issuer's

competitors have implemented aggressive pricing policies (via discount mortgages and fixed rate) to attract borrowers to re-mortgage with such lender.

This competitive environment may affect the rate at which the Issuer originates new Mortgage Loans and the Issuer may not be able to attract and retain new clients or sustain the rate of growth that it has experienced to date, which may adversely affect its market share and results of operations.

Risks associated with the legislative, accounting and regulatory context

Changes in the Italian and European regulatory framework could adversely affect the Issuer's Business. The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the public authority responsible for regulating the Italian securities market), the European Central Bank and the European System of Central Banks.

The Consolidated Banking Act and secondary legislation to which the Issuer 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 Issuer must comply with financial services laws that govern its marketing and selling practices. Any changes in how such regulations are applied or the implementation of Basel II on capital requirements for financial institutions, may have a material effect on the Issuer's business and operations.

Mortgage borrower protection

Italian Legislative Decree n. 141 of 13 August 2010, as subsequently amended ("**Legislative Decree 141**"), has introduced in the Consolidated Banking Act article 120 *quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the "**Bersani Decree**"), replicating though, with some additions, such repealed provisions. The purpose of article 120 *quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of prepayment of the loan and/or subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the "**Subrogation**"), providing in particular that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the Subrogation, even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

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

In order to mitigate the risk that, in case of delays in the conclusion of a Subrogation, the Issuer may be held liable *vis-à-vis* the relevant Debtor on the basis of paragraph 7 of article 120 *quater*, the Servicer has undertaken in the Servicing Agreement, *inter alia* to timely execute the acts and deeds necessary to comply with any applicable law or regulation; the Servicer would then be obliged to indemnify the Issuer in case of breach of such undertaking.

Italian Law number 244 of 24 December 2007 (the “**2008 Budget Law**”) provided for the right of borrowers, under mortgage loans related to the purchase of the primary residence (“*prima casa*”) and unable to pay the relevant instalments, to request the suspension of payments of instalments due under the relevant mortgage loans on a maximum of two occasions 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. On 21 June 2010 the Ministry of Economy and Finance enacted the relevant implementing regulations (*Decreto Ministeriale n. 132/2010*) providing for the possibility, for the borrowers of mortgage loans granted for the purchase of real estate property to be used as the borrower’s main residence (*abitazione principale*), having a taxable income not higher than €30,000 per year and with an amount of the relevant mortgage loan not in excess of €250,000, to request the suspension of the relevant mortgage loan upon the occurrence of one of the following events: (i) termination of their employment contract; (ii) death or cases of supervened non self-sufficiency; (iii) payment of medical expenses for an amount not lower than €5,000; (iv) extraordinary maintenance costs or renovations costs not lower than €5,000; and (v) increase of 25% of the semi-annual instalments or 20% in case of the monthly instalments. The budget of the Fund is, for each of the years 2008 and 2009, of €10,000,000.

On 18 December 2009, the Italian banking association (ABI) and certain consumers’ associations have signed a convention for the suspension of payment of the instalments due under mortgage loans granted to individual persons (the “**Convention ABI**”). The Convention ABI provides the possibility for the individuals with a taxable income of maximum €40,000 per year and with an amount of the relevant mortgage not higher than €150,000, to request, upon certain conditions, the suspension of the payment of the mortgage loan instalments for the principal component (or both the principal component and the interest component) for twelve months. In particular, a borrower is eligible for the Convention ABI if any of the following events has occurred between 1 January 2009 and 31 June 2012: (i) termination of the employment (save for termination by mutual agreement, resignation not for good reason (*giustificato*), retirement or termination for good reason (*giustificato* or *giustificato motivo*)); (ii) termination of any of the employments provided for by article 409, paragraph 3, of the Italian civil procedure code (save for termination by mutual agreement, withdrawal of the employer for good reason (*giustificato*) or withdrawal of the employee for good reason (*giustificato*)); (iii) death or cases of non self-sufficiency; (iv) suspension of the employment or reduction of the work hours for a period of at least 30 days, also prior to the admission to income support measures. The application for the suspension must be made within 31 July 2012. The banks may adhere to the Convention ABI, specifying if the borrowers may ask for the suspension only of the principal component of the instalments or also of the interest component. Banca Nazionale del Lavoro has adhered to the Convention ABI, for the suspension of the principal component. As a consequence debtors of the Originator (including Debtors under the Receivables meeting the relevant subjective requirements) may benefit of the provisions of both the suspension schemes described above.

On 28 February 2012, the Italian banking association (ABI), the Italian Ministry of Economy and Finance and major Italian business associations have signed a convention for the suspension of payment of principal instalments in favour of small and medium sized enterprises (SMEs) in financial difficulties, meeting the subjective requirements set out therein (as amended, the “**SME-ABI Convention**”). The suspension applies to both loans and leases. With reference to loans, the suspension is granted for a period of 12 months. The relevant amortisation plan is extended but interest continues to accrue and be payable on the original maturity. SMEs which have the requirements provided for under the SME-ABI Convention may request the suspension by 30 June 2013.

In addition to the above, Law Decree of 13 May 2011 number 70, as converted into law by Italian Law number 106 of 12 July 2011 (the “**Decree**”), provides further measures in relation to mortgage loans. In particular, under paragraph 6 of article 8 of the Decree, until 31 December 2012, borrowers under floating rate mortgage loans granted prior to the date of the Decree for the purchase or renovation of the borrower’s residence, subject to such borrowers having a taxable income of maximum €35,000 per year and an original amount of the relevant mortgage loan not higher than €200,000, can renegotiate the relevant mortgage loan switching the floating rate contractually agreed and applicable for the entire duration of the relevant mortgage loan agreement in a fixed interest rate determined in accordance with letter (b) of paragraph 6 of article 8 of the Decree. A literal interpretation of the Decree seems to suggest that (i) loans that are securitised can be the subject of the suspension provisions set out in the Decree (i.e. they are not excluded for the mere fact that the creditor is no longer the originating bank) and (ii) in case of loans that are securitised, a renegotiation under the provisions of the Decree shall be made by the originating bank in a way that allows the repayment of the loan according to the amortisation plan existing immediately prior to the renegotiation (i.e. the Issuer shall be held harmless by the renegotiation). This would seem to suggest that any amount not payable by the debtor to the Issuer following the renegotiation as compared to the previous conditions of the loan shall be paid by the originating bank to the Issuer at the times they were originally payable by the debtor. Reference in the Decree to the originating bank being subrogated to the Issuer in the mortgage following full repayment of the Issuer’s claim seems to confirm this interpretation.

Although the potential effects of the above described suspension and renegotiation schemes have been taken into account by the Issuer in the context of the Programme, the impact thereof on the cashflows deriving from the Portfolio and, as a consequence, on the amortisation of the Covered Bonds, may not be predicted as at the date of this Prospectus.

Reduced interest rate margin

In recent years, the Italian banking sector has been characterised by increasing competition which, together with the low level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins.

Market declines and volatility

The results of the BNL Group could be affected by general economic, financial and other business conditions. During a recession, there may be less demand for mortgages and other loan products and a greater number of the BNL Group’s customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. The

risk arising from the impact of the economy and business climate on the credit quality of the BNL Group's debtors and counterparties can affect the overall credit quality and the recoverability of mortgages and loans and amounts due from counterparties.

Protracted market declines and reduced liquidity in the markets

In some of the BNL Group's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the BNL Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the BNL Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the BNL Group's operating results and financial condition. In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the BNL Group's securities trading activities and its asset management services, as well as its investments in and sales of products linked to the performance of financial assets.

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 and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered, under the terms of the Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are Due for Payment, **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 in accordance with the applicable Priority of Payments on any Guarantor 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 such 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 Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Bondholders will accelerate the obligations of the Guarantor under the Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Bondholders will have a claim under the Guarantee for an amount equal to the Guaranteed Amounts. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Bondholders in accordance with the Post-Enforcement Priority of Payments, and 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.

In accordance with article 7-bis of Law 130, prior to and following a winding up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the 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 Bondholders, to the Other Guarantor Creditors and to any other creditors in satisfaction of the transaction costs of the Programme. 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 Guarantee or cancellation thereof.

Limited resources available to the Guarantor

Following the service of an Issuer Default Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Bondholders and shall procure the payment of the Guaranteed Amounts when they are Due for Payment. The Guarantor's ability to meet its obligations under the Guarantee will depend on (a) the amount of interest and principal generated by the Cover Pool and the timing thereof, (b) amounts received from the Swap Providers (if any) and (c) the proceeds of any Eligible Investments. The Guarantor will not have any other source of funds available to meet its obligations under the Guarantee.

If a Guarantor Event of Default occurs and the Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the 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 Programme 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.

Each Other Guarantor Creditor has undertaken in the Intercreditor Agreement not to petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Guarantor at least until two years and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant final Terms.

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 Main Servicer has been appointed, and upon accession to the Programme, each Additional Servicer will be appointed, to carry out the administration, management, collection and recoveries activities relating to the Assets comprised in the relevant Portfolios sold to the Guarantor and upon delivery of an Issuer Default Notice a substitute Test Calculation Agent will be appointed by the Servicer to carry out 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 Guarantee may be affected. For instance, if the Main Servicer and/or any Additional Servicer has failed to administer the relevant Assets adequately, this may lead to higher incidences of non-payment or default by the Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Guarantee, as described below.

If a Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Bondholders will be entitled to terminate the appointment of the relevant Servicer and appoint a Substitute Servicer in its place. In addition, each Servicer may resign from the Master Servicing Agreement, within 12 months from the relevant Execution Date, by giving not less than a 6 months prior written notice to the Guarantor, the Representative of the Bondholders, the Main Servicer and the Asset Swap Provider. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential or commercial properties who would be willing and able to carry out the administration, management, collection and recovery activities relating to the Assets on the terms of the Master Servicing Agreement could be found. The ability of a substitute servicer to perform fully the required services would depend, *inter alia*, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute 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 Guarantee.

The Servicer has no obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Master Servicing Agreement.

The Representative of the Bondholders is not obliged in any circumstances to act as the Servicer or to monitor the performance by the Servicer of its obligations.

Reliance on Swap Providers

To provide a hedge against possible variations in the performance of the Cover Pool, the Guarantor will on or about the date of establishment of this Programme enter into the Asset Swap Agreement with the Asset Swap Provider. In addition, to provide a hedge against interest rate, currency and/or other risks in respect of each Series or Tranche of Covered Bonds issued under the Programme, the Guarantor is expected to enter into one or more Swap Agreements with one or more Swap Providers in respect of each Series or Tranche of Covered Bonds.

A Swap Provider is (unless otherwise stated in the relevant Swap Agreement) 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.

If a Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of under the relevant Swap Agreement, 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 and/or to the performance of the Cover Pool. In addition, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to meet its payment obligations, including under the Covered Bonds or the 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 a termination payment under the relevant Asset Swap Agreement, nor can there be

any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequate counterparty.

Following the service of an Issuer Default Notice, payments (other than principal payments) by the Guarantor (including any termination payment) under the Swap Agreements will rank *pari passu* and *pro rata* to interest amounts due on the Covered Bonds under the Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet its obligations under the Covered Bonds or the Guarantee.

No gross-up on withholding tax

In respect of payments made by the Guarantor under the 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 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

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

- the Main Seller and/or any Additional Seller selling further Assets (or types of Assets, which are of a type that have not previously been comprised in the Cover Pool) to the Guarantor; and
- the Main Seller and/or any Additional Seller repurchasing or substituting Assets in accordance with the Master Assets Purchase Agreement.

However, each Eligible Asset Loan will be required to meet the Eligibility Criteria and to conform with the representations and warranties set out in the Warranty and Indemnity Agreement – see “*Description of the Programme Documents – Warranty and Indemnity Agreement*”. In addition, the Asset Coverage Test is intended to ensure that the Adjusted Aggregate Asset Amount is an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding and the Test Calculation Agent will provide quarterly reports that will set out certain information in relation to the Asset Coverage Test.

No due diligence on the Cover Pool

None of the Dealer, the Guarantor or the Representative of the Bondholders has undertaken or will undertake any investigations, searches or other actions in respect of any of the Eligible Assets or other Receivables. Instead, the Guarantor will rely on the Common Criteria, the Specific Criteria and the relevant representations and warranties given by the Main Seller and, upon accession to the Programme, each Additional Seller, in the Warranty and Indemnity Agreement. The remedy provided for in the Warranty and Indemnity Agreement for breach of representation or warranty is for the relevant Seller(s) to indemnify and hold harmless the Guarantor in respect of losses arising from such breach. Such obligations are not guaranteed by nor will they be the responsibility of any person other than the relevant Seller and neither the Guarantor nor the Representative of the Bondholders will have

recourse to any other person in the event that the relevant Seller, for whatever reason, fails to meet such obligations.

Maintenance of the Cover Pool

Pursuant to the terms of the Master Assets Purchase Agreement, the Main Seller has agreed (and the Additional Seller(s), if any, will agree upon accession to the Master Assets Purchase Agreement) to transfer New Portfolios to the Guarantor and the Guarantor has agreed to purchase New Portfolios in order to ensure that the Cover Pool is in compliance with the Tests. The Initial Portfolio Purchase Price was funded through the proceeds of the Term Loan granted by the Main Subordinated Lender under the BNL Subordinated Loan Agreement and each New Portfolio Purchase Price will be funded through (i) any Guarantor Available Funds available in accordance with the Pre-Issuer Default Principal Priority of Payments; and/or (ii) the proceeds of a Term Loan granted by the relevant Seller as Subordinated Lender under the Subordinated Loan Agreement; and (iii) in certain circumstances, entirely by means of a Term Loan granted by the relevant Seller as Subordinated Lender under the relevant Subordinated Loan Agreement.

Under the terms of the Cover Pool Management Agreement, the Issuer has undertaken (and the Additional Seller(s), if any, will undertake once acceded to the Programme), to ensure that on each Test Reference Date the Cover Pool is in compliance with the Mandatory Tests and the Asset Coverage Test. If on any Test Reference Date the Cover Pool is not in compliance with the above Tests, then, within the Test Grace Period, the Main Seller, (and/or, if any, any Additional Seller) will sell additional Eligible Assets and/or Top-Up Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any). If the Cover Pool is not in compliance with the above Tests at the end of the Test Grace Period, the Representative of the Bondholders will serve a Breach of Tests Notice on the Issuer and the Guarantor. The Representative of the Bondholders shall revoke the Breach of Tests Notice if at the end of the Test Grace Period the Tests are subsequently satisfied, unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to serve a Breach of Tests Notice in the future. If, following the delivery of a Breach of Tests Notice, the Tests are not met at the end of the Test Remedy Period, the Representative of the Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, unless a Programme Resolution is passed resolving to extend the Test Remedy Period.

If the aggregate collateral value of the Cover Pool has not been maintained in accordance with the terms of the Tests, that may affect the realisable value of the Cover Pool or any part thereof (both before and after the occurrence of a Guarantor Event of Default) and/or the ability of the Guarantor to make payments under the Guarantee. However, failure to satisfy the Amortisation Test on any Test Reference Date following an Issuer Event of Default will constitute a Guarantor Event of Default, thereby entitling the Representative of the Bondholders to accelerate the Covered Bonds against the Issuer (to the extent not already accelerated against the Issuer) and also against the Guarantor and the Guarantor's obligations under the Guarantee against the Guarantor subject to and in accordance with the Terms and Conditions.

Subject to receipt of the relevant information from the Issuer, the Asset Monitor will perform specific agreed upon procedures set out in the Asset Monitor Engagement Letter entered into with the Issuer

on or about the date of this Prospectus, *inter alia*, to (i) the fulfilment of the eligibility criteria set out under Decree 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (ii) the calculation performed by the Issuer in respect of the Mandatory Tests; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under Decree 310; and (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

Sale of the Eligible Assets and the Top-Up Assets following the occurrence of an Issuer Event of Default

Following an Issuer Default Notice, the Guarantor shall, if necessary in order to effect timely payments under the Covered Bonds, sell the Eligible Assets and Top-Up Assets (selected on a random basis) included in the Cover Pool in order to make payments to the Guarantor's creditors including making payments under the Guarantee, see "*Description of the Programme Documents - Cover Pool Management Agreement*".

There is no assurance that a buyer will be found to acquire the Eligible Assets and the Top-Up Assets at the times required and there can be no guarantee or assurance as to the price which may be obtained for such Eligible Assets and Top-Up Assets, which may affect payments under the Guarantee. However, the Eligible Assets and the Top-Up Assets may not be sold by the Guarantor for less than an amount equal to the Adjusted Required Outstanding Principal Balance Amount (for the definition, see section "*Description of the Programme Documents - The Cover Pool Management Agreement*" below) for the relevant Series or Tranche of Covered Bonds until six months prior to the Maturity Date in respect of such Series or Tranche of Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date, if applicable, under the Guarantee in respect of such Series or Tranche of Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Eligible Assets and the Top-Up Assets for the best price reasonably available on the market, notwithstanding that such price may be less than the Adjusted Required Outstanding Principal Balance Amount.

Liquidation 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 Bondholders will be entitled to enforce the Guarantee and use the proceeds from the liquidation of the Cover Pool towards payment of all secured obligations in accordance with the "Post-Enforcement Priority of Payments" described in the section entitled "*Cashflows*" below.

There is no guarantee that the proceeds of the liquidation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Bondholders) under the Covered Bonds and the Programme 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 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 the Eligible Assets and the Top-Up Assets

comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Guarantee) by:

- default by the Debtors in the payment of amounts due on their Loans;
- an insolvency event or another event contractually indicated as event of default has occurred in respect to the issuer of any Securities comprised in the Cover Pool pursuant to the relevant terms and conditions;
- changes to the lending criteria of the Issuer;
- set-off risks in relation to some types of Loans in the Cover Pool;
- limited recourse to the Guarantor;
- possible regulatory changes by the Bank of Italy, CONSOB and other regulatory authorities;
- timing of a relevant sale of assets;
- regulations in Italy that could lead to some terms of the Loans being unenforceable; and
- status of real estate market in the areas of operation of the Issuer.

These factors are considered in more detail below. However, it should be noted that the Mandatory Tests, the Amortisation Test, the Asset Coverage Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Eligible Assets and Top-Up Assets in the Cover Pool 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 assets comprised in the Cover Pool could be realised for sufficient values to enable the Guarantor to meet its obligations under the Guarantee.

Value of the Cover Pool

The Guarantee granted by the Guarantor in respect of the Covered Bonds will be backed by the Cover Pool and the recourse against the Guarantor will be limited to the Segregated Assets. Since the economic value of the Cover Pool may increase or decrease, the value of the Guarantor's assets may decrease (for example if there is a general decline in property values). The Issuer makes no representation, warranty or guarantee that the value of a Real Estate Asset or any other Security Interest assisting a Loan will remain at the same level as it was on the date of the origination of the related Loan or at any other time. In particular, if the residential property market in Italy experiences an overall decline in property values, the value of the Mortgage Loan could be significantly reduced and, ultimately, may result in losses to the Bondholders if such security is required to be enforced.

Claw-back of the sales of the Receivables

Assignments executed under Law 130 are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the declaration of bankruptcy of the relevant Seller is made within three months of the date of the sale of the relevant Portfolio or, in cases where paragraph 1 of article 67 applies (e.g. if the payments made or the obligations assumed by the bankrupt party exceed

by more than one-fourth the consideration received or promised), within six months of the covered bonds transaction (or of the purchase of the Cover Pool).

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 borrowers' individual, personal or financial circumstances may affect the ability of borrowers 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 borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for a 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.

The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Cover Pool which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Law number 302 of 3 August 1998 allowed notaries, accountants and lawyers to conduct certain stages of the enforcement procedures in place of the courts in order to reduce the length of enforcement proceedings by between two and three years.

Insurance coverage

All Mortgage Loan Agreements provide that the relevant Real Estate Assets must be covered by an Insurance Policy issued by leading insurance companies approved by the relevant Seller. There can be no assurance that all risks that could affect the value of the Real Estate Assets are or will be covered by the relevant Insurance Policy or that, if such risks are covered, the insured losses will be covered in full. Any loss incurred in relation to the Real Estate Assets which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the Real Estate Assets and the ability of the relevant Debtor to repay the relevant Mortgage Loan.

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 Law 130 is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to 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 of the Republic of Italy, 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 Issuer including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local companies' registry. The notification in the Official Gazette and the registration at the local companies' registry would be not sufficient to assure that such assignment becomes enforceable against Debtors which are not resident in Italy.

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 Guarantee.

Usury Law

Italian Law number 108 of 7 March 1996 (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 June 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. Although the Italian Government subsequently intervened by enacting a decree aimed at softening the effect of the Usury Law, the amount payable by borrowers pursuant to the Mortgage Loans may be subject to reduction, renegotiation or repayment.

Compound of 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 three-monthly 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 borrowers 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 Loans may be prejudiced.

Other considerations

Basel Capital Accord

The original Basel Accord was agreed in 1988 by the Basel Committee on Banking Supervision (the “**Committee**”). The 1988 Accord, now referred to as Basel I, helped to strengthen the soundness and stability of the international banking system as a result of the higher capital ratios that it required. The Committee supervision published the text of the new capital accord under the title: “Basel II; International Convergence on Capital Measurement and Capital Standards: a revised framework” (the “**Basel II Framework**”) in June 2004. In November 2005, the Committee issued an updated version of the Framework. On 4 July 2006, the Committee issued a comprehensive version of the Framework. This Framework places enhanced emphasis on market discipline and sensitivity to risk and serves as a basis for national and supra-national rule-making and approval processes for banking organisations. The Framework was put into effect for credit institutions in Europe via the recasting of a number of prior directives. This consolidating directive is referred to as the EU Capital Requirements Directive (the “**CRD**”). Member States were required to transpose, and financial services industry have to apply, the CRD by 1 January 2007. The CRD was modified by EU Directive 2009/111/EC (the “**CRD II**”).

It should also be noted that the Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “*Liquidity Coverage Ratio*” and the “*Net Stable Funding Ratio*”). Participating countries will be required to implement the new capital standards from January 2013, the new Liquidity Funding Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Committee on the approved changes in general and the European Commission proposes to implement the changes through amendments to the Capital Requirements Directive known as “**CRD IV**”. The changes approved by the Committee may have an impact on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Covered Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Covered Bonds and as to the consequences to an effect on them of any changes to the Basel II Framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

TERMS AND CONDITIONS OF THE COVERED BONDS

The following is the text of the terms and conditions of the Covered Bonds (the “**Terms and Conditions**” and, each of them, a “**Condition**”). In these Terms and Conditions, references to the “holder” of Covered Bonds and to the “Bondholders” are to the ultimate owners of the Covered Bonds, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) article 83-bis of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published in the Official Gazette of the Republic of Italy number 54 of 4 March 2008, as subsequently amended and supplemented from time to time.

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

1. INTRODUCTION

1.1 Programme

Banca Nazionale del Lavoro S.p.A. (“**BNL**” or the “**Issuer**”) has established a covered bond programme (the “**Programme**”) for the issuance of up to euro 12,000,000,000 in aggregate principal amount of covered bonds (*obbligazioni bancarie garantite*) (the “**Covered Bonds**”) guaranteed by Vela OBG S.r.l. (the “**Guarantor**”). Covered Bonds are issued pursuant to Article 7-bis of Law number 130 of 30 April 1999 (as amended, the “**Law 130**”), Ministerial Decree 310 of the Ministry for the Economy and Finance of 14 December 2006 (the “**Decree 310**”) and the regulation of the Bank of Italy of 17 May 2007 (the “**Prudential Regulations**”).

1.2 Final Terms

Covered Bonds are issued in series or tranches (each, respectively, a “**Series**” or “**Tranche**”). Each Series or Tranche is the subject of final terms (the “**Final Terms**”) which supplement, amend and replace these Terms and Conditions. The terms and conditions applicable to any particular Series or Tranche of Covered Bonds are these Terms and Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

1.3 Guarantee

Each Series or Tranche of Covered Bonds is the subject of a guarantee dated on or about 25 July 2012 (the “**Guarantee**”) entered into between the Guarantor and the Representative of the Bondholders for the purpose of guaranteeing the payments due by the Issuer in respect of the Covered Bonds of all Series or Tranches issued under the Programme. The Guarantee will be backed by the Cover Pool (as defined below). The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments.

1.4 *Programme Agreement and Subscription Agreements*

The Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series or Tranche which may from time to time be agreed between the Issuer and the 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 a programme agreement (the “**Programme Agreement**”) entered into, on or about 25 July 2012, between the Issuer, the Guarantor, the Representative of the Bondholders and the Dealer. In addition, in relation to each Series or Tranche of Covered Bonds the Issuer, and the relevant Dealer(s) will enter into a subscription agreement on or about the date of the relevant Final Terms (the “**Subscription Agreement**”). According to the terms of the Programme Agreement, the Issuer has the power to appoint any institution as a new Dealer in respect of the Programme or appoint any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

1.5 *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 issued in dematerialised form.

1.6 *Master Definitions Agreement*

In a master definitions agreement (the “**Master Definitions Agreement**”) entered into on or about 25 July 2012 between, *inter alios*, the Issuer, the Guarantor, the Representative of the Bondholders and the Other Guarantor Creditors (as defined below), the definitions of certain terms used in the Programme Documents have been agreed.

1.7 *The Covered Bonds*

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

1.8 *Rules of the Organisation of the Bondholders*

The rules of the organisation of bondholders (the “**Rules**”) are attached to, and form an integral part of, these Terms and Conditions. References in these Terms and Conditions to the Rules 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.

1.9 *Summaries*

Certain provisions of these Terms and Conditions are summaries of the Programme Documents and are subject to their detailed provisions. Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Programme Documents applicable

to them. Copies of the Programme Documents are available for inspection by Bondholders during normal business hours at the registered office of the Representative of the Bondholders from time to time and, where applicable, at the Specified Office(s) of the Paying Agents.

2. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

In addition to the definitions set out in Condition 1 (*Introduction*), in these Terms and Conditions the following expressions have the following meanings:

“Account Bank” means BNL in its capacity as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement, or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

“Accrual Yield” has the meaning ascribed to such term in the relevant Final Terms.

“Accrued Interest” means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at the calendar day immediately following such Valuation Date.

“Additional Financial Centre” has the meaning set out in the relevant Final Terms.

“Additional Seller” means any eligible bank (i) having its registered office in the Republic of Italy and (ii) part of the BNP Paribas Group, that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

“Additional Servicer” means each Additional Seller (if any) which has been appointed as servicer in relation to the Assets transferred by it to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

“Additional Subordinated Lender” means each Additional Seller in its capacity as additional subordinated lender, pursuant to the relevant Subordinated Loan Agreement.

“Amortisation Test” means the Test as described in the Cover Pool Management Agreement.

“Article 74 Event” has the meaning given to it in these Terms and Conditions.

“Article 74 Event Cure Notice” has the meaning given to it in these Terms and Conditions.

“Assets” means, collectively, the Eligible Assets and the Top-Up Assets.

“Asset Backed Securities” means, pursuant to article 2, paragraph 1, letter d) of Decree 310 the asset backed securities for which a risk weight not exceeding 20% is applicable in accordance with the Prudential Regulations - standardised approach - provided that at least 95% of the relevant securitised assets are:

- (i) Residential Mortgage Loans;

- (ii) Commercial Mortgage Loans;
- (iii) Public Entities Receivables or Public Entities Securities.

“Asset Coverage Test” means the Test as described in Cover Pool Management Agreement.

“Asset Swap Agreement” means (i) the asset swap agreement entered into, on or about the date of this Prospectus, between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, and (ii) each other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

“Asset Swap Provider” means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

“Base Interest” has the meaning given to the term *“Interesse Base”* pursuant to the Subordinated Loan Agreement.

“BNL Collection Account” means the account denominated in Euro (IBAN: IBAN IT 70 Z 01005 03200 000000010163) opened in the name of the Guarantor and held by the Account Bank for the deposit of any Collections of the Portfolios (including the Portfolios assigned to the Guarantor by Seller(s) other than BNL) or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“BNL Securities Account” means the account denominated in Euro to be opened in the name of the Guarantor and held by the Account Bank for the deposit of any Securities (if any) transferred to the Guarantor by BNL, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“BNL Subordinated Loan Agreement” means the subordinated loan agreement entered into on 9 July 2012 between the Main Subordinated Lender and the Guarantor.

“BNL Term Loan” means a subordinated loan made or to be made by BNL to the Guarantor on each Drawdown Date under the BNL Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

“BNP Paribas Group” means, together, the banks and other companies belonging from time to time to the banking group *“Gruppo BNP Paribas”*.

“Bondholders” means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

“Breach of Tests Cure Notice” means the notice delivered by the Representative of the Bondholders in case, following the delivery of a Breach of Tests Notice, the Mandatory Tests and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with these Terms and Conditions.

“Breach of Tests Notice” means the notice to be delivered by the Representative of the Bondholders in accordance with these Terms and Conditions following the infringement of any

of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor Event of Default.

“Business Day” means any day (other than a Saturday or Sunday) on which TARGET 2 (or any successor thereto) is open.

“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 Amount” has the meaning given to that term in the relevant Final Terms.

“Call Option” means the right, which the Issuer may reserve to itself, to redeem Covered Bonds in whole or in part at its option, as specified in the relevant Final Terms.

“Cash Allocation, Management and Payments Agreement” means the cash allocation, management and payments agreement entered into on or about 25 July 2012 between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Account Bank.

“Cash Manager” means BNL or any other entity acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

“CB Margin” means the margin which applies to the Floating Rate Covered Bonds issued from time to time, as specified in the relevant Final Terms.

“CB Payments Account” means the account denominated in Euro that will be opened – for the purpose of making payments of interest and principal to the Bondholders - in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor Default Notice, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“Clearstream” means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

“Collateral Security” means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Loan Agreement.

“Collection Account” means, as the case may be, the BNL Collection Account and/or any other account which may be opened by the Guarantor with the Account Bank if a bank part of the BNP Paribas Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“Collection Date” means (i) prior to the service of a Guarantor Default Notice, the last calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined as such by the Representative of the Bondholders.

“Collections” means all amounts received or recovered by each Servicer in respect of the relevant Assets included in the Cover Pool.

“Commercial Mortgage Loan” means each loan secured by a Mortgage on a Real Estate Asset used for office, commercial or other productive activities disbursed to the relevant Debtor, pursuant to a Commercial Loan Agreement and from which a Commercial Mortgage Receivable arises.

“Commercial Mortgage Loan Agreement” means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as *“atti di accollo”*).

“Commercial Mortgage Receivable” means, pursuant to article 2, paragraph 1, letter b) of Decree 310, a receivable deriving from a Commercial Mortgage Loan in respect of which the relevant amount outstanding added to the principal amount outstanding of any preceding mortgage loans secured by the same property does not exceed, as at the relevant Valuation Date, 60% of the value of the relevant property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

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

“Consolidated Banking Act” means Legislative Decree number 385 of 1 September 1993, as subsequently amended and supplemented.

“Corporate Servicer” means Securitisation Services, or any other person for the time being acting as corporate servicer pursuant to the Corporate Services Agreement.

“Corporate Services Agreement” means the corporate services agreement entered into on or about 25 July 2012 between the Guarantor and the Guarantor Corporate Servicer.

“Corresponding Series of Covered Bonds” means, in respect of a Term Loan A, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

“Cover Pool” means the cover pool constituted by (i) Receivables; (ii) any other Eligible Assets; and (iii) any Top-Up Assets.

“Cover Pool Management Agreement” means the Cover Pool management agreement entered into on or about 25 July 2012 between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders.

“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 the Terms and 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:

(1) 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;

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

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

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” 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 D1 is greater than 29, in which case D2 will be 30”;

- (vi) 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:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” 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 D2 will be 30; and

- (vii) 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:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” 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 D1 will be 30; and

“D2” 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 D2 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.

“**Dealers**” means the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

“**Debtor**” means (i) with reference to the Loans, any borrower and any other person who entered into a Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower’s obligation under an *accollo*, or otherwise; and (ii) with reference to the Securities, the relevant issuer.

“**Decree 239**” means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

“**Deed of Pledge**” means the Italian law deed of pledge entered into on or about 25 July 2012 between the Guarantor and the Representative of the Bondholders.

“**Defaulted Assets**” means, collectively, the Defaulted Receivables and the Defaulted Securities.

“**Defaulted Receivables**” means any Receivables which:

- (a) have been classified as Delinquent Receivables for more than 180 calendar days, except when, in relation to such Receivables, there are 7 unpaid Instalments (in respect of Receivables deriving from Loans with monthly instalments) or 2 unpaid Instalments (in respect of Receivables deriving from Loans with semi-annual instalments) and the unpaid amount under the first Instalment does not exceed Euro 50.00; or
- (b) classified by the relevant Seller as “defaulted” (*credito in sofferenza*) pursuant to the Istruzioni di Vigilanza.

“**Defaulted Securities**” means any Securities in respect of which an insolvency event or another event contractually indicated as event of default by the relevant issuer has occurred and is continuing pursuant to the relevant terms and conditions.

“**Delinquent Receivables**” means any Receivables in relation to which, on any Collection Date, there are unpaid Instalments for (a) an amount higher than Euro 20.00 and (b) at least 30 calendar days from the relevant due date, provided that such Receivables have not been classified as Defaulted Receivables.

“**Deposits**” means, pursuant to article 2, paragraph 3, sub-paragraph 2 of Decree 310, any deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations - standardised approach.

“**Drawdown Date**” means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each Subordinated Loan Agreement (during the Subordinated Loan Availability Period).

“**Dual Currency Interest Covered Bonds**” means Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated.

“Dual Currency Provisions” means the provisions applying to the Dual Currency Interest Covered Bonds, as may be specified in the relevant Final Terms.

“Due for Payment” means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of an Issuer Default Notice after the occurrence of a Issuer Event of Default, such requirement arising: (i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds; and (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

“Earliest Maturing Covered Bonds” means, at any time, the Series or Tranche of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series or Tranche 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 or Tranche of Covered Bonds, the principal amount of such Series or Tranche or such other amounts as may be specified in, or determined in accordance with, the relevant Final Terms.

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

“Eligible Assets” means the following assets contemplated under article 2, paragraph 1, of Decree 310:

- (i) Mortgage Receivables;
- (ii) Public Receivables;
- (iii) Asset Backed Securities; and/or
- (iv) Public Entities Securities.

“Eligible Investments” means any debt security, bank account, commercial paper, deposit or other debt instruments with a maturity not lower than the Eligible Investment Maturity Date.

“Eligible Investment Date” means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

“Eligible Investment Maturity Date” means, in relation to any Eligible Investments made or to be made in accordance with the Programme Documents, the date falling no later than three Business Days before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

“Eligible Investments Securities Account” means the securities account which may be opened in the name of the Guarantor with the Account Bank for the deposit of any Eligible Investments

represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“**EURIBOR**” (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated “Euro Interbank Offered Rate”:

- (i) at 1 (one, 3 (three) or 6 (six) months, as may be selected by the relevant Subordinated Lender, published on Reuters’ page “Euribor01” on the menu “Euribor” or (A) in the different page which may substitute the Reuters’ page “Euribor01” on the menu “Euribor”, or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters’ page “Euribor01” on the menu “Euribor” (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the “**Screen Rate**”) at 11.00 a.m. (Brussels time) of the date of determination of the Base Interest falling immediately before the beginning of such Loan Interest Period; or
- (ii) in the event that on any date of determination of the Base Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, upon its request, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Base Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or
- (iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or
- (iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate applicable to the immediately preceding period under subparagraphs (i) or (ii) above, provided that if the definition of Euribor is agreed differently in the context of the Asset Swap Agreement entered into by and between the Guarantor and the Asset Swap Provider in the context of the Programme, such definition will replace this definition.

“**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.

“**Euroclear**” means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

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

“**Expenses Account**” means the account denominated in Euro and opened on behalf of the Guarantor with Banca Antonveneta, Conegliano branch, IBAN IT 06 S 05040 61621

000001295514, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“Extended Maturity Date” means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds (different from any Hard Bullet Covered Bonds) become due and payable pursuant to the extension of the relevant Maturity Date.

“Extension Determination Date” means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 days after the Maturity Date of the relevant Series.

“Final Redemption Amount” means, in respect of any Series or Tranche 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.

“Financial Laws Consolidation Act” means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

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

“First Issue Date” means the Issue Date of the First Series of Covered Bonds or First Tranche of Covered Bonds.

“First Loan Interest Period” means:

- (a) in relation to any Term Loan A, each period which will be agreed between the relevant Subordinated Lender and the Guarantor - having regard to the issuance of the Corresponding Series of Covered Bond - at the time of the relevant Term Loan Proposal and the relevant acceptance;
- (b) in relation to any Term Loan B, the period starting on (and including) the relevant Drawdown Date and ending on (but excluding) the first following Guarantor Payment Date.

“First Series of Covered Bonds” means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

“First Tranche of Covered Bonds” means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

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

“Fixed Rate Covered Bonds” means the Covered Bonds which will bear interest at a fixed rate.

“Fixed Rate Provisions” means the provisions applying to the Fixed Rate Covered Bonds, as may be specified in the relevant Final Terms.

“Floating Rate Covered Bonds” means the Covered Bonds which will bear interest at a floating rate.

“Floating Rate Provisions” means the provisions applying to the Floating Rate Covered Bonds, as may be specified in the relevant Final Terms.

“Guarantee Priority of Payments” has the meaning ascribed to such term in the Intercreditor Agreement.

“Guaranteed Amounts” means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

“Guaranteed Obligations” means the payment obligations with respect to the Guaranteed Amounts.

“Guarantor’s Accounts” means, collectively, each Collection Account, each Securities Account (if any), the CB Payments Account (if any), the Expenses Account, the Eligible Investments Securities Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

“Guarantor Available Funds” means, collectively, the Interest Available Funds and the Principal Available Funds.

“Guarantor Calculation Agent” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

“Guarantor Calculation Date” means the date falling 3 Business Days prior to each Guarantor Payment Date.

“Guarantor Corporate Servicer” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

“Guarantor Default Notice” means the notice which may be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with these Term and Conditions.

“Guarantor Event of Default” has the meaning given to it in these Terms and Conditions.

“Guarantor Payment Date” means (a) prior to the delivery of a Guarantor Default Notice, the 28th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on 28 October 2012; 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 Bondholders in accordance with the Post-Enforcement Priority of Payments, the Terms and Conditions and the Intercreditor Agreement.

“Hard Bullet Covered Bond” means a Covered Bond which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.

“Index-Linked and Other Variable-Linked Interest Covered Bonds” means the Covered Bonds in respect of which the relevant payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.

“Index-Linked or Other Variable-Linked Interest Provisions” means the provisions applying to the Index-Linked and Other Variable-Linked Interest Covered Bonds, as may be specified in the relevant Final Terms.

“Individual Purchase Price” means:

- (a) with respect to each Receivable transferred pursuant to the Master Assets Purchase Agreements, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant Valuation Date falls and such Valuation Date; and
- (b) with respect to each other Eligible Asset or Top-Up Asset (including the Receivables), such other value, pursuant to article 7-*bis*, paragraph 7, of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

“Initial Dealer” means BNP Paribas S.A., acting through its Milan Branch.

“Initial Portfolio” means the first portfolio of Mortgage Receivables and related Security Interests purchased by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

“Initial Portfolio Purchase Price” means the consideration paid by the Guarantor to the Main Seller for the transfer of the Initial Portfolio, calculated in accordance with the Master Assets Purchase Agreement.

“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 *“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, 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 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, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of

the Representative of the 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 of 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 Programme 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 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.

“Instalment” means with respect to each Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

“Insurance Policies” means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage or (ii) any possible “umbrella” insurance policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

“Intercreditor Agreement” means the intercreditor agreement entered into on or about 25 July 2012 between the Guarantor and the Other Guarantor Creditors.

“Interest Amount” means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

“Interest Available Funds” means in respect of any Guarantor Payment Date, the aggregate of:

- (i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;

- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor's Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;
- (iv) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;
- (v) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;
- (vi) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (vii) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and
- (viii) 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 Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account and/or the Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

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

"Interest Coverage Test" means the Test as described in the Cover Pool Management Agreement.

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

"Interest Payment Date" means, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms, adjusted in accordance with the relevant Business Day Convention if specified in the relevant Final Terms.

"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.

"Interest Shortfall Amount" means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of

clause 13 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items (*First*) to (*Fourth*) of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

“ISDA Definitions” means the 2006 ISDA Definitions, as amended and updated as the date of the issue of the first Series of Floating Rate Covered Bonds, as published by the International Swaps and Derivatives Association, Inc..

“ISDA Determination” means, in relation to the Floating Rate Covered Bonds, the option which may be selected in the relevant Final Terms as the manner in which the Rate of Interest of such Covered Bonds is to be determined.

“ISDA Rate” has the meaning ascribed to such term under Condition 6.4 (*ISDA Determination*)

“Issue Date” means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

“Issuer Event of Default” has the meaning given to it in the Terms and Conditions.

“Issuer Default Notice” means the notice which may be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

“Istruzioni di Vigilanza” means the regulations for banks issued by the Bank of Italy on 21 April 1999 with Circular number 229, as subsequently amended and supplemented.

“Loan” means each Mortgage Loan or Public Loan, as the case may be.

“Loan Agreement” means each Mortgage Loan Agreement or Public Loan Agreement, as the case may be.

“Loan Interest Period” means:

- (a) in relation to any Term Loan A: (i) the relevant First Loan Interest Period; and thereafter (ii) each period which coincides with an Interest Period of the Corresponding Series of Covered Bonds; and
- (b) in relation to any Term Loan B: (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on (and including) a Guarantor Payment Date and ending on (but excluding) the following Guarantor Payment Date.

“Main Seller” means BNL.

“Main Servicer” means BNL.

“Main Subordinated Lender” means BNL in its capacity as Subordinated Lender pursuant to the BNL Subordinated Loan Agreement.

“Mandate Agreement” means the mandate agreement entered into on or about 25 July 2012 between the Guarantor and the Representative of the Bondholders.

“Mandatory Tests” means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 3 of Decree 310 and calculated pursuant to clause 3 of the Cover Pool Management Agreement.

“Margin” has the meaning ascribed to the term *“Margine”* in each Subordinated Loan Agreement.

“Master Assets Purchase Agreement” means the master assets purchase agreement entered into on 9 July 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller.

“Master Definitions Agreement” means the master definitions agreement entered into on or about 25 July 2012 between the parties of the Programme Documents.

“Master Servicing Agreement” means the master servicing agreement entered into on 9 July 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer.

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

“Maximum Rate of Interest” has the meaning ascribed to such term in the relevant Final Terms.

“Maximum Redemption Amount” has the meaning ascribed to such term in the relevant Final Terms.

“Meeting” has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

“Minimum Rate of Interest” has the meaning ascribed to such term in the relevant Final Terms.

“Minimum Redemption Amount” has the meaning ascribed to such term 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 30 of Decree number 213 and includes any depositary banks approved by Clearstream and Euroclear.

“Mortgage” means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Mortgage Receivables.

“Mortgage Loan” means each Residential Mortgage Loan or Commercial Mortgage Loan.

“Mortgage Loan Agreement” means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

“Mortgage Receivable” means each Residential Mortgage Receivable or Commercial Mortgage Receivable.

“Net Present Value Test” means the Test as described in the Cover Pool Management Agreement.

“New Portfolio” means each portfolio of Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

“New Portfolio Purchase Price” means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Assets included in the relevant New Portfolio, without prejudice for the provisions set out under clause 6 of the Master Assets Purchase Agreement.

“Nominal Value Test” means the Test as described in the Cover Pool Management Agreement.

“Official Gazette of the Republic of Italy” means the *Gazzetta Ufficiale della Repubblica Italiana*.

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

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

“Optional Redemption Date (Call)” has the meaning ascribed to such term in the relevant Final Terms.

“Optional Redemption Date (Put)” has the meaning ascribed to such term in the relevant Final Terms.

“Organisation of the Bondholders” means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

“Other Guarantor Creditors” means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Test Calculation Agent (where appointed in substitution of BNL), the Dealer(s), the Representative of the Bondholders, each Swap Provider, the Account Bank, the Cash Manager, the Principal Paying Agent (where appointed in substitution of BNL), the Paying Agent(s) (if any), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

“Other Securities” means, pursuant to article 2, paragraph 3, sub-paragraph 3 of Decree 310, any securities with a maturity not higher than one year issued by banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations - standardised approach.

“Paying Agent” means, together, 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 Account” means the account denominated in Euro (IBAN: IT 14 K 01005 03200 00000010479) opened in the name of the Guarantor and held by the Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“Partly-Paid Provisions” means the provisions which may apply to the Covered Bonds, to the extent so specified in the relevant Final Terms.

“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 Bondholders, the place at which such Bondholder receives payment of interest or principal on the Covered Bonds.

“Principal Financial Centre” has the meaning set out in the relevant Final Terms.

“Portfolio” means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

“Portfolio Manager” means the subject which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

“Post-Breach of Tests Reference Date” means, following the delivery of a Breach of Test Notice, the last calendar day of the second calendar month following the delivery of such Breach of Test Notice.

“Post-Enforcement Priority of Payments” has the meaning ascribed to such term in the Intercreditor Agreement.

“Post-Issuer Default Test Performance Report” means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date falling after the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test

Reference Date with respect to the Amortisation Test and specifying whether such Test was not met.

“Pre-Issuer Default Interest Priority of Payments” has the meaning ascribed to such term in the Intercreditor Agreement.

“Pre-Issuer Default Principal Priority of Payments” has the meaning ascribed to such term in the Intercreditor Agreement.

“Pre-Issuer Default Test Performance Report” means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date prior to the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, with respect to the Mandatory Tests and the Asset Coverage Test and specifying whether any of such Tests was not met.

“Premium” has the meaning ascribed to that term in each Subordinated Loan Agreement.

“Principal Amount Outstanding” means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount referred to in letter (a) above in respect of all Covered Bonds outstanding.

“Principal Available Funds” means, in respect of any Guarantor Payment Date, the aggregate of:

- (i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (iv) the proceeds of any disposal of Assets and any disinvestment of Assets during the immediately preceding Quarterly Collection Period;
- (v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets and/or Top-Up Asset during the immediately preceding Quarterly Collection Period;
- (vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;

- (vii) any amounts paid out of item *Eighth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;
- (viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs 3 and 4 of Decree 310;
- (ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and
- (x) any principal amount still deposited on the Guarantor's Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

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

"Principal Paying Agent" means BNL or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"Priority of Payments" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"Programme Documents" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the Master Definitions Agreement, any Final Terms agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.

"Prospectus" means means the prospectus prepared in connection with the establishment of the Programme, as eventually amended and supplemented from time to time.

"Public Entities" means any public entities indicated by article 2, paragraph 1, letter c), subparagraphs 1 and 2 of Decree 310.

"Public Entities Receivable" means, pursuant to article 2, paragraph 1, letter c) of Decree 310, any receivable owed by, or which benefits from a guarantee eligible for credit risk mitigation granted by:

- (i) Public Entities of member states of the European Economic Area or Switzerland for which a 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach; and

- (ii) Public Entities of countries other than member states of the European Economic Area or Switzerland for which a 0% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach or Public Entities of states other than members of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach,

provided that the Public Entities Receivables comprised under (ii) above shall not exceed the 10% of the aggregate nominal value of the Cover Pool.

"Public Entities Securities" means pursuant to article 2, paragraph 1, letter c) of Decree 310, any securities issued by or which have benefit of a guarantee eligible for credit risk mitigation granted by:

- (i) Public Entities of member states of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations - standardised approach; and
- (ii) Public Entities of states other than members of the European Economic Area or Switzerland for which a 0% risk weight is applicable in accordance with the Prudential Regulations- standardised approach or Public Entities of states other than members of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations - standardised approach, provided that such securities shall not exceed the 10% of the aggregate nominal value of the Cover Pool.

"Public Loan" means each public loan disbursed to the relevant Debtor pursuant to a Public Loan Agreement and from which a Public Entities Receivable arises.

"Public Loan Agreement" means any agreement entered with the relevant Debtor from which a Public Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto.

"Purchase Price" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"Put Option" means the right, which may be given or not by the Issuer to the Bondholders of any Series, to redeem the Covered Bonds at their option, as specified in the relevant Final Terms.

"Put Option Notice" means the notice, in the form which may be obtained by each Bondholder from the Principal Paying Agent, that shall be delivered by any Bondholder intending to exercise the Put Option.

"Put Option Receipt" means a receipt to be issued by the Principal Paying Agent to a Bondholder upon deposit of Covered Bonds with the Principal Paying Agent in connection with the exercise of a Put Option.

“Quarterly Collection Period” means (a) prior to the service of a Guarantor Default Notice, each period commencing on (but excluding) the Collection Dates of December, March, June and September of each year and ending on (and including), respectively, the Collection Dates of March, June, September and December; and (b) in the case of the first Quarterly Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the Collection Date falling in September 2012.

“Quota Capital” means the quota capital of the Guarantor.

“Quota Capital Account” means the account denominated in Euro opened in the name of the Guarantor with Banca Antonveneta, Conegliano, Agenzia 1, IBAN: IT 07 Z 05040 61621 000001288240 for the deposit of the Quota Capital.

“Quotaholders” means BNL and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

“Quotaholders’ Agreement” means the Quotaholders’ agreement entered into on or about 25 July 2012 between the Guarantor and the Quotaholders.

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

“Receivables” means each Mortgage Receivable and/or Public Entities Receivable and every right arising under the relevant Loans pursuant to the law and the Loan Agreements, including but not limited to:

- (i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the relevant Valuation Date (excluded);
- (ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;
- (iii) the Accrued Interest;
- (iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;
- (v) all rights and claims under and in respect of the Insurance Policies (if any); and
- (vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence,

including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims,

excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

“Recoveries” means any amounts received or recovered by a Servicer in relation to any Defaulted Assets and/or any Delinquent Receivables.

“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 (as any such terms are defined herein) 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” (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to each Subordinated Loan Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

“Reference Price” has the meaning ascribed to such term in the relevant Final Terms.

“Reference Rate” has the meaning ascribed to it 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.

“Relevant Clearing System” means any clearing system other than Monte Titoli specified in the relevant Final Terms as the clearing system through which payments under the Covered Bonds may be made.

“Relevant Financial Centre” has the meaning ascribed to such term in the relevant Final Terms.

“Relevant Screen Page” has the meaning ascribed to such term in the relevant Final Terms.

“Relevant Time” has the meaning ascribed to such term in the relevant Final Terms.

“Representative of the Bondholders” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

“Residential Mortgage Loan” means each loan secured by a Mortgage on a Real Estate Asset used for residence (*uso di abitazione*) disbursed to the relevant Debtor pursuant to a Residential Loan Agreement and from which a Residential Mortgage Receivable arises.

“Residential Mortgage Loan Agreement” means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as *“atti di accollo”*).

“Residential Mortgage Receivable” means, pursuant to article 2, paragraph 1, letter a) of Decree 310, a receivable deriving from a Residential Mortgage Loan, in respect of which the relevant amount outstanding added to the principal amount outstanding of any preceding mortgage loans secured by the same property, does not exceed, as at the relevant Valuation Date, 80 per cent of the value of the relevant property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

“Retention Amount” means an amount equal to euro 40,000.00.

“Screen Rate Determination” means, in relation to Floating Rate Covered Bonds and Index-Linked and Other Variable-Linked Interest Covered Bonds, the option which may be selected in the relevant Final Terms as the manner in which the Rate of Interest of such Covered Bonds is to be determined.

“Securities” means collectively the Asset Backed Securities, the Public Entities Securities and the Other Securities.

“Securities Account” means the BNL Securities Account and/or any other account to be opened by the Guarantor for the deposit of the Securities (if any) transferred by the relevant Seller to the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“Security” means the security created pursuant to the Deed of Pledge.

“Security Interest” means:

- (i) any mortgage, charge, pledge, lien or other encumbrance 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 of any sum owed or payable to any person; or
- (iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

"Segregated Assets" means the Guarantor's assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

"Segregation Event" means the event occurring upon delivery of a Breach Test Notice pursuant to the Terms and Conditions.

"Seller" means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

"Servicer" means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

"Specified Currency" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

"Specified Denomination" has the meaning ascribed to such term in the relevant Final Terms.

"Specified Office" means (i) in relation to BNL acting as Principal Paying Agent, Via Vittorio Veneto 119, 00187 Rome, Italy or such other office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement; and (ii) in relation to each Paying Agent, such office as may be specified in accordance with the Cash Allocation, Management and Payments Agreement.

"Specified Period" has the meaning set out in the relevant Final Terms.

"Subordinated Lender" means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

"Subordinated Loan Agreement" means, as the case may be, the BNL Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor.

"Subordinated Loan Availability Period" means the period starting from the date of execution of the relevant Subordinated Loan Agreement and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

“**Subsidiary**” has the meaning ascribed to the term “*società controllata*” by article 2359 of the Italian civil code.

“**Swap Agreements**” means, collectively, the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

“**Swap Providers**” means, as applicable, the Asset Swap Provider(s) and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**TARGET Settlement Day**” means any day on which the TARGET2 is open for the settlement of payments in Euro.

“**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 subdivision thereof or any authority thereof or therein.

“**Term Loan**” means, as appropriate, a BNL Term Loan or any subordinated loan granted or to be granted by an Additional Subordinated Lender to the Guarantor on each Drawdown Date under the relevant Subordinated Loan Agreement or the principal amount outstanding for the time being of that subordinated loan.

“**Term Loan A**” means each loan made or to be made by a Subordinated Lender for the purposes specified in the relevant Subordinated Loan Agreement.

“**Term Loan B**” means each loan made or to be made by a Subordinated Lender for the purposes specified in the relevant Subordinated Loan Agreement.

“**Term Loan Proposal**” means an “*Offerta di Finanziamento Subordinato*” as such term is defined in the relevant Subordinated Loan Agreement.

“**Test Calculation Agent**” means BNL or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

“**Test Grace Period**” means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is delivered by the Test Calculation Agent and ending on the following Test Performance Report Date.

“**Test Performance Report**” means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

“**Test Performance Report Date**” means the date falling 5 Business Days prior to each Guarantor Payment Date.

“**Test Reference Date**” means the last calendar day of each December, March, June and September of each year.

“**Test Remedy Period**” means the period starting on the date on which a Breach of Tests Notice is delivered by the Test Calculation Agent and ending on the immediately following Test Performance Report Date.

“**Tests**” means, collectively, the Mandatory Tests, the Asset Coverage Test and the Amortisation Test and “**Test**” means any of them.

“**Top-Up Assets**” means each of the following assets:

- (i) Deposits; and
- (ii) Other Securities.

“**Transfer Proposal**” means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in the Master Assets Purchase Agreement.

“**Treaty**” means the treaty establishing the European Community.

“**Valuation Date**” means (i) with respect to the Initial Portfolio, 7 July 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

“**Warranty and Indemnity Agreement**” means the warranty and indemnity agreement entered into on 9 July 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller.

“**Zero Coupon Covered Bonds**” means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms

“**Zero Coupon Provisions**” means the provisions applying to the Zero Coupon Covered Bonds, as may be specified in the relevant Final Terms.

2.2 *Interpretation*

In these Terms and Conditions:

- 2.2.1 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 12 (*Taxation*), any premium payable in respect of a Series or Tranche of Covered Bonds and any other amount in the nature of principal payable pursuant to these Terms and Conditions;
- 2.2.2 any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Terms and Conditions;

- 2.2.3 if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms give no such meaning or specify that such expression is “not applicable” then such expression is not applicable to the relevant Covered Bonds;
- 2.2.4 any reference to a Programme Document shall be construed as a reference to such Programme Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- 2.2.5 any reference to a party to a Programme Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Programme 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 Series or Tranche only; and
- 2.2.6 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. DENOMINATION, FORM AND TITLE

The Covered Bonds are in the Specified Denomination or Specified Denominations which will be specified in the relevant Final Terms. 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 will be held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli Account Holders and title thereto will be evidenced by book entries in accordance with the provisions of (i) article 83-*bis* of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published in the Official Gazette of the Republic of Italy number 54 of 4 March 2008, as subsequently amended and supplemented from time to time. The Covered Bonds issued in dematerialised form will be held by Monte Titoli on behalf of the Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form. The rights and powers of the Bondholders may only be exercised in accordance with these Terms and Conditions and the Rules.

4. STATUS AND GUARANTEE

4.1 *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 Bondholders will be collected by the Guarantor on their behalf.

4.2 *Status of the Guarantee*

The payment of Guaranteed Amounts in respect of each Series or Tranche of Covered Bonds when Due for Payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Guarantee. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made 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 Bondholders.

5. **FIXED RATE PROVISIONS**

5.1 *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.

5.2 *Accrual of interest*

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*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 Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the 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).

5.3 *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.

5.4 *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 AND INDEX-LINKED OR OTHER VARIABLE-LINKED INTEREST PROVISIONS

6.1 *Application*

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable.

6.2 *Accrual of interest*

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 11 (*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 Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the 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).

6.3 *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 Principal Paying Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Principal Paying 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 Principal Paying 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 Principal Paying 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 Principal Paying Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Principal Paying Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Principal Paying 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 CB Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Principal Paying 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 CB 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.

6.4 *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 Floating Rate Covered Bonds for each Interest Period will be the sum of the CB 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 Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Principal Paying Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- 6.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- 6.4.2 the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- 6.4.3 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.

6.5 *Index-Linked or Other Variable-Linked Interest*

If the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Period will be determined in the manner specified in the relevant Final Terms.

6.6 *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 lower than the minimum so specified.

6.7 *Calculation of Interest Amount*

The Principal Paying 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, multiplied by the relevant Day Count Fraction and rounded to the fifth decimal (half a sub-unit being rounded upwards), to the Calculation Amount and multiplying such 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 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.

6.8 *Calculation of other amounts*

If the relevant Final Terms specifies that any other amount is to be calculated by the Principal Paying Agent, then the Principal Paying 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 Principal Paying Agent in the manner specified in the relevant Final Terms.

6.9 *Publication*

The Principal Paying 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 Paying Agent(s) 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 Bondholders. The Principal Paying 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 Amount is less than the minimum Specified Denomination, the Principal Paying 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.

6.10 *Notifications etc*

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

duties and discretions for such purposes.

7. ZERO COUPON PROVISIONS

7.1 Application

This Condition 7 is applicable to the Covered Bonds only if the Zero Coupon Provisions are specified in the relevant Final Terms as being applicable.

7.2 Late payment on Zero Coupon Covered Bonds

If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

7.2.1 the Reference Price; and

7.2.2 the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) 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 Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the 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).

8. PARTLY-PAID PROVISIONS

8.1 Application

This Condition 8 is applicable to the Covered Bonds only if the Partly-Paid Provisions are specified in the relevant Final Terms as being applicable.

8.2 Rate of Interest

Interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.

9. DUAL CURRENCY PROVISIONS

9.1 Application

This Condition 9 is applicable to the Covered Bonds only if the Dual Currency Provisions are specified in the relevant Final Terms as being applicable.

9.2 Rate of Interest

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

10. REDEMPTION AND PURCHASE

10.1 *Scheduled redemption*

Unless previously redeemed or cancelled and subject as otherwise specified in the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10.2 (*Extension of maturity*) and Condition 11 (*Payments*).

10.2 *Extension of maturity*

10.2.1 Without prejudice to Condition 13 (*Segregation Event and Events of Default*), if an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds (other than Hard Bullet 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 Guarantor 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 or Tranche 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 Guarantee shall be deferred until the Extended Maturity Date **provided that** any amount representing the Final Redemption Amount due and remaining unpaid 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 in accordance with the applicable Priority of Payments.

10.2.2 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 of the Final Redemption Amount in respect of the Covered Bonds will or will not be made in full 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.

10.2.3 The Guarantor shall notify the relevant holders of the Covered Bonds, the Representative of the Bondholders, any relevant Swap Provider(s), and the Principal Paying Agent as soon as reasonably practicable and in any event at least one Business Day prior to the Maturity Date as specified in the preceding paragraph 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 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.

10.2.4 In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, pursuant to the 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* as 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.

- 10.2.5 Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Maturity Date and on each Interest Payment Date up to and on the Extended Maturity Date.

10.3 *Redemption for tax reasons*

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

- (i) at any time (if neither the Floating Rate Provisions nor the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest 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 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 12 (*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 First Issue Date; 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:

- (I) 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
- (II) 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.

- 10.3.2 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 10.3 (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 10.3 (*Redemption for tax reasons*).

10.4 *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 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).

10.5 *Redemption at the option of Bondholders*

If the Put Option is specified in the relevant Final Terms as being applicable, prior to an Issuer Event of Default, the Issuer shall, at the option of any 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 10.5 (*Redemption at the option of the Bondholders*), the Bondholder must, not less than 30 nor more than 45 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice in the form obtainable from the Principal Paying Agent. The Principal Paying Agent with which a Put Option Notice is so deposited shall deliver a duly completed Put Option Receipt to the deposit in Bondholder. Once deposited in accordance with this Condition 10.5 (*Redemption at the option of the Bondholders*), 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 Bondholder at such address as may have been given by such 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 10.5 (*Redemption at the option of the Bondholders*), the Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

10.6 *Partial redemption*

If the Covered Bonds are to be redeemed in part only, on any date in accordance with Condition 10.4 (*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 issued in dematerialised form 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 Bondholders referred to in Condition 10.4 (*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.

10.7 *Early redemption of Zero Coupon Covered Bonds*

10.7.1 Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bond at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bonds become due and payable.

10.7.2 Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10.7 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30E/360.

10.8 *Redemption by instalments*

If the Covered Bonds are specified in the relevant Final Terms as being amortising and redeemable in instalments they will be redeemed in such number of instalments, in such amounts ("**Instalment Amounts**") and on such dates as may be specified in or determined in accordance with the relevant Final Terms and upon each partial redemption as provided by this Condition 10.8 (*Redemption by instalments*) the outstanding principal amount of each such Covered Bonds shall be reduced by the relevant Instalment Amount for all purposes.

10.9 *No other redemption*

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in Condition 10.1 (*Scheduled redemption*) to 10.8 (*Redemption by instalments*) above or as specified in the relevant Final Terms.

10.10 *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. The Guarantor shall not purchase any Covered Bonds at any time.

10.11 *Cancellation*

All Covered Bonds which are redeemed shall be cancelled and may not be reissued or resold.

11. PAYMENTS

11.1 Payments through clearing systems

Payment of interest and repayment of principal in respect of the Covered Bonds issued in dematerialised form 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 Covered Bonds, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

11.2 Other modalities of payments

Payment of interest and repayment of principal in respect of the Covered Bonds issued in a form other than dematerialised will be made through the agent or registrar and pursuant to the modalities provided for in the relevant Final Terms.

11.3 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 12 (*Taxation*). No commissions or expenses shall be charged to Bondholders in respect of such payments.

11.4 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 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.

12. TAXATION

12.1 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) 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 as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

- (i) in respect of any payment or deduction of any interest or principal on account of imposta sostitutiva (at the then applicable rate of tax) pursuant to Decree 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree 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) 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
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a Covered Bondholder which would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union; or
- (v) where such withholding or deduction is required by reason of the holder (i) failing to enter into an agreement described in Section 1471(b) of the Code, (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code, (iii) electing to be withheld against pursuant to Section 1471(c) of the Code, (iv) failing to satisfy the requirements of Section 1472(b) of the Code, or (v) otherwise failing to claim or perfect an exemption or comply with requirements under FATCA.

12.2 *Taxing jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Terms and Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

13. **SEGREGATION EVENT AND EVENTS OF DEFAULT**

13.1 *Segregation Event*

- 13.1.1 In case (i) a Test Performance Report evidences the breach of any of the Mandatory Tests and/or the Asset Coverage Test occurs at the relevant Test Reference Date, and (ii) such breach is not remedied within the Test Grace Period, the Representative of the

Bondholders shall deliver to the Issuer, the Test Calculation Agent and the Guarantor a Breach of Tests Notice within 5 Business Days following the end of the Test Grace Period.

- 13.1.2 Upon delivery of a Breach of Tests Notice, a Segregation Event will occur and:
- (a) no further Series or Tranche of Covered Bonds may be issued by the Issuer;
 - (b) there shall be no further payments to the Subordinated Lender under any relevant Term Loan;
 - (c) the Purchase Price for any Eligible Assets or Top-Up Assets to be acquired by the Guarantor shall be paid only using the proceeds of a Term Loan, except where the breach referred to in the Breach of Tests Notice may be cured by using the Guarantor Available Funds;
 - (d) the Main Servicer (and any Additional Servicer, if any) will be prevented from carrying out renegotiations of the Loans pursuant to the Master Servicing Agreement; and
 - (e) payments due under the Covered Bonds will continue to be made by the Issuer until an Issuer Default Notice has been delivered.
- 13.1.3 Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if the relevant Test(s) is/are then newly met within the Test Remedy Period, the Representative of the Bondholders will promptly deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice informing such parties that the Breach of Tests Notice then outstanding has been revoked.

13.2 *Issuer Events of Default*

- 13.2.1 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 or Tranche of Covered Bonds and such breach is not remedied within 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 obligations*: a material breach by the Issuer of any obligation under the Programme Documents occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) and such breach is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Issuer requiring remedy; or
 - (iii) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or
 - (iv) *Article 74 Event*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or

- (v) *Breach of Tests*: following the delivery of a Breach of Tests Notice, any of the Mandatory Tests or the Asset Coverage Test is not met at the end of the Test Remedy Period, unless a Programme Resolution of the Bondholders is passed resolving to extend the Test Remedy Period,

then the Representative of the Bondholders shall, or, in the case of the event under item (ii) (*Breach of other obligations*) above shall, if so directed by a Programme Resolution, serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (iv) (*Article 74 Event*) above, that the Issuer Event of Default may be temporary.

13.2.2 Upon the service of an Issuer Default Notice:

- (a) *Application of the Segregation Event provisions*: the provisions governing the Segregation Event referred to in Condition 13.1.2 shall apply; and
- (b) *Guarantee*: (i) 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 Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds, subject to and in accordance with the terms of the Guarantee and the Guarantee Priority of Payment. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the First Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; (ii) the Guarantor (or the Representative of the 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 Guarantee; and
- (c) *Disposal of Assets*: if necessary in order to make payments under the Covered Bonds, the Guarantor shall sell, or otherwise liquidate, 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 determined by a resolution issued in respect of the Issuer pursuant to article 74 of the Consolidated Banking Act (referred to under item (iv) (*Article 74 Event*) above) (the “**Article 74 Event**”), the effects listed in items (a) (*Application of the Segregation Event provisions*), (b) (*Guarantee*) and (c) (*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) during the Suspension Period, the Guarantor shall be

responsible for the payments of the amounts due and payable under the Covered Bonds, in accordance with Decree 310; and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

13.3 *Guarantor Events of Default*

13.3.1 If any of the following events (each, a “**Guarantor Event of Default**”) occurs and is continuing:

- (i) *Non-payment*: the Guarantor fails to pay any Guaranteed Amount under the 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 obligations*: a material breach of any obligation under the Programme Documents by the Guarantor occurs (other than payment obligations referred to in item (i) (*Non-payment*) above) which is not remedied within 30 days after the Representative of the Bondholders has given written notice thereof to the Guarantor; or
- (iv) *Breach of the Amortisation Tests*: the Amortisation Tests is breached on any Test Reference Date,

then the Representative of the Bondholders shall serve a Guarantor Default Notice, unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise.

13.3.2 Upon the delivery of a Guarantor Default Notice, unless a Programme Resolution is passed resolving otherwise:

- (a) *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 and will rank *pari passu* among themselves in accordance with the Post-Enforcement Priority of Payments;
- (b) *Guarantee*: subject to and in accordance with the terms of the Guarantee, the Representative of the Bondholders, on behalf of the 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 12.1 (*Gross-up by Issuer*)) in accordance with the Priority of Payments;
- (c) *Disposal of Assets*: the Guarantor shall immediately sell, or otherwise liquidate, all Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and

- (d) *Enforcement*: the Representative of the Bondholders may, at its discretion and without further notice, subject to adequate satisfaction before doing so, 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 resolution of the Bondholders.

13.4 *Determinations, etc*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 13 by the Representative of the Bondholders shall (in the absence of wilful default (*dolo*), gross negligence (*colpa grave*) or manifest error) be binding on the Issuer, the Guarantor and all Bondholders and (in such absence as aforesaid) no liability to the Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

14. LIMITED RECOURSE AND NON PETITION

14.1 *Limited recourse*

The obligations of the Guarantor under the Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under Law 130, Decree 310 and the Prudential Regulations. The recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets 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 Bondholders.

14.2 *Non petition*

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

- 14.2.1 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) is entitled, otherwise than as permitted by the Programme Documents, to direct the Representative of the Bondholders to enforce the Guarantee and/or Security or take any proceedings against the Guarantor to enforce the Guarantee and/or the Security;
- 14.2.2 no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall 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;
- 14.2.3 until the date falling two years and one day after the date on which all Series and Tranches of Covered Bonds issued in the context of the Programme have been

cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant final Terms no Bondholder (nor any person on its behalf, except the Representative of the Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and

14.2.4 no 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 Priority of Payments not being complied with.

15. 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.

16. REPRESENTATIVE OF THE BONDHOLDERS

16.1 Organisation of the Bondholders

The Organisation of the Bondholders shall be established upon, and by virtue of, the issue 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 all the Covered Bonds of whatever Series or Tranche. Pursuant to the Rules, for as long as any Covered Bonds of any Series or Tranche are outstanding, there shall at all times be a Representative of the Bondholders. The appointment of the Representative of the Bondholders as representative of the Organisation of the Bondholders is made by the Bondholders subject to and in accordance with the Rules.

16.2 Initial appointment

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

16.3 Acknowledgment by Bondholders

Each Bondholder, by reason of holding Covered Bonds:

- (i) recognises the Representative of the Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by the Programme Documents; and
- (ii) acknowledges and accepts that no Dealer shall be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Bondholders as a result of the performance by the Representative of the Bondholders of its duties or the exercise of any of its rights under the Programme Documents.

17. AGENTS

- 17.1 In acting under the Cash Allocation, Management and Payments Agreement and in connection with the Covered Bonds, the Issuer will act as Principal Paying Agent and, within 30 Business Days following delivery of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor will appoint, subject to the prior consent of the Representative of the Bondholders, a substitute Principal Paying Agent.
- 17.2 The Principal Paying Agent and its initial Specified Office is set out in these Terms and Conditions. Any additional Paying Agents and their Specified Offices are specified in the relevant Final Terms. The Issuer and, upon delivery of an Issuer Default Notice, the Guarantor, reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; *provided, however, that:*
- (a) there shall always be a principal paying agent; and
 - (b) the Issuer and the Guarantor shall at all times maintain a paying agent in an EU member state that 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
 - (c) 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.
- 17.3 Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Bondholders.
- 17.4 If any Paying Agent does not at any time for any reason make the determinations referred to in these Terms and Conditions, then the Representative of the Bondholders, as representative of the Organisation of the Bondholders, shall make such determinations and any such determination shall be deemed to have been made by the relevant Paying Agent, which shall be responsible for it.

18. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders, create and issue further Covered Bonds, as set out in the relevant Final Terms, 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.

19. NOTICES

19.1 Notices given through Monte Titoli

Any notice regarding the Covered Bonds issued in dematerialised form, 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.

19.2 *Other publication*

The Representative of the Bondholders shall be at liberty to sanction any other method of giving notice to Bondholders if, in its 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 listing, trading and/or quotation 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 Bondholders shall require.

20. **ROUNDING**

For the purposes of any calculations referred to in these Terms and Conditions (unless otherwise specified in these Terms and 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.

21. **GOVERNING LAW AND JURISDICTION**

21.1 *Governing law*

The Covered Bonds, and any non-contractual obligations arising out of, or in connection with them, will be governed by Italian law, or with reference to a specific Series or Tranche of Covered Bonds, any other law set out in the relevant Final Terms. These Terms and Conditions and the related Programme Documents will be governed by Italian law, except for the Swap Agreement(s), which will be governed by English law.

21.2 *Jurisdiction*

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

21.3 *Relevant legislation*

Anything not expressly provided for in these Terms and Conditions will be governed by the provisions of Law 130 and, if applicable, article 58 of the Consolidated Banking Act, the Prudential Regulations and Decree 310.

RULES OF THE ORGANISATION OF THE BONDHOLDERS

TITLE I GENERAL PROVISIONS

1. GENERAL

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

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

2.1.1 In these Rules, the terms set out below have the following meanings:

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

- (a) certifying that specified Covered Bonds are held to the order of a Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until the earlier of:
 - (i) a specified date which falls after the conclusion of the Meeting; and
 - (ii) the surrender to the Paying Agent which issued the same 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 such Paying Agent to the Issuer and Representative of the Bondholders;
- (b) certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the relevant 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;
- (c) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) 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 a Paying Agent for the purpose of obtaining from that 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 individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules.

“**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.

“**Holder**” in respect of a Covered Bond means the ultimate owner of such Covered Bond.

“**Liabilities**” means all costs, charges, damages, expenses, liabilities and losses.

“**Meeting**” means a meeting of 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-*quater* of the Financial Laws Consolidation Act and includes any depositary banks approved by Clearstream and Euroclear.

“**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% of the votes cast.

“**Programme Resolution**” means an Extraordinary Resolution passed at a single meeting of, or by means of a Written Resolution adopted by, the Bondholders of all Series and or Tranches, resolving to (i) direct the Representative of the Bondholders to take any action pursuant to Condition 13.2 (*Issuer Events of Default*), Condition 13.3 (*Guarantor Events of Default*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) take any other action stipulated in the Terms and Conditions or Programme Documents as requiring a Programme Resolution.

“**Proxy**” means a person appointed to vote under a Voting Certificate as a proxy or the person appointed to vote under a Block Voting Instruction, in each case, other than:

- (a) any person whose appointment has been revoked and in relation to whom the relevant 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 Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolution, collectively.

“**Swap Rate**” means, in relation to a Covered Bond, Series or Tranche of Covered Bonds, the rate specified in any Swap Agreement relating to such Covered Bond, Series or Tranche of Covered Bonds or, if there is no rate specified or if the Swap Agreements have terminated, the applicable spot rate.

“**Transaction Party**” means any person who is a party to a Programme Document.

“**Voter**” means, in relation to any Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by a 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 a Paying Agent stating that:
 - (i) Blocked Covered Bonds will not be released until the earlier of:
 - (1) a specified date which falls after the conclusion of the Meeting; and
 - (2) the surrender of such certificate to such Paying Agent; and
 - (ii) 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 at least 75 per cent of all the Bondholders who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such 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 in the place where the Paying Agents have their Specified Office.

“**48 hours**” means 2 consecutive periods of 24 hours.

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

2.2 Interpretation

- 2.2.1 Any reference herein to an “**Article**” shall, except where expressly provided to the contrary, be a reference to an article of these Rules.
- 2.2.2 A “**successor**” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Programme Document or to which, under such laws, such rights and obligations have been transferred.
- 2.2.3 Any reference to any Transaction Party in these Rules shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

2.3 Separate Series or Tranches

Subject to the provisions of the next sentence, the Covered Bonds of each Series or Tranche shall form a separate Series or Tranche of Covered Bonds and accordingly, unless for any purpose the Representative of the 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 or Tranches*) and 28 (*Duties and Powers of the Representative of the Bondholders*) to 36 (*Powers to Act on behalf of the Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series or Tranche. However, for the purposes of this Article 2.3:

2.3.1 Articles 26 (Appointment, removal and remuneration) and 27 (Resignation of the Representative of the Bondholders); and

2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (Purpose of the Organisation) to 24 (Meetings and Separate Series or Tranches) and 28 (Duties and Powers of the Representative of the Bondholders) to 36 (Powers to Act on behalf of the Guarantor),

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

3. PURPOSE OF THE ORGANISATION

3.1 Each Bondholder, whatever Series or Tranche of Covered Bonds he holds, is a member of the Organisation of the Bondholders.

3.2 The purpose of the Organisation of the Bondholders is to co-ordinate the exercise of the rights of the Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Bondholders.

TITLE II

MEETINGS OF THE BONDHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

4.1 Issue

4.1.1 A 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.

4.1.2 A Bondholder may also obtain a Voting Certificate from a Paying Agent or require a Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.

4.2 Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Covered Bonds to which it relates.

4.3 Deemed Holder

So long as a Voting Certificate or Block Voting Instruction is valid, the party named therein as Holder or Proxy, in the case of a Voting Certificate issued by a Monte Titoli Account Holder, the bearer thereof, in the case of a Voting Certificate issued by a Paying Agent, and any Proxy named therein in the case of a Block Voting Instruction issued by a Paying Agent shall be deemed to be the Holder of the Covered Bonds to which it refers for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

4.4 Mutually exclusive

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bond.

4.5 References to the blocking or release

Reference 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 AND VOTING CERTIFICATES

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 Office of the Principal Paying Agent, or at any other place approved by the Representative of the Bondholders, at least 24 hours before the time of 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 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 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 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 Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a Meetings of the Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting requisitioned by the Bondholders the same may be convened by the Representative of the Bondholders or the requisitionists. The Representative of the Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series or Tranche if in the opinion of the Representative of the Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series or Tranche, 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 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 Bondholders.

7. NOTICE

7.1 Notice of meeting

At least 21, or 5 in case of a Meeting convened in order to resolve to extend the Test Remedy Period pursuant to Condition 13.2 (*Issuer Events of Default*), 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 Bondholders and the Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Bondholders, or with a copy to the Representative of the Bondholders, where the Meeting is convened by the Issuer, subject to Article 6.3 (*Time and place of Meetings*).

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 Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificate for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time and that for the purpose of obtaining Voting Certificates from a Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bonds must (to the satisfaction of such Paying Agent) be held to the order of or placed under the control of such 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 Principal Amount Outstanding 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 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 Bondholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the 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 defines the terms for voting.

8.3 Assistance to Chairman

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Bondholders.

9. QUORUM

9.1 The quorum at any Meeting will be:

- 9.1.1 in the case of an Ordinary Resolution, one or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or, at an adjourned Meeting, one or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;
- 9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution, one or more persons holding or representing at least 50 per cent of the Principal Amount Outstanding of the Covered Bonds the holders of which are entitled to attend and vote or, at an adjourned Meeting, one or more persons being or representing Bondholders entitled to attend and vote, whatever the Principal Amount Outstanding of the Covered Bonds so held or represented;
- 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 32.4 (*Obligation to act*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
 - 9.1.4 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;
 - 9.1.5 alteration of the currency in which payments under the Covered Bonds are to be made;
 - 9.1.6 alteration of the majority required to pass an Extraordinary Resolution;
 - 9.1.7 any amendment to the Guarantee or the Deed of Pledge (except in a manner determined by the Representative of the Bondholders not to be materially prejudicial to the interests of the Bondholders of any Series or Tranche);
 - 9.1.8 except in accordance with Articles 31 (Amendments and Modifications) and 32 (Waiver), 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
 - 9.1.9 alteration of this Article 9.1.3;

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

10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, the, without prejudice to the transaction of the business (if any) for which a quorum is present:

- 10.1 if such Meeting was requested by Bondholders, the Meeting shall be dissolved; and
- 10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Bondholders otherwise agree) shall, subject to paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14

days and no later than 42 days after the original date of such Meeting, and to such place as the Chairman determines with the approval of the Representative of the Bondholders **provided that:**

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Bondholders together so decide.

11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of a 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

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 a 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 Bondholders ;

13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Bondholders ;

13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Bondholders ;

13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the 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 Bondholders or one or more Voters whatever the Principal Amount Outstanding 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 Vote who is so present shall have one vote in respect of each euro 1,000 or such other amount as the Representative of the 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 Bondholders in its absolute discretion may stipulate) in the Principal Amount Outstanding 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 any instruction pursuant to which it has been given had been amended or revoked **provided that** none of the Issuer, the Representative of the 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 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 Powers exercisable by Ordinary Resolution

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 the Rules or of the Terms and 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 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 Terms and 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 Bondholders, the 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 Bondholders, the Issuer, the Guarantor, the Bondholders or any of them, whether such rights arise under the Programme Documents or otherwise, and (b) these Rules, the Terms and Conditions or of any Programme 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 Bondholders and/or any other party thereto;
- 18.2.3 assent to any modification of the provisions of these Rules or the Programme Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Bondholders or of any Bondholder;
- 18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Bondholders;
- 18.2.5 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Bondholders from any liability in relation to any act or omission for which the Representative of the Bondholders has or may become liable pursuant or in relation to these Rules, the Terms and Conditions or any other Programme Document;
- 18.2.6 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 Programme Document or any act or omission which might otherwise constitute an Event of Default;

- 18.2.7 grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and Conditions, must be granted by an Extraordinary Resolution;
- 18.2.8 authorise and ratify the actions of the Representative of the Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Programme Document;
- 18.2.9 appoint any persons (whether Bondholders or not) as a committee to represent the interests of the Bondholders and to confer on any such committee any powers which the Bondholders could themselves exercise by Extraordinary Resolution;
- 18.2.10 authorise the Representative of the Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; and
- 18.2.11 direct the Representative of the Bondholders to take any action pursuant to Condition 13.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 13.3.1 (iii) (*Guarantor Events of Default - Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*).

18.3 Programme Resolutions

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Bondholders to take any action pursuant to Condition 13.2.1 (ii) (*Issuer Events of Default – Breach of other obligations*) and Condition 13.3.1 (iii) (*Guarantor Events of Default - Breach of other obligations*) or to appoint or remove the Representative of the Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Terms and Conditions or any Programme Document to be taken by Programme Resolution. For the avoidance of doubts, two or more Extraordinary Resolutions taken by the Bondholders of different Series or Tranche at separate meetings and resolving upon the matters referred to above in the same way shall deemed to be considered as a sole Programme Resolution.

18.4 Other Series or Tranches 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 or Tranche 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 or Tranches.

19. EFFECT OF RESOLUTIONS

19.1 Binding Nature

Subject to Article 18.4 (*Other Series or Tranches of Covered Bonds*), any resolution passed at a Meeting of the Bondholders duly convened and held in accordance with these Rules shall be binding upon all Bondholders, 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 and Tranches shall be binding on all holders of the Covered Bonds of all Series and Tranches, 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 Bondholders shall be published (at the cost of the Issuer) in accordance with the Terms and Conditions and given to the Paying Agents (with a copy to the Issuer, the Guarantor and the Representative of the Bondholders within 14 days of the conclusion of each Meeting).

20. CHALLENGE TO RESOLUTIONS

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

21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted at such Meeting shall be regarded as having been duly passed and transacted.

22. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution (including a Programme 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 Bondholder has accepted and is bound by the provisions of Condition 14 (*Limited Recourse and Non Petition*) and clause 10 (*Limited Recourse*) of the Guarantee, accordingly, if any Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Guarantee (hereinafter, a "**Claiming Bondholder**"), then such Claiming Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Bondholders of his/her intention. The Representative of the Bondholders shall inform the other Bondholders of such prospective individual actions and remedies of which the Representative of the Bondholders has been informed by the Claiming Bondholder or otherwise 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 Bondholders notification and not less than 15 days after such notification. If Bondholders representing 5% or more of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming 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 Bondholders pursuant to the terms of this Article).

24. MEETINGS AND SEPARATE SERIES OR TRANCHES

24.1 Choice of Meeting

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series or Tranche 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 Bondholders affects the Covered Bonds of only one Series or Tranche shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series or Tranches;

24.1.2 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series or Tranche 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 or Tranches so affected;

- 24.1.3 a resolution which in the opinion of the Representative of the Bondholders affects the Covered Bonds of more than one Series or Tranche and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or Tranche or group of Series or Tranches so affected and the holders of the Covered Bonds of another Series or Tranche or group of Series or Tranches 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 Tranche or group of Series or Tranches 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 Bondholders of all Series or Tranches; 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 Bondholders were references to the Covered Bonds of the Series or Tranche or group of Series or Tranches 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 a meeting or any adjourned such meeting or any poll resulting therefrom or any such request or Written Resolution) the Principal Amount Outstanding 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 1.00 (or such other euro amount as the Representative of the Bondholders may in its absolute discretion stipulate) of the Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

25. FURTHER REGULATIONS

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

TITLE III

THE REPRESENTATIVE OF THE BONDHOLDERS

26. APPOINTMENT, REMOVAL AND REMUNERATION

26.1 Appointment

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

26.2 Identity of Representative of the Bondholders

The Representative of the 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 106 of the Consolidated Banking Act and the relevant implementing regulations applicable to it as a financial intermediary; or

26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the 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 Bondholders, and, if appointed as such, they shall be automatically removed.

26.3 Duration of appointment

Unless the Representative of the Bondholders is removed by Extraordinary Resolution or Programme Resolution of the Bondholders pursuant to Article 18.2 (*Extraordinary Resolutions*) or Article 18.3 (*Programme Resolutions*) or resigns pursuant to Article 27 (*Resignation of the Representative of the 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 Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Bondholders the appointment of which has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

26.5 Remuneration

The Guarantor shall pay to the Representative of the Bondholders an initial fee and reimburse and pay any costs and expenses (including legal fees) incurred by it in the context of the Programme, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. The Guarantor shall also pay to the Representative of the Bondholders an on-going annual fee and pay and reimburse any costs and expenses (including legal fees) incurred and documented by it in the context of the Programme in accordance with the relevant Priority of Payments.

27. RESIGNATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

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

28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE BONDHOLDERS

28.1 Representative of the Bondholders is representative

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

28.2 Meetings and Resolutions

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

28.3 Delegation

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

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Bondholders;

28.3.2 whenever it considers it expedient and in the interest of the 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 Bondholders may think fit in the interest of the Bondholders. The Representative of the 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 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 Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that 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 Bondholders is authorised to initiate and to represent the Organisation of the 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 Bondholders

Any consent or approval given by the Representative of the Bondholders under these Rules and any other Programme Document may be given on such terms and subject to such conditions (if any) as the Representative of the Bondholders deems appropriate and, notwithstanding anything to the contrary contained in these Rules or in the Programme Documents, such consent or approval may be given retrospectively.

28.6 Discretions

Save as expressly otherwise provided herein, the Representative of the Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the 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 Bondholders is entitled to exercise its discretion hereunder, the Representative of the Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Bondholders' instructions as to how it should act.

Prior to undertaking any action, the Representative of the Bondholders shall be entitled to request that the Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific limitations*).

28.8 Remedy

The Representative of the Bondholders may 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 Programme Documents may be remedied, and if the Representative of the 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 Bondholders, the other creditors of the Guarantor and any other party to the Programme Documents.

29. EXONERATION OF THE REPRESENTATIVE OF THE BONDHOLDERS

29.1 Limited obligations

The Representative of the Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Programme Documents.

29.2 Specific limitations

Without limiting the generality of Article 29.1 (*Limited obligations*), the Representative of the Bondholders:

- 29.2.1 shall not be under any obligation to take any steps to ascertain whether an Event of Default, Segregation Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Bondholders hereunder or under any other Programme Document, has occurred and, until the Representative of the Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Segregation Event, 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 Programme Documents or the Terms and Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Programme Documents are duly observing and performing all their respective obligations;
- 29.2.3 except as expressly required in these Rules or any Programme 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 Programme Document;
- 29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Programme Document, or of any other document or any obligation or right created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
 - (a) the nature, status, creditworthiness or solvency of the Issuer;
 - (b) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;

- (c) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
 - (d) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the administration of the assets contained in the Cover Pool; and
 - (e) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Servicer and the 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 not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Bondholders contained herein or in any Programme Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 29.2.7 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 Programme Document;
- 29.2.8 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 29.2.9 shall not be under any obligation to guarantee or procure the repayment of the assets contained in the Cover Pool or any part thereof;
- 29.2.10 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person, with the exception of the Test Performance Report for the purposes of delivery of the notice;
- 29.2.11 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;
- 29.2.12 shall not be responsible (except as expressly provided in the Terms and Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Programme Document;
- 29.2.13 shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.14 shall, when in these Rules or any Programme Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, have regard to the overall interests of the Bondholders of each Series or Tranche as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual 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;

- 29.2.15 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 or Tranche would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Bondholders by Extraordinary Resolution or by a written resolution of such Bondholders of not less than 75 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant Series or Tranche then outstanding;
- 29.2.16 shall, with respect to the powers, trusts, authorities and discretions vested in it by the Programme Documents, except where expressly provided therein, have regard to the interests of both the Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interest of the Bondholders
- 29.2.17 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Programme 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 Programme Documents shall require the Representative of the 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; and
- 29.2.18 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 Bondholder, any Other Guarantor Creditor or any other person as a result of (a) the delivery by the Representative of the Bondholders of the certificate of incapability of remedy relating any material default of obligations pursuant to Condition 13.2 (*Issuer Events of Default*) and Condition 13.3 (*Guarantor Events of Default*) on the basis of an opinion formed by it in good faith; or (b) any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Bondholders as a whole or the interests of the Bondholders of any Series or Tranche.

29.3 Illegality

No provision of the Rules shall require the Representative of the 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 Bondholders may refrain from taking any action which would or might, in its sole opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Bondholders may do anything which, in its sole 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 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 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

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, when in the opinion of the Representative of the Bondholders to obtain such advice on any other basis is not viable notwithstanding any limitation or cap on Liability in respect thereof.

30.2 Certificates of Issuer

The Representative of the Bondholders may call for, and shall be at liberty to accept as sufficient evidence:

30.2.1 as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by an authorised representative of the Issuer on its behalf;

30.2.2 that such is the case, a certificate of an authorised representative of the Issuer on its behalf to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the 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 Bondholders

The Representative of the 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 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 Bondholders.

30.4 Certificates of Monte Titoli Account Holders

The Representative of the 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 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 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 Programme Document

The Representative of the 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 Programme Document,

30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Terms and Conditions or any Programme 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 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 Liability 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 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 Modifications

The Representative of the Bondholders may at any time and from time to time and without the consent or sanction of the Bondholders of any Series or Tranche 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 Bondholders may disregard whether any such modification relates to a Series or Tranche reserved matter) as follows:

31.1.1 to these Rules, the Terms and Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, it may be expedient to make **provided that** the Representative of the Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Bondholders of any Series or Tranche; and

31.1.2 to these Rules, the Terms and Conditions and/or the other Programme 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 Terms and Conditions and/or the other Programme Documents which, in the opinion of the Representative of the Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the 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 Bondholders may determine, shall be binding upon the Bondholders and, unless the Representative of the Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Bondholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

31.3 Establishing an error

In establishing whether an error is established as such, the Representative of the Bondholders may have regard to any evidence on which the Representative of the Bondholders considers it appropriate to rely.

31.4 Obligation to act

The Representative of the Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Terms and Conditions and/or the other Programme Documents if it is so directed by an Extraordinary 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 Bondholders may at any time and from time to time without the consent or sanction of the Bondholders of any Series or Tranche 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 or Tranche 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 Guarantee, these Rules, the Terms and Conditions or the other Programme Documents; or

32.1.2 determine that any Event of Default shall not be treated as such for the purposes of the Programme Documents,

without any consent or sanction of the Bondholders.

32.2 Binding Nature

Any such authorisation or waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Bondholders so requires, shall be notified to the Bondholders and the Other Guarantor 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 Programme Documents.

32.3 Restriction on powers

The Representative of the Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

32.4 Obligation to act

The Representative of the 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 by Guarantee, these Rules or any of the other Programme Documents or determine that any Event of Default shall not be treated as such 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.

33. INDEMNITY

Pursuant to the Programme Agreement, all documented costs, expenses, liabilities and claims incurred by or made against the Representative of the Bondholders (or by any persons appointed by it to whom any power, authority or discretion may be delegated by it) in relation to the preparation and execution of the Programme Documents, the exercise or purported exercise of, the Representative of the Bondholder's powers, authorities and discretions and performance of its duties under and in any other manner in relation to the Programme Documents (including, but not limited to, legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid by or due from the Representative

of the Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Bondholders pursuant to the Programme Documents, against the Issuer or the Guarantor for enforcing any obligations under the Covered Bonds or the Programme 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 Bondholders, shall be reimbursed, paid or discharged (on full indemnity basis), on demand, to the extent not already reimbursed, paid or discharged by the Bondholders, by the Guarantor and the Issuer on the Guarantor Payment Date immediately succeeding the date of request from funds available thereof in accordance with the relevant Priority of Payments.

34. LIABILITY

Notwithstanding any other provision of these Rules and save as otherwise provided in the Programme Documents, the Representative of the Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Programme Documents, the Covered Bonds or these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

TITLE IV

THE ORGANISATION OF THE BONDHOLDERS AFTER SERVICE OF A NOTICE

35. POWERS TO ACT ON BEHALF OF THE GUARANTOR

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to the 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 Bondholders, in its capacity as representative of the Bondholders, shall be entitled (also in the interests of the Other Guarantor 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 Bondholders, in its capacity as representative of the 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 Programme Documents, including the right to give directions and instructions to the relevant parties to the relevant Programme Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

36. GOVERNING LAW

These Rules and any non-contractual obligations arising out of or in connection with it are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

37. JURISDICTION

The Courts of Rome will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Rules and any non-contractual obligations arising out thereof or in connection therewith.

FORM OF FINAL TERMS

The form of Final Terms which, subject to any necessary amendments, will be completed for each Series or Tranche of Covered Bonds issued under the Programme is set out below. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

Banca Nazionale del Lavoro S.p.A.

Issue of [Aggregate Nominal Amount of Tranche] [Description] Covered Bonds (Obbligazioni Bancarie Garantite) due [Maturity] (the “Covered Bonds”)

**Guaranteed by
VELA OBG S.r.l.
under the €12,000,000,000 Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the prospectus dated 25 July 2012 [and the supplement[s] to the prospectus dated [•]] which [together] constitute[s] a prospectus (the “**Prospectus**”). These Final Terms contain the final terms of the Covered Bonds and must be read in conjunction with the Conditions and the Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms, the Conditions and the Prospectus [as so supplemented].

[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, or adding any other final terms or information, 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 Prospectus.]

- | | | | |
|----|------|------------------------|-----------------------------------|
| 1. | (i) | Issuer: | Banca Nazionale del Lavoro S.p.A. |
| | (ii) | Guarantor: | Vela OBG S.r.l. |
| 2. | (i) | Series Number: | [•] |
| | (ii) | Tranche Number: | [•] |

(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)

- | | | |
|----|--|-----|
| 3. | Specified Currency or Currencies: | [•] |
| 4. | Aggregate Nominal Amount: | |

- (i) Series: [•]
- (ii) Tranche: [•]
5. **Issue Price:** [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]
6. (i) Specified Denominations: [•] [plus integral multiples of [•] in addition to the said sum of [•]] (*Include the wording in square brackets where the Specified Denomination is €[100,000] or equivalent plus multiples of a lower principal amount.*)
- (ii) Calculation Amount: [•]
7. (iii) Issue Date: [•]
- (iv) Interest Commencement Date: [*Specify/Issue Date/Not Applicable*]
8. **[Dematerialised Form/Registered Form/Other Form]:** [•]
9. **Maturity Date:** [*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.*]
- [*If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Covered Bonds is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Covered Bonds must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available.*]
10. **Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Guarantee:** [*Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year*]
11. **Interest Basis:** [[•] per cent. Fixed Rate][[*Specify reference rate*]] +/- [CB Margin] per cent. Floating Rate
- [Zero Coupon]
- [Index-Linked or Other Variable-Linked Interest]

- [Other (*Specify*)]
(*further particulars specified below*)
12. **Redemption/Payment Basis:** [Redemption at par]
[Index Linked or Other Variable-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (*Specify*)]
13. **Change of Interest or Redemption/Payment Basis:** [*Specify details of any provision for convertibility of Covered Bonds into another interest or redemption/ payment basis*]
14. **Put Option/Call Option:** [Not Applicable]
[Investor Put]
[Issuer Call]
[(*further particulars specified below*)]
15. **[Date [Board] approval for issuance of Covered Bonds [and Guarantee] [respectively]] obtained:** [•] [and [•], respectively]
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Guarantee*)]
16. **Method of distribution:** [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. **Fixed Rate Provisions** [Applicable/Not Applicable]
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi annually/quarterly/monthly/other (*specify*)] in arrear]
- (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)]: [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA)/Other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [Not Applicable/give details]
18. **Floating Rate Provisions** [Applicable/Not Applicable] [Applicable in respect of Extended Maturity Period] *(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) Interest Payment Dates: [•]
- (Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iv) Interest Payment Dates: [•]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Other (give details)]
- (vi) Additional Business Centre(s): [Not Applicable/give details]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/Other (give details)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[Name] shall be the relevant Calculation Agent]
- (ix) Screen Rate Determination:

- Reference Rate: [For example, LIBOR or EURIBOR]
 - Interest Determination Dates: [•]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
 - Relevant Time: [For example, 11.00 a.m. Italian time]
 - Relevant Financial Centre [For example, Euro -zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (x) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (xi) CB Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA)/ Actual/Actual (ISDA)/ Actual/365 (Fixed)/ Actual/360/ 30/360/ 30E/360/ Eurobond Basis/ 30E/360 (ISDA)]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: [•]
19. **Zero Coupon Provisions:** [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) [Amortisation/Accrual Yield]: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition [10.4] (Early redemption of Zero Coupon Covered Bonds)]
20. **Index-Linked or Other Variable-Linked Interest Provisions:** [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula/other variable: *[Give or annex details]*
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) due (if not the Principal Paying Agent): [•]
- (iii) Provisions for determining Interest Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Interest Determination Date(s): [•]
- (v) Provisions for determining Interest Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) Interest or calculation period(s): [•]
- (vii) Specified Period: [•]
- (viii) Interest Payment Dates: [•]
- (Specified Period and Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (ix) Business Day Convention: [Floating Rate Convention/
Following Business Day Convention/
Modified Following Business Day Convention/
Preceding Business Day Convention/ Other (*give details*)]
- (x) Additional Business Centre(s) [•]
- (xi) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (xii) Maximum Rate/Amount of Interest: [•] per cent. per annum
- (xiii) Day Count Fraction [•]

21. **Dual Currency Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/ method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or Interest Amount due (if not the Principal Paying Agent): [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

22. **Call Option** [Applicable/Not Applicable] *(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:
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (iii) Notice Period: [•]
23. **Put Option** [Applicable/Not Applicable] *(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 and method, if any, of calculation of such amount(s): [•] per Calculation Amount

- (iii) Notice Period: [•]
24. **Final Redemption Amount of Covered Bonds** [•] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent): [•]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) Interest Payment Date: [•]
- (vii) Minimum Final Redemption Amount: [•]
- (viii) Maximum Final Redemption Amount: [•]

25. **Early Redemption Amount**

Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following a Guarantor Event of Default or other early redemption and/or the method of calculating the same [Not Applicable (If both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Covered Bonds)/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Covered Bonds]

(if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26. Form of Notes
- Bearer Notes
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable Definitive Notes on [•] days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
27. New Global Note
- [Yes/No] [*or give details*]
28. Additional Financial Centre(s) or other special provisions relating to payment dates:
- [Not Applicable/*give details*]
- [*Note that this paragraph relates to the date and place of payment, and not interest period and dates, to which such paragraphs 17(ii), 18(vi) and 20(x) relate*]
29. Details relating to Covered Bonds issued on a partly paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:
- [Not Applicable/*give details*]
30. Details relating to Covered Bonds which are amortising and for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:
- [Not Applicable/*give details*]
31. Redenomination provisions:
- [Redenomination [not] applicable (*If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms*)]

32. Other final terms: [Not Applicable/*give details*]

DISTRIBUTION

33. (i) If syndicated, names, business addresses and underwriting commitments of [Managers/Lead Managers] [Not Applicable/*give names and business address*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers/Lead Managers.)
- (ii) Date of Subscription Agreement [•]
- (iii) Name(s) [and business addresse(s)] of Stabilising Manager(s) (if any) [Not Applicable/*give names and business address*]
34. If non syndicated, name [and business addresse(s)] of Dealer [Not Applicable/*give names and business address*]
35. U.S. Selling Restrictions: [Reg. S Compliance Category 2]/[TEFRA D/TEFRA C/Not Applicable]
36. Additional selling restrictions: [Not applicable/*give details*]

ISSUER DETAILS

Further information in respect of the Issuer is provided, pursuant to Article 2414 of the Italian civil code, in the Schedule hereto.

GOVERNING LAW

[Italian law] / [The Covered Bonds are governed by [•] law]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [*specify market*] of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein pursuant to the Euro 12,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme of Banca Nazionale del Lavoro S.p.A.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). Each of the Issuer and the 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 Banca Nazionale del Lavoro S.p.A.

By:.....

Duly authorised

Signed on behalf of Vela OBG S.r.l.

By:.....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing [(specify listing) / None]
- (ii) Admission to trading [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds (*Obbligazioni Bancarie Garantite*) to be admitted to trading on [specify market] with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*

2. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in the Prospectus, so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer.”]

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reason for the offer: [•]
- (If reasons for offer are different from making profit and/or hedging certain risks will need to include those reasons here.)*
- (ii) Estimated net proceeds: [•]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: [•]
- [Include breakdown of expenses, including total expenses related to the admission to trading]*

4. [Fixed Rate Covered Bonds only - YIELD

- Indication of yield: [•]
- Calculated as [include details of method of calculation in summary form] on the Issue Date.*
- As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not

an indication of future yield.]

5. **[Floating Rate Covered Bonds only - HISTORIC INTEREST RATES**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

6. **[Index-Linked or Other Variable-Linked Covered Bonds only - PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

(Need to include:

- (i) details of the exercise price or the final reference price of the underlying;*
- (ii) details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident;*
- (iii) description of any market disruption or settlement disruption events that affect the underlying;*
- (iv) adjustment rules in relation to events concerning the underlying;*
- (v) where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code;*
- (vi) where the underlying is an index, the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, details of where the information about the index can be obtained;*
- (vii) where the underlying is not an index, equivalent information;*
- (viii) where the underlying is an interest rate, a description of the interest rate; and*
- (ix) where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information, except if required by any applicable laws and regulations].]

7. **[Dual Currency Interest Covered Bonds only - PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained)

8. **OPERATIONAL INFORMATION**

ISIN Code: [•]

[Common Code:] [Specify code / Not Applicable]

Any Relevant Clearing System(s) [other [Not Applicable/ give name(s) and number(s)]

than Monte Titoli] and the relevant identification number(s):

Delivery:

Delivery [against/free of] payment

Names and Specified Offices of additional Paying Agent(s) (if any)

[•]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes]/[No]/[Not Applicable] *[Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper 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.]*

9. **[FURTHER INFORMATION IN RESPECT OF THE ISSUER]**

Name

Banca Nazionale del Lavoro S.p.A.

Objects:

The object of the Issuer, as set out in article 3 of its by-laws, is as follows.

[The granting of credit and the acceptance of deposits in their various forms in Italy and abroad.

The Issuer may engage in any banking, financial and intermediation transaction or service, subject to obtaining the necessary official approval and to comply with the relevant legislation; it may also undertake any other operation that is conducive or otherwise related to achieving its object.] *[BNL DA CONFERMARE]*

Registered office:

Via Vittorio Veneto 119, 00187 Rome, Italy

Company's registered number:

Companies register of Rome, number 09339391006

Amount of paid-up share capital and reserves:

[•]

BANCA NAZIONALE DEL LAVORO S.P.A.

1. INFORMATION ABOUT THE ISSUER

1.1 History and development of the Issuer

The Issuer, an Italian banking corporation was founded as “*BNL Progetto SpA*” on February 1, 2007, and it was named “*Banca Nazionale del Lavoro SpA*” after the transfer of a line of business "commercial bank", with effect from October 1, 2007, from “*Banca Nazionale del Lavoro SpA*”.

The latter, founded in 1913 as “*Istituto di Credito per la Cooperazione*”, with the main mission consisting in financing Italian cooperative companies, was renamed as “*Banca nazionale del Lavoro*” on March 18, 1929, and, on July 25, 1992, it became a stock corporation, pursuant to the resolution of the Shareholders' meeting as of 30 April 1992. On October 1, 2007, following the aforementioned transfer of the line of business, BNL entered the large International group BNP Paribas.

The statutory capital of the Issuer, subscribed in full and wholly paid up, is equal to Euro 2,076,940,000, with no. 2,076,940,000 ordinary shares with a nominal amount of Euro 1 each, which are held as a whole by BNP Paribas S.A. – Paris.

It should be noted that, during 2011, the announced integration of BNP Paribas Personal Finance S.p.A. (“PF Italia”) with BNL S.p.A. (“BNL”) was finally completed, following the approval of a merger by incorporation of *PF Italia* and of the residual range of its businesses in BNL.

1.2 Legal and commercial name of the Issuer

The Issuer's name is “*Banca Nazionale del Lavoro SpA*” and, in its corresponding contracted form, “BNL SpA” (as referred to in art. 1 of the Articles of Incorporation). The commercial name is “BNL”.

1.3 Place of registration and registration number of the Issuer

BNL SpA is registered with the Register of Enterprises in Rome and has been assigned registration no. 09339391006. This registration number corresponds to the VAT number and to the taxpayer's number.

BNL SpA is registered with the Register of Banks at Banca d'Italia, with registration no. 5676 and is the holding company of the Banca Nazionale del Lavoro Group (Register of banking Groups at Banca d'Italia – registration no. 1005).

1.4 Date of incorporation and duration of the Issuer

The Issuer was established as “*BNL Progetto S.p.A.*” with deed by the Notary Liguori in Rome, on February 1, 2007, and the company name has been changed to “*Banca Nazionale del Lavoro S.p.A.*” on October 1, 2007.

Pursuant to art. 3 of the Articles of Incorporation, the duration of the Issuer is set out until December 31, 2050.

1.5 Domicile and legal form of the Issuer, legislation under which the Issuer operates, country of incorporation, and address and telephone number of its principal place of business

The Banca Nazionale del Lavoro is a stock corporation (*società per azioni*) established under the laws of the Republic of Italy.

BNL SpA has its registered office and General Administrative Office in Rome, Via V. Veneto 119, telephone number 06 47021.

The company is subject to the management and coordination performed by the only shareholder BNP Paribas S.A. – Paris, pursuant to Article 2497 of the Italian Civil Code.

1.6 Any recent events relating to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency

As at the date of this Prospectus, there has not been any recent event relevant to the evaluation of the Issuer's solvency.

2. BUSINESS OVERVIEW

2.1 Principal activities

2.1.1 Overview

The Issuer's principal businesses, pursuant to article 4 of the Articles of Incorporation, consist in raising capital and lending in different forms, in Italy and overseas, and performing services concerning the traditional areas of finance and banking, including innovative activities, in conformity with their own regulation, addressing both to corporate, retail and private customers. The Bank may also issue bonds and other similar financial instruments, in conformity with the current national legislation, and set up open-end funds pursuant to the relevant applicable law.

The products offered by the BNL Group, may range from traditional short, medium or long-term loans to revolving lines of credit and payment services. The investments to the Group's customers consist of a wide range of funding such as, by way of example, mortgage loans, direct loans and consumer credit.

As at the date of this Prospectus, the new structure of the General Administrative Office confirms the organization on the basis of Functions and Lines of Business.

The BNL activities are divided into the following Lines of Business:

- the **Retail and Private Division and the Corporate Division**, with the main purpose of achieving commercial, financial and customer satisfaction objectives. It is also responsible for the supervision of quality and cost of the credit risk and for monitoring/reducing the operational risk as for the relevant customers. Each division ensures the coordination of the Territorial network and the development of synergies within the Entities of the BNP Paribas Group.
- the **BNPP-BNL Corporate and Investment Banking Division** is responsible for the implementation of the corporate investment banking global business model, within the principal lines of business. Moreover, the Division has set itself the goal of achieving commercial, financial and customer satisfaction objectives, being also responsible for the

supervision of quality and cost of the credit risk and for monitoring/reducing the operational risk as for the relevant customers.

- **Investment Solutions Italia**, is aimed at implementing the global business model of the companies pertaining to Polo Investments Solutions, which operate in the area of assets under management, real estate and life-damages insurance.
- the **Production and Commercial Assistance Department** performs post-sale banking services and the general banking services, ensuring high levels of soundness in relation to the administrative-accounting aspect, quality of the services performed and monitoring the permanent control functions, focusing on breakdowns in procedures and on operational risk in relation to the areas of expertise. It is also responsible for the coordination of the Territorial network and for the development of synergies within the other Entities of the BNP Paribas Group.

The following Functions operate in relation to the relevant governance procedures:

- Compliance Department;
- Communication Department;
- Financial Department;
- Real estate Department;
- IT Department;
- Legal Department;
- Planning, Projects and Organization Department;
- Risks Department;
- Human Resources Department;
- Inspection Générale - Hub Italy.

The distribution Network is based on the departments which are set out below :

- **Territorial Retail Departments** (North West, North East, North-central, South-central and Sardinia, South), responsible for the achievement of revenues objectives and commercial, financial, customer satisfaction, credit quality and cost of risk objectives, in relation to the Territorial Department of expertise. Moreover, it has set itself the goal of monitoring the levels of the results, identifying/analysing any critical situation and/or anomalous performances and defining/implementing the relevant corrective actions;
- **Corporate Territorial Departments** (North West, North East, North-central, South-central and Sardinia, South), responsible for the achievement of revenues objectives and commercial, financial, customer satisfaction, credit quality and cost of risk objectives, in relation to the Territorial Department of expertise. Moreover, it has set itself the goal of monitoring the levels

of the results, identifying/analysing any critical situation and/or anomalous performances and defining/implementing the relevant corrective actions;

- **Groups of Production and Commercial Assistance Agencies** (North West, North East, Central, Latium-Sardinia, South, Rome), responsible for the achievement of efficacy/efficiency objectives relating to operational structures of expertise, in order to ensure internal/external customers satisfaction, optimize operational costs and monitor the relevant risks;
- **Risks Territorial Departments** (North West, North East, North-central, South-central and Sardinia, South), responsible for monitoring the activities aimed at issuing an opinion on credit, supervisory activities and credit recovery, providing, if necessary, specific technical support to commercial positions.

2.1.2 Indication of new products and/or new activities, if significant

As at the date of this Prospectus, BNL does not have significant new products, not included in the category of traditionally traded products, nor it has carried new businesses which may have an impact on the Issuer's risk.

2.1.3 Principal markets

The BNL Group is well positioned in Italy and, due to the entrance into the BNP Paribas Group and of its international influence, BNL takes on the role of a multi-faceted company, with the specific aim of allowing its domestic customers to operate abroad, especially with regard to the Mediterranean area.

As of 2 April, the Issuer has 887 offices in the Country, with 14.133 employees.

The BNL Group offers its financial products and financial/banking services to diversified customers, segmented by market, on the basis of specific criteria, in order to address customer-oriented policies. The relevant markets are the following:

- Corporate Division:

comprises the segments:

- Public Sector Market;
- Corporate Market;
- Big Customers.

The segmentation follows the legal status and the nature of the control exercised on it (Public Sector market) or the complexity or potential of customers (Corporate market and Big Customers).

- Retail and Private: **Retail:**

comprises the following trade groups:

Individuals:

- Families and individuals with an aggregate supply less than Euro 250,000 or higher, in comparison to all customers that did not join the Private Banking model.

Business and Firms:

- Natural persons linked to companies Business and Firms in relation to the private component: business representatives or owners of individual companies,
- Professionals or self-employed in relation to both the professional and private* component;
- Artisans*;
- Rural customers*;
- Retail market*.

*within the limits of relevant natural persons-customers (owners or dissenter) with an amount lower than Euro 100,000 of wealth, according to the figures deriving from last census.

- Retail and Private: **Private**

Voluntary adherence to the service model of the Private segment for customers with assets exceeding Euro 250,000, as a reference amount, or in any case with the specific features corresponding to the service model.

3. ORGANISATIONAL STRUCTURE

3.1 Description of Issuer's Group, to which the Issuer belongs, and position of the Issuer

The BNL SpA is the holding company of the BNL Group whose principal activities consist in, besides the traditional banking activity (carried out by BNL SpA and Artigiancassa SpA), dealing on own account and for third parties of Securities and currencies (performed by BNL SpA), factoring (performed by Ifitalia S.p.A.) and the offer of insurance products and merchant acquiring (carried out by BNL POSitivity Srl).

Please find hereunder a list of the companies belonging to the BNL Group, classified with respect to the area of expertise, as of 31 March 2012:

BNL S.P.A. BANKING GROUP AS OF 31 MARCH 2012
Banks
Artigiancassa S.p.A.
Credit financial companies
IFITALIA S.p.A.
BNL Finance S.p.A.
Financial and other companies
BNP Paribas Personal Finance Rete Agenti S.p.A.
BNL POSitivity S.r.l
Companies under liquidation
Tamleasing S.p.A. under liquidation

3.2 Issuer's position Within the Group

The BNL SpA is subject to the management and coordination by BNP Paribas S.A.-Paris, pursuant to Article 2497 of the Italian Civil Code.

4. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

4.1 Name, address and function of members of the Management Board and of the Supervisory Board the Issuer

4.1.1 Name, address and function of members of the Management Board of the Issuer

The Issuer has adopted the traditional model, set forth in article 2380, paragraph 1 of the Civil Code.

The Management Board may be composed of a minimum of 5 members to a maximum of 16 members. The ordinary shareholders' meeting, held on April 26, 2012, appointed the Management Board, as for the fiscal year 2012-2014, that will be in charge until the meeting for the approval of the financial statements for the fiscal year 2014.

The members of the Management Board, in charge as of the date of this Prospectus and the list of the principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses, are set forth in the following table:

Name	Function within the Issuer	Principal activities carried out by them, not on behalf of the Issuer, and deemed to be significant with respect to the Issuer's businesses
ABETE Luigi	Chairman	Chairman of A.BE.T.E. SpA, Italian Entertainment Group SpA, Cinecittà Studios SpA, Civita Servizi S.r.l and Assonime Managing Director of Cinecittà Entertainment SpA Executive Officer of Cinecittà Entertainment SpA
EREDE Sergio	Vice Chairman	Chairman of Bolton Group International Srl Board Member of Luxottica Group SpA, Gruppo Editoriale L'Espresso SpA, Interpump Group SpA and Sintonia S.A. Partner of the Law Firm Bonelli Erede Pappalardo
GALLIA Fabio	CEO and General Manager	Member of the Executive Committee of BNP Paribas S.A. and Responsible for the BNP Paribas Group for Italy (since May 1, 2012), Chairman of Findomestic Banca SpA, Member of the Board of Directors of COESIA SpA
ABRAVANEL Roger	Member of the Board of Directors	Board Member of Luxottica Group, Coesia SpA, and Teva Pharmaceutical Industries Ltd
BLAVIER Philippe	Member of the Board of Directors	Board Member of Trafigura e Foncière du 6e et 7e arrondissements de Paris
BONNAFÉ Jean-Laurent	Member of the Board of Directors	CEO and member of the Executive Committee of BNP Paribas S.A.
CLAMON Jean	Member of the Board of Directors	Managing Director Compliance and Internal Control Coordination and Member of the Executive Committee of BNP Paribas S.A.
GIROTTI Mario	Member of the Board of Directors	Chairman of Ifitalia SpA,

		Vice Chairman of Artigiancassa SpA and Vice Chairman of Servizio Italia SpA
LEMÉE Bernard	Member of the Board of Directors	Advisor to the Chairman and of the General Management BNP Paribas S.A.
MAZZOTTO Paolo	Member of the Board of Directors	Chairman of Fondazione BNL
MERLO Silvia	Member of the Board of Directors	CEO of Merlo SpA and Tecnoindustrie Merlo SpA , Member of the Board of Directors of Finmeccanica SpA
MICOSSI Stefano	Member of the Board of Directors	Chairman of CIR - Compagnie Industriali Riunite SpA. Member of the General Counsel of Assicurazioni Generali. General Manager of Assonime
SABET Jean-Paul	Member of the Board of Directors	Responsible for Mediterranean Europe/Turkey BNP Paribas S.A. - Retail Banking; Chairman of BNP Paribas Yastirimlar Holding - Turquie ; Vice Chairman of TEB Turkish Economy Bank
SIRE Antoine	Member of the Board of Directors	Manager of Brand, Communication and Quality of BNP Paribas S.A.
VILLEROY DE GALHAU François	Member of the Board of Directors	Chief Operating Officer of BNP Paribas S.A.

The updates relating to the composition of the Board will be publicly available, from time to time, on the Issuer's website.

All members of the Management Board fulfil the expertise, integrity and independence requirements established by the current laws, regulations and statutory provisions.

All members of the Management Board, for the purposes of their role, are resident at the registered office of the Issuer.

4.1.2 Name, address and function of members of the Supervisory Board

The ordinary Shareholders' meeting, held on April 29, 2010, appointed the Supervisory Board, as for the fiscal years 2010-2012, that will be in charge until the Shareholders' meeting for the approval of the financial statements for the fiscal year 2012, which is composed of three Standing Auditors and two Alternate Auditors.

The members of the Supervisory Board, in charge as of the date of this Prospectus and the list of the principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses, are set forth in the following table:

Name	Function within the Issuer	Principal activities performed outside the Issuer, and deemed to be significant with respect to the Issuer's businesses
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PICCINELLI Pier Paolo	Chairman of the Supervisory Board	Chairman of the Supervisory Board of De Simone & Partners SpA, Standing Auditor of Procter & Gamble Italia SpA.
MAISTO Guglielmo	Standing Auditor	Standing Auditor of Vodafone B.V.
MANZITTI Andrea	Standing Auditor	Standing Auditor of Axa Italia SpA Professor of Taxation Law at Bocconi University
LUDOVICI Paolo	Alternate Auditor	Chairman of the Supervisory Board of Arx RE SpA.; Cerved Gruppo SpA; Investimenti Infrastrutture SpA
PARDI Marco	Alternate Auditor	Chairman of the Supervisory Board of SOPAF Capital Management Sgr SpA; LI-Tech SpA; Life Science Capital SpA

The updates relating to the composition of the Board will be publicly available, from time to time, on the Issuer's website.

All members of the Management Board fulfil the expertise, integrity and independence requirements established by the current laws, regulations and statutory provisions.

All members of the Management Board, for the purposes of their role, are resident at the registered office of the Issuer.

4.2 Administrative, management and supervisory bodies conflicts of interests

Administrative, management and supervisory bodies conflicts of interests are handled in compliance with article 2391 of the Italian Civil Code, article 136 of the Legislative Decree No. 385/93 as subsequently amended and integrated, taking into account the provision in article 249-ter of the Italian Civil Code. When specifically stated by law, these interests are considered in the financial statements.

Considering the duty of disclosure for the members of the management and Supervisory Board, the Issuer is not aware, as at the date of this Prospectus, of any relevant potential conflicts of interest between the duties to the Issuer of the members of the Management Board and members of the Supervisory Board listed at Paragraph 9.1. and their private interests and other duties.

For further information, please see part H of the Consolidated Notes, at pages 342 and ss. of the financial statements as of 31 December 2011.

5. MAJOR SHAREHOLDERS

5.1 Principal Shareholders

As at the date of this Prospectus, BNP Paribas S.A. holds 100% of the BNL capital.

5.2 Arrangements the operation of which may result in a change of control of the Issuer

As at the date of this Prospectus, the Issuer is not aware of any arrangements the operation of which may result in a change of control of the Issuer.

6. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

The Issuer's financial information is set out in the financial documents incorporated by reference in this Prospectus, in relation to the consolidated financial statements as of 31 December 2011 and 31 December 2010. These documents are publicly available (in Italian) at the Issuer's registered office in Rome, via Veneto 119, and on the Issuer's website www.bnl.it.

* * *

In the context of the Programme, Banca Nazionale del Lavoro S.p.A. will act as Issuer, Main Seller, Main Servicer, Main Subordinated Lender, Principal Paying Agent, Account Bank, Test Calculation Agent, Asset Swap Provider, Cash Manager and Quotaholder.

THE GUARANTOR

Introduction

The Guarantor was incorporated in the Republic of Italy on 1st March 2012 pursuant to Law 130 as a limited liability company (*società a responsabilità limitata*) under the name “SPV 3 Covered Bond S.r.l.” and changed its name into “Vela OBG S.r.l.” by the resolution of the meeting of the Quotaholders held on 4 June 2012. The Guarantor is registered at the Companies’ Registry of Treviso under registration number 04514090267. The registered office of the Guarantor is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy and its telephone number is +39 0438 360 926. The Guarantor is registered under registration number 42019 in the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Law. The Guarantor has no employees and no subsidiaries. The Guarantor’s by-laws provides for the termination of the same on 31 December 2100 subject to one or more extensions to be resolved, in accordance with the by-laws, by a Quotaholders’ resolution.

Principal Activities

The sole purpose of the Guarantor under its by-laws is the ownership of the Cover Pool and the granting to Bondholders of the Guarantee. From the date of its incorporation the Guarantor has not carried out any business activities nor has incurred in any financial indebtedness other than those incurred in the context of the Programme.

Quota Capital

The outstanding capital of the Guarantor is euro 10,000.00 divided into quotas as described below. As at the date of this Prospectus, the quotaholders of the Guarantor are as follows:

Quotaholders	Quota
Banca Nazionale del Lavoro S.p.A.	7,000
SVM Securitisation Vehicles Management S.r.l.	3,000

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Management

The current directors of the Guarantor are:

Chairman of the board of directors	Giampaolo Tolaini. The domicile of Giampaolo Tolaini, in his capacity of chairman of the board of directors of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.
Director	Andrea Fantuz. The domicile of Andrea Fantuz, in his capacity of director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.
Director	Francesco Innocente. The domicile of Francesco

Innocente, in his capacity of director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Sole Statutory Auditor

The current sole statutory auditor of the Guarantor is Francesco Messina. The domicile of Francesco Messina, in his capacity of chairman of the board of statutory auditors of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

Conflict of Interest

There are no potential conflicts of interest between the duties of the directors and their private interests or other duties.

The Quotaholders' Agreement

Pursuant to the terms of the Quotaholders' Agreement entered into on or about the date of this Prospectus, between the Quotaholders and the Guarantor, the Quotaholders have agreed, *inter alia*, not to amend the by-laws (*statuto*) of the Guarantor and not to pledge, charge or dispose of the quotas (save as set out below) of the Guarantor without the prior written consent of the Representative of the Bondholders. The Quotaholders' Agreement is governed by, and will be construed in accordance with, Italian law.

Please also see section "*Description of the Programme Documents - The Quotaholders' Agreement*" below.

Financial Statements

The financial year of the Guarantor ends on 31 December of each calendar year.

The Guarantor has not, from the date of its incorporation, carried out any business activities nor has incurred in any financial indebtedness (other than those incurred in the context of the Programme). Nevertheless, in accordance with Italian law (requiring all companies to approve a balance sheet within a specified period from the end of each financial year), the Guarantor will prepare its financial statements for the period between its incorporation (1st March 2012) and the end of its first financial year (31 December 2012).

DESCRIPTION OF THE PROGRAMME DOCUMENTS

GUARANTEE

On or about the date of this Prospectus, the Issuer, the Guarantor and the Representative of the Bondholders entered into the Guarantee pursuant to which the Guarantor issued, for the benefit of the Bondholders, a first demand, unconditional, irrevocable and independent guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme. Under the Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Guarantee constitute direct and (following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and the Guarantor or, if earlier, the service on the Issuer and the Guarantor of a Guarantor Default Notice) unconditional, unsubordinated and limited recourse obligations of the Guarantor, backed by the Cover Pool as provided under Law 130, Decree 310 and the Bank of Italy Regulations. Pursuant to the terms of the Guarantee, the recourse of the Bondholders to the Guarantor under the Guarantee will be limited to the Segregated Assets. Payments made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

The Guarantor, pursuant to the Guarantee, shall pay or procure to be paid to the Bondholders in accordance:

- (a) following the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to a Guarantor Event of Default), and without prejudice to the effects of (i) a Suspension Period and (ii) an Extended Maturity Date being specified as applicable in the relevant Final Terms for a Series or Tranche of Covered Bonds, an amount equal to those Guaranteed Amounts which shall become Due for Payment, but which have not been paid by the Issuer to the relevant Bondholders, on each relevant Interest Payment Date, in accordance with the Guarantee Priority of Payments. In this respect, the payment of any Guaranteed Amounts which are Due for Payment in respect of a Series or Tranche of Covered Bonds whose Interest Payment Date or Maturity Date (or Extended Maturity Date, if applicable) falls within two Business Days immediately after delivery of an Issuer Default Notice, will be made by the Guarantor within the date falling five Business Days following such delivery, it being understood that the above provision will apply only (A) in respect of the First Interest Payment Date of the relevant Series or Tranche of Covered Bonds and (B) in respect of the Maturity Date (or Extended Maturity Date, if applicable) of the Earliest Maturing Covered Bonds; or
- (b) following the service of a Guarantor Default Notice on the Guarantor, the Guaranteed Amounts in respect of the Covered Bonds of each Series or Tranche (which shall have become immediately due and repayable), in accordance with the Post-Enforcement Priority of Payments.

All payments of Guaranteed Amounts by or on behalf of the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature unless such withholding or deduction of such taxes, assessments or other governmental charges is required by law or regulation or administrative practice

of any jurisdiction. If any such withholding or deduction is required, the Guarantor shall pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The Guarantor shall not be obliged to pay any amount to any Bondholder in respect of the amount of such withholding or deduction.

Under the Guarantee the parties thereto have agreed that:

- (a) as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer, the Guarantor (or the Representative of the Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 4 of the Decree 310, the rights of the Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds; and
- (b) to the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Guarantee, the Guarantor will be fully and automatically subrogated to the Bondholders' rights against the Issuer for the payment of an amount corresponding to the payments made by the Guarantor with respect to the relevant Series or Tranche of Covered Bonds under this Guarantee, to the fullest extent permitted by applicable law.

Governing law

The Guarantee and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

SUBORDINATED LOAN AGREEMENTS

On 9 July 2012, BNL, as Main Subordinated Lender, and the Guarantor entered into the BNL Subordinated Loan Agreement, pursuant to article 7-bis of Law 130 under which BNL, acting as Main Subordinated Lender, granted to the Guarantor a term loan facility in an aggregate amount equal to the Total Commitment (as may be increased from time to time by any amount required to meet the Tests), for the purposes of funding the purchase price of the Eligible Assets and/or Top-Up Assets pursuant to the terms of the Master Asset Purchase Agreement and the Cover Pool Management Agreement.

To the extent an Additional Seller will accede to the Programme, it will enter into a Subordinated Loan Agreement with the Guarantor having, *mutatis mutandis*, the terms and conditions of the BNL Subordinated Loan Agreement.

Under the terms of the Subordinated Loan Agreements, the Main Seller and each Additional Seller, if any, in their capacity, respectively, as Main Subordinated Lender and Additional Subordinated Lender(s), will from time to time grant to the Guarantor Term Loans in the form of (i) a Term Loan A, or (ii) a Term Loan B.

Each Term Loan A will be granted for the purpose of funding (a) the purchase price of the Eligible Assets included in the Initial Portfolio; (b) in whole or in part, the purchase price of the Eligible Assets included in any New Portfolios to be transferred to the Guarantor by the relevant Seller in connection with the issue of a Corresponding Series of Covered Bonds under the Programme, and/or (b) the redemption, at its maturity date or earlier, of any Term Loan A previously disbursed by the relevant Subordinated Lender;

Each Term Loan B will be granted for the purpose of funding, *inter alia*, (a) in whole (upon delivery by the Test Calculation Agent of a Test Performance Report showing the breach of any of the Tests for reasons other than the breach of the 15% Limit) or in part, the purchase price of the Eligible Assets and Top-Up Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to remedy the breach of any of the Tests; (b) in whole or in part, the purchase price of the Eligible Assets to be transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement and the Cover Pool Management Agreement in order to comply with the 15% Limit with respect to the Top-Up Assets; (c) in whole or in part, the purchase price of any Eligible Assets and Top-Up Assets transferred by the relevant Seller to the Guarantor pursuant to the Master Assets Purchase Agreement for overcollateralisation purposes; or (d) the redemption, at its maturity date or earlier, of any Term Loan B previously disbursed by the relevant Subordinated Lender.

The rate of interest applicable in respect of each Term Loan for each relevant Loan Interest Period shall be equal to (x) in respect of the Term Loan A disbursed to finance the Initial Portfolio Purchase Price EURIBOR plus a Margin; (y) in respect of each further Term Loan A, an interest rate equal to the fixed or floating interest rate applicable to the Corresponding Series of Covered Bonds, or the different rate agreed between the relevant parties; and (z) in respect of each Term Loan B, a floating or fixed interest rate, equal to EURIBOR plus a Margin or the different rate agreed between the relevant parties (the “**Base Interest**”).

Whilst the Premium (if any) may be paid on each Guarantor Payment Date, the Base Interest accrued at the end of each Loan Interest Period shall be payable to each relevant Subordinated Lender (a) in relation to each Term Loan A, on each Guarantor Payment Date falling at the end of, or immediately after, the Interest Payment Date of the Corresponding Series or Tranche of Covered Bonds; and (b) in relation to each Term Loan B, on each Guarantor Payment Date falling at the end of the relevant Loan Interest Period, in either case in accordance with the applicable Priority of Payments, provided however that to the extent there are no Guarantor Available Funds to be used for such purposes, payment of the Base Interest will be postponed to the immediately following Guarantor Payment Date.

Unless repaid in full prior to such date, each Term Loan shall be repaid - within the limits of the then Guarantor Available Funds and in accordance with the relevant Priority of Payments - as follows:

- (a) as to each Term Loan A, on the Guarantor Payment Date immediately following the Maturity Date or the Extended Maturity Date, as applicable, of the Corresponding Series of Covered Bonds through (i) the Guarantor Available Funds, provided that, to the extent such amounts are insufficient for such purpose, the provisions governing the repayment of the Term Loans B (as referred to below) will apply; or (ii) the proceeds deriving from a Term Loan A; and
- (b) as to each Term Loan B on the Guarantor Payment Date immediately following the Maturity Date or the Extended Maturity Date, as applicable, of the latest maturing Series or Tranche of Covered Bonds through (i) the Guarantor Available Funds; or (ii) the proceeds deriving from a Term Loan B.

Each Term Loan may also be redeemed earlier, through the proceeds deriving from the disbursement of further Term Loans, with the modalities referred to in the relevant Subordinated Loan Agreement.

Pursuant to the Subordinated Loan Agreement(s), no amounts under the Subordinated Loan Agreements (either as repayment of principal or payment of interest or Premium) will become due to the relevant Subordinated Lender upon occurrence of (a) a Segregation Event, until delivery of a Breach of Tests Cure Notice; or (b) an Issuer Event of Default or a Guarantor Event of Default, until payment or discharge in full by the Guarantor of any other amounts ranking higher the repayment of Term Loans pursuant to the applicable Priority of Payments.

Amounts owed to each Subordinated Lender by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee.

Governing law

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER ASSETS PURCHASE AGREEMENT

On 9 July 2012, BNL and the Guarantor entered into the Master Assets Purchase Agreement in accordance with the combined provisions of articles 4 and 7-bis of Law 130, pursuant to which BNL, in its capacity as Main Seller, assigned and transferred, without recourse (*pro soluto*), to the Guarantor and the Guarantor purchased, without recourse (*pro soluto*), the Mortgage Receivables comprised in the Initial Portfolio, for a Purchase Price equal to the aggregate Individual Purchase Prices of all the Mortgage Receivables comprising the Initial Portfolio, represented as the sum of (a) all Principal Instalments not yet due at the relevant Valuation Date and (b) the accrued interest (rateo interessi) as the day immediately following the relevant Valuation Date and corresponding to the most recent book value (*ultimo valore di iscrizione in bilancio*) of the each such Mortgage Receivable, as rectified consistently with the normal finance dynamics of the relevant Mortgage Receivable for the period starting between 1st January 2012 and such Valuation Date.

The Mortgage Receivables comprised in the Initial Portfolio met, at the relevant Valuation Date, the Common Criteria and the Specific Criteria set out in the Master Assets Purchase Agreement.

The transfer of the Initial Portfolio was made in accordance with article 58, paragraphs 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of Law 130). Notice of the transfer was published in the Official Gazette of the Republic of Italy Part II, number 82 of 14 July 2012 and filed for publication in the companies register of Treviso on 10 July 2012.

Under the Master Assets Purchase Agreement, upon satisfaction of certain conditions set out therein, BNL (i) undertook to assign and transfer in the future, without recourse (*pro soluto*), to the Guarantor and the Guarantor undertook to purchase in the future, without recourse (*pro soluto*) from BNL, New Portfolios 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 and with the 15% Limit with respect to the Top-Up Assets; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from BNL such New Portfolios, in order to supplement the Cover Pool in connection with the issuance by BNL of further Series or Tranches of Covered Bonds under the Programme in accordance with the Programme Agreement.

Pursuant to the Master Assets Purchase Agreement, the Guarantor further undertook to purchase any New Portfolios transferred from time to time by any other bank which will accede to the Programme as Additional Seller.

NewPortfolios may only be offered or purchased if the following conditions are satisfied:

- (a) a Guarantor Default Notice has not been served on the Guarantor;
- (b) with respect to any assignment of Eligible Assets and/or Top-Up Assets made by the relevant Seller(s) in order to (x) supplement the Cover Pool against the issuance of further Series or Tranche of Covered Bonds, or (y) ensure that the Cover Pool complies with the Tests; and/or (z) comply with the 15% Limit, (A) sufficient Principal Available Funds are available at the relevant Execution Date for the payment of the Purchase Price relating to the assigned New Portfolio or the Guarantor received from the relevant Seller(s) the necessary amounts pursuant to the Subordinated Loan Agreement and (B) no Insolvency Event has occurred in relation to the relevant Seller;
- (c) with respect to any assignment made for overcollateralisation purposes, no Breach of Tests Notice or Issuer Default Notice has been served, and sufficient Principal Available Funds are available at the relevant Execution Date for the payment of the Purchase Price relating to the assigned New Portfolio or the Guarantor received from the relevant Seller(s) the necessary amounts pursuant to the Subordinated Loan Agreement;
- (d) with respect to any assignment of Eligible Assets, such transfer will not result in a breach of the provisions set forth by Title V, Chapter 3, Section II of the Prudential Regulations; and
- (e) with respect to any assignment of Top-Up Assets, such transfer will not result in a breach of the 15% Limit in accordance with Decree 310 and the Prudential Regulations.

Receivables comprised in any New Portfolio to be transferred under the Master Assets Purchase Agreement shall meet, in addition to the Common Criteria, the relevant Specific Criteria as from time to time specified in the relevant Transfer Proposal.

Any other Assets included in a New Portfolio shall satisfy the requirements provided by Decree 310 and, where applicable, the Prudential Regulations. In particular:

- (i) the Public Entities Receivables shall meet the requirements set forth by article 2, paragraph 1, letter (c) of Decree 310;
- (ii) the Asset Backed Securities shall meet the requirements set forth by article 2, paragraph 1, letter (d) of Decree 310 and the conditions set forth by the Prudential Regulations;
- (iii) the Other Securities shall meet the requirements set forth by article 2, paragraph 3, sub-paragraph 3 of Decree 310; and
- (iv) the Deposits shall meet the requirements set forth by article 2, paragraph 3, sub-paragraph 2 of Decree 310.

As consideration for the transfer of any New Portfolios, pursuant to the Master Assets Purchase Agreement, the Guarantor will pay to the relevant Seller a Purchase Price equal to the aggregate

Individual Purchase Prices of all the Assets comprised in the relevant New Portfolio as at the relevant Valuation Date. The Individual Purchase Price for each Asset included in each New Portfolio will be: (A) with respect to each Receivable, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant Valuation Date falls and such Valuation Date; and (B) with respect to each other Eligible Asset or Top-Up Asset (including the Receivables), such other value, pursuant to article 7-bis, paragraph 7, of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

Pursuant to the Master Assets Purchase Agreement, prior to the service of an Issuer Default Notice, each Seller will have the right to repurchase, in accordance with articles 1260 and following of the civil code or in accordance with article 58 of the Consolidated Banking Act, as the case may be, Assets transferred by it to the Guarantor under the Master Assets Purchase Agreement, and namely:

- (a) Defaulted Assets;
- (b) Excess Assets (to be selected by the relevant Seller);
- (c) Affected Assets;
- (d) Assets which have become non-eligible in accordance with Decree 310 and/or the Prudential Regulations; and
- (e) Receivables, not included under the Assets from (a) to (d) above, being subject to renegotiations with the relevant Debtor pursuant to the Master Servicing Agreement or which have become the object of judicial proceedings.

The repurchase price of the Assets will be equal to (i) in case of Receivables, the Outstanding Principal Due of each Receivable, *plus* interest accrued but unpaid at the repurchase date, *plus* the Guarantor's expenses in relation to that Receivable, provided that the repurchase price cannot be higher than the present value of the Receivable; and (ii) for all other Assets, the Individual Purchase Price thereof, *minus* principal amounts collected or recovered in the period between the relevant Execution Date (included) and the date of exercise of the repurchase right.

In case as a consequence of the exercise of the repurchase right by a Seller any of the Tests is not met or the 15% Limit is exceeded, the Main Seller or any Additional Seller shall supplement the Cover Pool by means of an assignment of further Assets to the Guarantor.

If the Guarantor is obliged to sell Assets in accordance with the provisions of the Cover Pool Management Agreement, then each relevant Seller of such Assets has a pre-emption right to repurchase such Assets.

Each Seller is also granted with a substitution right, which may be exercised - before the occurrence of an Issuer Event of Default - by means of repurchase of any Assets from the Cover Pool and contextual transfer of new Eligible Assets to form part of the Cover Pool. Such substitution right may be exercised (i) at any time, in case of substitution of Top-Up Assets with Eligible Assets; and (ii) upon

breach of any of the Mandatory Tests or the Asset Coverage Test, in order to remedy to such breach or the maintain good relationship with the Debtors.

For further details about the Cover Pool, see section headed "*Description of the Cover Pool*".

Governing law

The Master Assets Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

COVER POOL MANAGEMENT AGREEMENT

On or about the date of this Prospectus, the Issuer, the Main Seller, the Main Servicer, the Test Calculation Agent, the Main Subordinated Lender, the Guarantor, the Guarantor Calculation Agent and the Representative of the Bondholders entered into the Cover Pool Management Agreement pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests and the purchase and sale by the Guarantor of the Eligible Assets and Top-Up Assets forming part of the Cover Pool.

Under the Cover Pool Management Agreement:

- (A) the Issuer and each Additional Seller (if any), have undertaken to procure that on any (i) Test Reference Date and (ii) Post-Breach of Tests Reference Date, each of the Mandatory Tests (as described in detail in section "*Credit structure - Tests*" below) is met with respect to the Cover Pool in accordance with the provisions of Decree 310; and
- (B) the Issuer, also in its capacity as Main Seller, and each Additional Seller (if any), have jointly and severally undertaken to procure that, starting from the First Issue Date (excluded) and until the earlier of (a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served), the Asset Coverage Test (as described in detail in section "*Credit structure - Tests*" below) is met with respect to the Cover Pool on any (i) Test Reference Date and (ii) Post-Breach of Tests Reference Date;
- (C) in addition, the Guarantor has undertaken to procure that, starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor (and provided that, to the extent the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been delivered) and until the earlier of: (a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and (b) the date on which a Guarantor Default Notice is delivered, the Amortisation Test (as described in detail in section "*Credit structure - Tests*" below) is met with respect to the Cover Pool on any Test Reference Date.

The Test Calculation Agent has agreed to prepare and deliver, on each Test Performance Report Date, to the Issuer, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Main Seller (and any Additional Seller(s), if any), the Main Servicer (and any Additional

Servicer(s), if any), a Test Performance Report setting out the calculations carried out by it with respect to the applicable Tests.

In case of determination by the Test Calculation Agent that a breach of any of the Mandatory Tests and/or the Asset Coverage Test has occurred, the Guarantor will within the Test Grace Period, or if a Breach of Tests Notice had already been delivered, within the Test Remedy Period, purchase Top-Up Assets or other Eligible Assets, either by way of purchase or substitution, from the Issuer and/or the Additional Seller(s) in accordance with the Cover Pool Management Agreement and the Master Assets Purchase Agreement, in an amount sufficient to ensure, also taking into account the information provided by the Test Calculation Agent in its Test Performance Report, that as of the Test Performance Report Date falling at the end of the Test Grace Period or Test Remedy Period, as applicable, all the Mandatory Tests and the Asset Coverage Test will be satisfied with respect to the Cover Pool.

The undertaking to sell Eligible Assets and/or Top-Up Assets shall be borne by the Main Seller and/or the Additional Seller(s) upon consultation with each other and ultimately, to the extent no other Seller has assigned any Assets to the Guarantor, by the Main Seller. To the extent either the Main Seller and/or the Additional Seller(s) will be unable to offer for sale to the Guarantor Eligible Assets and/or Top-Up Assets in an amount sufficient to ensure that the relevant Tests are then met, each of them shall promptly inform the Guarantor.

For the purpose of allowing the Guarantor to fund the purchase of such Eligible Assets and/or Top-Up Assets, each 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: (a) prior to the delivery of a Test Performance Report showing that any of the Mandatory Tests and/or the Asset Coverage Test was breached, the portion of the relevant purchase price for the relevant Eligible Assets and/or Top-Up Assets to be transferred by such Seller not payable by the Guarantor applying any Guarantor Available Funds available for such purpose in accordance with the Pre-Issuer Default Principal Priority of Payments; and (b) following the delivery of a Test Performance Report showing that any of the Mandatory Tests and/or the Asset Coverage Test was breached, the entire purchase price for the relevant Eligible Assets and/or Top-Up Assets to be transferred by such Seller.

The parties to the Cover Pool Management Agreement have acknowledged that the aggregate amount of Top-Up Assets included in the Cover Pool following such purchases may not exceed the 15% Limit (or any other limit set out in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130, the Bank of Italy Regulation and the Decree 310).

Following the notification by the Test Calculation Agent that the Mandatory Tests and/or the Asset Coverage Test have been breached, if the relevant breach is not remedied in accordance with the above provisions prior to the end of the applicable Test Grace Period, then the Representative of the Bondholders shall promptly, and in any case within 5 Business Days following the end of the Test Grace Period, deliver a Breach of Tests Notice to the Issuer, the Guarantor and, for information purpose, the Guarantor Calculation Agent, the Main Seller and any Additional Seller (if any), the Main Servicer and any Additional Servicer (if any), as a consequence of which a Segregation Event will occur.

Following the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, if within the Test Remedy Period the relevant Test(s) is/are met according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will promptly, and in any case within 5 Business Days from the relevant Test Performance Report, deliver to the parties indicated in the Cover Pool Management Agreement a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

The parties to the Cover Pool Management Agreement have also acknowledged and agreed the consequences deriving from the delivery of an Issuer Default Notice and a Guarantor Default Notices. In particular, after the service of an Issuer Default Notice, but prior to the service of a Guarantor Default Notice, the Guarantor shall, if necessary in order to effect timely payments under the Covered Bonds, upon instructions of a duly appointed Portfolio Manager and provided that the Representative of the Bondholders has been duly informed, sell or otherwise liquidate the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to the rights of pre-emption in favour of the relevant Seller(s) to buy such Eligible Assets and Top-Up Assets pursuant to the Master Assets Purchase Agreement. The relevant Eligible Assets and Top-Up Assets (the "**Selected Assets**") to be sold will be selected from the Cover Pool on a random basis by the Main Servicer on behalf of the Guarantor, provided that, prior to and following the sale of such Selected Assets, the Amortisation Test is complied with.

Under the terms of the Cover Pool Management Agreement, before offering Selected Assets for sale, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance in an amount (the "**Adjusted Required Outstanding Principal Balance Amount**") which is as close as possible to equal to:

- (a) the Euro Equivalent of the Principal Amount Outstanding in respect of the Earliest Maturing Covered Bonds, multiplied by $(1 + \text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series or Tranche of Covered Bonds}/365))$ (the "**Required Redemption Amount**"); *minus*
- (b) amounts standing to the credit of the Guarantor's Accounts as of the relevant Guarantor Calculation Date; *minus*
- (c) the Euro Equivalent of the principal amount of any Top-Up Assets as of the relevant Guarantor Calculation Date; *plus* or *minus*, as applicable
- (d) as applicable, any swap termination amounts payable under the Asset Swap Agreements to or by the Guarantor in respect of the relevant Series or Tranche of Covered Bonds,

excluding, with respect to items (b) and (c) above all amounts estimated to be applied on the next following Guarantor Payment Date to repay items ranking higher in the applicable Priority of Payments and those amounts that are required to repay any Series or Tranche of Covered Bonds which become due on the same date as the Earliest Maturing Covered Bonds.

The Guarantor will offer the Selected Assets for sale for the best price reasonably available, but in any event for an amount not less than the Adjusted Required Outstanding Principal Balance Amount.

In addition, upon the evaluation carried out by the Portfolio Manager, taking into account the then relevant market conditions, the Guarantor may sell Selected Assets for an amount equal to the Adjusted Required Outstanding Principal Balance Amount calculated in respect of any other Series or Tranche of Covered Bonds then outstanding, rather than in respect of the Earliest Maturing Covered Bonds only. Furthermore, if the Selected Assets have not been sold in an amount equal to the Adjusted Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series or Tranche of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series or Tranche of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Guarantor's 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 for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Outstanding Principal Balance Amount.

The Guarantor may offer for sale part of any portfolio of Selected Assets (a "**Partial Portfolio**"), if beneficial to the Programme.

With respect to any sale to be carried out in accordance with the Cover Pool Management Agreement, the Guarantor will, through a tender process, appoint a Portfolio Manager of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best price for the sale of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale of the Selected Assets to purchasers (except where any of the Main Seller and any Additional Seller (if any) is buying the Selected Assets in accordance with its right of pre-emption under the Master Assets Purchase Agreement).

Under the Cover Pool Management Agreement, following the delivery by the Representative of the Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or otherwise liquidate all assets included in the Cover Pool, provided that the Guarantor will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

Under the Cover Pool Management Agreement, the parties thereto have acknowledged that, prior to the occurrence of a Segregation Event, or if earlier, an Issuer Event of Default, the Main Seller and each Additional Seller (if any), will have the right to repurchase Excess Assets transferred to the Guarantor provided that no Tests may be breached as a result of any repurchase under such clause and any such purchase may occur only in accordance with any relevant law, regulation or interpretation of any authority (including, for the avoidance of doubts, the Bank of Italy or the Minister of Economy and Finance) which may be enacted with respect to Law 130, the Bank of Italy Regulation and the Decree 310.

For further details, see section "*Credit structure - Tests*" below.

Governing law

The Cover Pool Management Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

WARRANTY AND INDEMNITY AGREEMENT

On 9 July 2012, BNL, in its capacity as Main Seller, and the Guarantor entered into the Warranty and Indemnity Agreement, pursuant to which BNL has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Eligible Assets and the Top-Up Assets 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 Assets.

The Warranty and Indemnity Agreement contains representations and warranties given by BNL as to matters of law and fact affecting BNL including, without limitation, that BNL validly exists as a legal entity, has the corporate authority and power to enter into the Programme Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Pursuant to the Warranty and Indemnity Agreement, the Main Seller (and each Additional Seller, if any) 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*, (a) a default by BNL in the performance of any of its obligations under any Programme Document to which it is a party; (b) any representation and warranty given by BNL under or pursuant to the Warranty and Indemnity Agreement being false, incomplete or incorrect; (c) any alleged liability and/or claim raised by any third party against the Guarantor, as owner of the Receivables, which arises out of any negligent act or omission by BNL in relation to the Receivables, the servicing and collection thereof or from any failure by BNL to perform its obligations under any of the Programme Documents to which it is, or will become, a party; (d) the non compliance of the terms and conditions of any Mortgage Loan with the provisions of article 1283 of the Italian civil code; (e) the fact that the validity or effectiveness of any security, pledge, collateral or other security interest, relating to the Mortgage Loans, has been challenged by way of claw-back (*azione revocatoria*) or otherwise, including, without limitation, pursuant to article 67 of the Bankruptcy Law; (f) any amount of any Receivable not being collected or recovered by the Guarantor as a consequence of the proper and legal exercise by any Debtor and/or insolvency receiver of a Debtor of any grounded right to termination, annulability or withdrawal, or other claims and/or counterclaims, including set off, against BNL in relation to each Mortgage Loan Agreement, Mortgage Loan, Mortgage, Collateral Security and any other connected act or document, including, without limitation, any claim and/or counterclaim deriving from non compliance with the Usury law provisions in the granting of the Mortgage Loan.

Governing law

The Warranty and Indemnity Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

MASTER SERVICING AGREEMENT

On 9 July 2012, BNL, in its capacity as Main Servicer, and the Guarantor entered into the Master Servicing Agreement, pursuant to which (i) the Guarantor has appointed BNL as Main Servicer to carry out the administration, management, collection and recovery activities relating to the Assets comprised in each portfolio to be transferred in accordance with the Master Assets Purchase

Agreement and to act as “*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*” pursuant to article 2, paragraphs 3 and 6-*bis*, of Law 130, and (ii) the parties thereto have agreed, in case an Additional Seller will enter into the Programme, the terms of the appointment of such Additional Seller to act as Additional Servicer in relation to the administration, management and collection activities related to the Assets forming part of each New Portfolio transferred to the Guarantor by such Additional Seller.

The receipt of the Collections is the responsibility of each Servicer, acting as agent (*mandatario*) of the Guarantor in relation to the Assets transferred by it to the Guarantor. Under the Master Servicing Agreement, each Servicer shall (i) credit to the relevant Collection Account any and all Collections related to the relevant Assets within the Business Day immediately following receipt thereof, and (ii) by 10:00 a.m. of each Business Day following the date in which the relevant Collections have been credited to the relevant Collection Account, transfer such amounts to the BNL Collection Account.

Each Servicer will also be responsible for carrying out, on behalf of the Guarantor, in accordance with the Master Servicing Agreement and the relevant Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables and Delinquent Receivables.

The Servicer may sub- delegate to one or more entities any of the activities entrusted to it under the Master Servicing Agreement, subject to the limitations set out in the supervisory regulations and with the prior written notice to the Guarantor, the Main Servicer and the Representative of the Bondholders, and provided that such sub-delegation does not prejudice the compliance by the relevant Servicer with its obligations under the Master Servicing Agreement. Each Servicer shall remain fully liable *vis-à-vis* the Guarantor for the performance of any activity so delegated.

Without prejudice for the right of each Seller to repurchase the relevant Assets pursuant to the Master Assets Purchase Agreement, each Servicer has been authorised, prior to the occurrence of a breach of any of the Tests which has not been remedied or the service of a Breach of Tests Notice and/or Issuer Default Notice, to reach with the Debtors any settlement agreements or payment extensions or moratorium or similar arrangements (including any renegotiation in relation to the interest rates and margins), in accordance with, *inter alia*, the relevant Credit and Collection Policy.

Following (i) a breach of any of the Tests and until such breach has not been remedied, or (ii) the delivery of an Issuer Default Notice and/or Breach of Tests Notice, the Servicer(s) will not be authorised to reach settlement agreements with any relevant Debtors, to grant any release with respect to the Receivables or enter into any amendment to the Loan Agreements, save where required by any applicable laws or expressly authorised by the Guarantor.

Pursuant to the Master Servicing Agreement:

- (i) each Additional Servicer shall prepare and deliver to the Main Servicer the Monthly Servicer’s Report and the Quarterly Servicer’s Report, in either case referring to the Portfolios transferred by it to the Guarantor; and
- (ii) the Main Servicer shall (a) prepare, within the Monthly Servicer’s Report Date, its own Monthly Servicer’s Report, referring to the Portfolios transferred by it to the Guarantor, and deliver it to the entities referred to in the Master Servicing Agreement together with the Monthly Servicer’s Reports received by each Additional Servicer; and (b) prepare and deliver

to to the entities referred to in the Master Servicing Agreement, within each Quarterly Servicer's Report Date, a Consolidated Quarterly Servicer's Report which shall include, together with the information relating to the Portfolios transferred by the Main Seller to the Guarantor, the information contained in the Quarterly Servicer's Reports prepared by the each Additional Servicer.

The Guarantor may terminate a Servicer's appointment and appoint a Substitute Servicer if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include, *inter alia*, the following events:

- (a) failure on the part of the relevant Servicer(s) to deposit or pay any amount required to be paid or deposited, which failure continues for a period of 7 Business Days following receipt by the Servicer of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
- (b) failure on the part of the relevant Servicer(s) to observe or perform any other term, condition, covenant or agreement provided for under the Master Servicing Agreement and the other Programme Documents to which it is a party, and the continuation of such failure for a period of 10 Business Days following receipt by the relevant Servicer(s) of written notice from the Guarantor, provided that a failure ascribable to any entities delegated by the Servicer in accordance with the Master Servicing Agreement shall not constitute a Servicer Termination Event;
- (c) an Insolvency Event occurs with respect to the Servicer;
- (d) it becomes unlawful for the relevant Servicer(s) to perform or comply with any of its obligations under the Master Servicing Agreement or the other Programme Documents to which it is a party;
- (e) the 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.

Notice of any termination of the Servicer's appointment shall be given in writing, in accordance with the provisions of the Master Servicing Agreement, by the Guarantor to the relevant Servicer with the prior agreement of the Representative of the Bondholders and shall be effective from the date of such termination or, if later, when the appointment of a Substitute Servicer becomes effective. The relevant Servicer must continue to act as Servicer and meet its obligations until the Substitute Servicer is appointed.

The Guarantor may, upon the occurrence of a Servicer Termination Event, appoint as Substitute Servicer any person which:

- (a) meets the requirements of Law 130 and the Bank of Italy to act as Servicer;
- (b) has a experience (whether directly or through subsidiaries) in the administration of mortgage loans in Italy;
- (c) has available and is able to use, in the carrying out of the administration of the loans, software

and hardware utilities which are compatible with those used until the revocation by the relevant Servicer(s) and, in any case, who has access to proper technologies and human resources for the carrying out of the relevant collection and recovery activities relating to the Receivables and the proceeds deriving from the Securities, and perform all other obligations in compliance with the standards provided by the Master Servicing Agreement and Istruzioni di Vigilanza.

Pursuant to the Master Servicing Agreement the Servicer shall not be entitled to resign from its appointment as Servicer before 12 months from the Execution Date of the Master Servicing Agreement (or, in case of any Additional Servicer, from the adherence thereto).

Governing law

The Master Servicing Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On or about the date of this Prospectus, the Issuer, the Main Servicer, the Account Bank, the Cash Manager, the Guarantor, the Guarantor Calculation Agent, the Guarantor Corporate Servicer and Representative of the Bondholders entered into the Cash Allocation, Management and Payments Agreement.

Under the terms of the Cash Allocation, Management and Payments Agreement, *inter alia*:

- (i) the Guarantor has appointed BNL as Account Bank and Cash Manager;
- (ii) the parties thereto have acknowledged that BNL will act as Principal Paying Agent for the Covered Bonds until the delivery of an Issuer Default Notice or a Guarantor Default Notice, *provided that*, within 30 Business Days following delivery of an Issuer Default Notice and/or a Guarantor Default Notice, the Guarantor will appoint, subject to the prior consent of the Representative of the Bondholders, a substitute Principal Paying Agent, with whom the CB Payments Account must be opened;
- (iii) the parties have acknowledged that the BNL Collection Account and the Payments Account have been opened with the Account Bank, which also has agreed (a) to establish and maintain, in the name and on behalf of the Guarantor, the BNL Securities Account, further Collection Accounts and Securities Accounts and the Eligible Investments Securities Account;
- (iv) the parties have acknowledged that the Expenses Account and the Quota Capital Account have been opened by the Guarantor with Banca Antonveneta S.p.A., Conegliano branch;
- (v) the Account Bank has agreed, *inter alia*, (a) 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; and (b) that it will make payments on behalf of the Guarantor in favour of the Other Guarantor Creditors;
- (vi) the Guarantor Corporate Servicer has agreed to operate the Expenses Account in order to make certain payments as set out in the Cash Allocation, Management and Payment Agreement;
- (vii) the Guarantor Calculation Agent has agreed to provide the Guarantor with calculation services

with respect to the Guarantor's Accounts and the Guarantor Available Funds and prepare and deliver to, *inter alios*, the Main Servicer for such purpose the Payments Report; and

- (viii) the Cash Manager has agreed that it may procure that any credit balance from time to time standing to the credit of the BNL Collection Account and the Payments Account is invested in Eligible Investments.

The Guarantor may (with the prior approval of the Representative of the Bondholders) revoke its appointment of any agent appointed pursuant to the Cash Allocation, Management and Payments Agreement (each, an "**Agent**"), by giving not less than three months' (or less in the event of a breach of warranties and covenants) written notice to the relevant Agent (with a copy to the Representative of the 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 Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payment Agreement, provided that a substitute has been appointed.

Governing law

The Cash Allocation, Management and Payments Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

ASSET SWAP AGREEMENT

Some of the Loans in the Cover Pool purchased by the Guarantor from time to time will pay a variable rate of interest and other Loans will pay a fixed rate of interest. On or about the date of this Prospectus the Guarantor has entered into an Asset Swap Agreement with BNL as Asset Swap Provider to hedge the risks linked to interest it receives on the Cover Pool. The Asset Swap Agreement comprises four asset swap transactions. The aggregate notional amount of the asset swap transactions shall be the value of the Cover Pool outstanding from time to time excluding any Defaulted Assets (the "**Asset Swap Notional**").

Under the four asset swap transactions, the Guarantor shall pay to the Asset Swap Provider a fixed or floating rate as provided for under the relevant asset swap transaction and receive from the Asset Swap Provider, in aggregate, the Asset Swap Notional multiplied by three month EURIBOR.

The Asset Swap Agreement is scheduled to terminate on the date on which the aggregate Outstanding Principal Balance of the Cover Pool is zero.

In addition, the Guarantor may in the future enter into one or more Swap Agreements in order to hedge certain interest rate, currency and other risks in respect of amounts received by the Guarantor under the Cover Pool and the Asset Swap Agreement(s) and any amount payable by the Guarantor under the Subordinated Loan Agreements and, upon delivery of an Issuer Default Notice, the Covered Bonds.

Governing law

The Swap Agreements and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.

MANDATE AGREEMENT

On or about the date of this Prospectus, the Guarantor and the Representative of the Bondholders entered into the Mandate Agreement under which, subject to a Guarantor Default Notice being served or upon failure by the Guarantor to exercise its rights under the Programme Documents and fulfilment of certain conditions, the Representative of the Bondholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Guarantor, all the Guarantor's non-monetary rights arising out of the Programme Documents to which the Guarantor is a party.

Governing law

The Mandate Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

INTERCREDITOR AGREEMENT

On or about the date of this Prospectus, the Guarantor and the Other Guarantor Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections and Recoveries in respect of the Cover Pool and as to the circumstances in which the Representative of the Bondholders will be entitled, in the interest of the Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Programme Documents.

In the Intercreditor Agreement the Other Guarantor Creditors have agreed, *inter alia*: (i) to the order of Priority of Payments to be made out of the Guarantor Available Funds; (ii) that the obligations of the Guarantor *vis-à-vis* the Bondholders and the Other Guarantor Creditors are limited recourse obligations of the Guarantor; and (iii) that the Bondholders and the Other Guarantor 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 Bondholders, acting pursuant to the Terms and Conditions, in relation to the management and administration of the Cover Pool.

Each of the Other Guarantor Creditors has agreed in the Intercreditor Agreement that in the exercise of its powers, authorities, duties and discretions the Representative of the Bondholders shall have regard to the interests of both the Bondholders and the Other Guarantor Creditors but if, in the opinion of the Representative of the Bondholders, there is a conflict between their interests the Representative of the Bondholders will have regard solely to the interests of the Bondholders. The actions of the Representative of the Bondholders will be binding on each of the Other Guarantor Creditors.

Under the Intercreditor Agreement, each of the Other Guarantor Creditors has appointed the Representative of the Bondholders as its agent (*mandatario con rappresentanza*), so that the Representative of the Bondholders may, in its name and behalf and also in the interests of and for the benefit of the Bondholders (who made a similar appointment pursuant to the Programme Agreement

and the Terms and Conditions), *inter alia*, enter into the Deed of Pledge. In such capacity, the Representative of the Bondholders, with effect from the date when the Covered Bonds have become due and payable (following a claim to the Guarantor or a demand under the Guarantee in the case of an Issuer Event of Default or Guarantor Event of Default or the enforcement of the Guarantee if so instructed by the Bondholders or the exercise of any other rights of enforcement conferred to the Representative of the Bondholders), may exercise all of the Bondholders and Other Guarantor Creditors' right, title and interest in and to and in respect of the assets charged under the Deed of Pledge and do any act, matter or thing which the Representative of the Bondholders considers necessary for the protection of the Bondholders and Other Guarantor Creditors' rights under any of the Programme Documents including the power to receive from the Issuer or the Guarantor any and all moneys payable by the Issuer or the Guarantor to any Bondholder or Other Guarantor Creditors. In any event, the Representative of the Bondholders shall not be bound to take any of the above steps unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

The parties to the Intercreditor Agreement have acknowledged and agreed that any Additional Seller may assign Eligible Assets and Top-Up Assets to the Guarantor, subject to satisfaction of certain conditions which will include the execution and/or accession to certain Programme Documents or other acts, deeds, documents. Any such Additional Seller may become party to the Intercreditor Agreement from time to time by signing an accession letter and, in addition, any Additional Seller(s) shall be required to assume certain specific undertakings as the continuation of the Programme, or any provision of law, may require (including, but not limited to, assuming the same undertakings of the Issuer and the Main Seller set out in the Cover Pool Management Agreement and/or in the Subordinated Loan Agreement and/or in the Master Servicing Agreement, as the case may be.

Governing law

The Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

GUARANTOR CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on or about the date of this Prospectus between the Guarantor Corporate Servicer and the Guarantor, the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor.

Governing law

The Guarantor Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

PROGRAMME AGREEMENT

On or about the date of this Prospectus, the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer entered into the Programme Agreement pursuant to which the parties thereto have recorded the arrangements agreed between them in relation to the issue by the Issuer and the subscription by the Dealer(s) from time to time of Covered Bonds issued under the Programme.

Under the Programme Agreement, it was agreed that any Covered Bonds of any Series or Tranche which may from time to time be issued by the Issuer and subscribed for by the relevant 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. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be, in accordance with the terms of the Programme Agreement, under any obligation to issue or subscribe for any Covered Bonds of any Series or Tranche.

Pursuant to the Programme Agreement, each of the Guarantor (with respect to itself) and the Issuer (with respect to itself and the Guarantor) has agreed to indemnify the Dealer(s) in case of, *inter alia*, any misrepresentation or breach of duties under the Programme Agreement, as a consequence of which losses have been suffered by the relevant Dealer(s).

According to the terms of the Programme Agreement, the Issuer may nominate any institution as a new Dealer in respect of the Programme or nominate any institution as a new Dealer only in relation to a particular Series or Tranche of Covered Bonds upon satisfaction of certain conditions set out in the Programme Agreement.

Governing law

The Programme Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

DEED OF PLEDGE

On or about the date of this Prospectus, the Guarantor and the Representative of the Bondholders entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by Law 130 securing the discharge of the Guarantor's obligations to the Bondholders and the Other Guarantor Creditors, the Guarantor has pledged in favour of the Bondholders and the Other Guarantor Creditors all monetary claims 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 Programme 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 and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

CREDIT STRUCTURE

GENERAL

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice. The Issuer will not be relying on payments by the Guarantor in respect of the Term Loans or receipt of Interest Available Funds or Principal Available Funds from the Cover Pool in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Bondholders, as follows:

- the Guarantee provides credit support for the benefit of the Bondholders;
- the Mandatory Tests and the Asset Coverage Test are intended to ensure that the Cover Pool is at all times sufficient to pay any interest and principal under the Covered Bonds;
- the Amortisation Test is intended to test the asset coverage of the Guarantor's assets in respect of the Covered Bonds following the service of an Issuer Default Notice;
- the Asset Swap Agreement is intended to hedge certain interest rate, current or other risks in respect of amounts received and amounts payable by the Guarantor;
- under the terms of the Cash Allocation, Management and Payment Agreement, the Cash Manager has agreed that it may invest the moneys standing to the credit of the BNL Collection Account and the Payments Account in purchasing Eligible Investments.

Certain of these factors are considered more fully in the remainder of this section.

GUARANTEE

The Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme in accordance with the relevant Priority of Payments. The Guarantee will not guarantee any other amount becoming payable in respect of the Covered Bonds for any other reason, including any accelerated payment pursuant to Condition 13.2 (*Issuer Event of Default*) following the delivery of an Issuer Default Notice. In this circumstance (and until a Guarantor Event of Default occurs and a Guarantor Default Notice is served), the Guarantor's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment. Payments to be made by the Guarantor under the Guarantee will be made subject to, and in accordance with, the relevant Priority of Payments, as applicable.

See further "*Description of the Programme Documents - Guarantee*", as regards the terms of the Guarantee. See "*Cashflows - Guarantee Priority of Payments*", as regards the payment of amounts payable by the Guarantor to Bondholders and other creditors following the occurrence of an Issuer Event of Default.

TESTS

Under the terms of the Cover Pool Management Agreement, (a) the Issuer (and the Additional Seller(s), if any) must ensure that on each Test Reference Date and Post-Breach of Tests Reference Date, the Cover Pool is in compliance with the Tests described below; and (b) the Test Calculation Agent shall verify, on each Test Performance Report Date that such Tests were met at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be:

Mandatory Tests

(A) *Nominal Value Test*

On each Test Reference Date and on each Post-Breach of Tests Reference Date, the aggregate Outstanding Principal Balance of the Cover Pool shall be equal to or higher than the Principal Amount Outstanding of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, provided that, prior to the delivery of an Issuer Default Notice, such test will always be deemed met to the extent that the Asset Coverage Test (as referred to below) is met as of the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be

For the purpose of the Nominal Value Test, the Outstanding Principal Balance of the Cover Pool shall be considered as an amount equal to the “**Nominal Value**” and shall be, on each Test Reference Date (or, following the breach of any of the Mandatory Tests or the Asset Coverage Test, as at the relevant Post-Breach of Tests Reference Date), at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds (or the Euro Equivalent, if applicable). The Nominal Value shall be calculated by applying the following formula:

$$A + B \geq OBG$$

where,

“**A**” is the Outstanding Principal Balance of each Eligible Assets and Top-Up Assets comprised in the Cover Pool as at the relevant Test Reference Date (or, following the breach of any of the Mandatory Tests or the Asset Coverage Test, as at the relevant Post-Breach of Tests Reference Date);

“**B**” is the aggregate amount of all Principal Available Funds cash standing on the Guarantor’s Accounts; and

“**OBG**” is the aggregate Principal Amount Outstanding of all Series or Tranches of the Covered Bonds (or the Euro Equivalent, if applicable).

The Nominal Value Test will always be deemed as met to the extent that the Asset Coverage Test is met as of the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

(B) *Net Present Value Test*

The net present value of the Cover Pool, net of all the costs to be borne by the Guarantor (including payments of any costs, fees and/or expenses expected or due with respect to any

Swap Agreement) shall be higher than or equal to the net present value of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

The Net Present Value Test shall be met if:

$$A + B + C + D - E \geq \text{NPVOBG}$$

where:

“A” is the net present value of all Eligible Assets and Top-Up Assets comprised in the Cover Pool;

“B” is the net present value of each Swap Agreement;

“C” is the aggregate amount of all Principal Available Funds (but excluding any amounts already calculated under item “B” above) standing on the Guarantor’s Accounts as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

“D” is the aggregate amount of all Interest Available Funds (but excluding any amounts already calculated under item “B” above) standing on the Guarantor’s Accounts as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

“E” is the net present value amount of any transaction costs to be borne by the Guarantor (including payments of any costs, fees and/or expenses expected to be borne or due with respect to any Swap Agreement); and

“NPVOBG” is the sum of the net present value of all Series or Tranches of Covered Bonds outstanding under the Programme.

(C) *Interest Coverage Test*

The amount of interest and other revenues generated by the Assets included in the Cover Pool, net of all the costs borne by the Guarantor (considering also any Swap Agreement), shall be higher than or equal to the amount of interest due on all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

The Interest Coverage Test shall be met if:

$$A + B + C + D - E \geq \text{IOBG}$$

where:

“A” is the interest component of (i) all the Instalments due and payable from the relevant Test Reference Date (excluded) (or following the breach of any of the Mandatory Test or the Asset Coverage Test, from the relevant Post-Breach of Tests Reference Date (excluded)) to the date falling 12 months thereafter (included) and (ii) the interest component of all the amounts to be received in respect of the Eligible Assets and Top-Up Assets comprised in the Cover Pool (other

than those under letter (i) above) from (a) the relevant Test Reference Date (excluded) (or following the breach of any of the Mandatory Test or the Asset Coverage Test, from the relevant Post-Breach of Tests Reference Date (excluded)) to (b) the date falling 12 months thereafter (included), provided that in case of Loans or Securities with floating rate interest, such interest payments will be calculated on the basis of the interest rates applicable as at the relevant Test Reference Date;

“B” is any net amount expected to be received by the Guarantor under any Swap Agreement from (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) to (ii) the Guarantor Payment Date falling 12 months thereafter (included), provided that in case of floating rate interest, such interest payments will be calculated on the basis of the interest rates applicable as at the relevant Test Reference Date;

“C” is any interest expected to accrue on the Guarantor’s Accounts from (i) the relevant Test Reference Date (excluded) to (ii) the date falling 12 months thereafter (included) (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Test Reference Date);

“D” is the aggregate amount of Interest Available Funds (but excluding any amounts already calculated under item “B” above) as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

“E” is the amount of all senior costs expected to be borne by the Guarantor, during the period starting on (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) and (ii) ending on the Guarantor Payment Date (included) falling 12 months thereafter, under item from *First* to *Third* of the Pre-Issuer Default Interest Priority of Payments; and

“IOBG” is the aggregate amount of all interest payments due and payable under all outstanding Series or Tranche of Covered Bonds on the Interest Payment Dates falling in the period starting on (i) the first Guarantor Payment Date (included) falling immediately after the relevant Test Reference Date or Post-Breach of Tests Reference Date (as the case may be) and (ii) ending on the Guarantor Payment Date falling 12 months thereafter (included), provided that in case of Floating Rate Covered Bonds, such interest payments will be calculated on the basis of the interest rates applicable, as set out in the relevant Final Terms, as at the relevant Test Reference Date.

Asset Coverage Test

Starting from the First Issue Date (excluded) and until the earlier of:

- (a) the date on which all Series or Tranche of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and
- (b) the date on which an Issuer Default Notice is delivered (and, in case the Issuer Event of Default consists of an Article 74 Event, to the extent that an Article 74 Event Cure Notice has been served);

the Issuer, also in its capacity as Main Seller, and any Additional Seller(s) (if any), jointly and severally undertake to procure that, on any Test Reference Date and on any Post-Breach of Tests Reference Date, the Asset Coverage Test is met with respect to the Cover Pool.

For the purposes of the Asset Coverage Test, the Test Calculation Agent shall verify that the adjusted aggregate asset amount (the “**Adjusted Aggregate Asset Amount**”) is, on each Test Reference Date and Post-Breach of Tests Reference Date prior to the delivery of an Issuer Default Notice, at least equal to the aggregate Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date or Post-Breach of Tests Reference Date.

The Adjusted Aggregate Asset Amount will be calculated by applying the following formula:

$$A + B$$

where:

“**A**” is the aggregate Outstanding Principal Balance of any Eligible Assets and/or Top-Up Assets which are not classified as Defaulted Assets as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be;

“**B**” is the aggregate amount of the Principal Available Funds standing to the credit of the Guarantor’s Account as at the relevant Test Reference Date or Post-Breach of Tests Reference Date, as the case may be.

Amortisation Test

Starting from the date on which an Issuer Default Notice is delivered to the Issuer and the Guarantor and until the earlier of:

- (a) the date on which all Series or Tranches of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms; and
- (b) the date on which a Guarantor Default Notice is delivered;

the Guarantor undertakes to procure that on any Test Reference Date, the Amortisation Test is met with respect to the Cover Pool, provided that, in case the Issuer Event of Default consists of an Article 74 Event, no Article 74 Event Cure Notice has been served.

For the purpose of the Amortisation Test, the Test Calculation Agent (as appointed by the Guarantor in substitution of the Issuer pursuant to the Cover Pool Management Agreement) shall verify that, on each Test Reference Date, the Outstanding Principal Balance of the Cover Pool (which for such purpose is considered as an amount equal to the “**Amortisation Test Adjusted Aggregate Asset Amount**”) is higher than or equal to the Principal Amount Outstanding (or the Euro Equivalent, if applicable) of all Series or Tranches of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with the Terms and Conditions and the relevant Final Terms at the relevant Test Reference Date.

The Amortisation Test Adjusted Aggregate Asset Amount will be calculated by applying the following formula:

A + B

where:

“**A**” is the aggregate Outstanding Principal Balance of any Eligible Assets and/or Top-Up Assets which are not classified as Defaulted Assets as at the relevant Test Reference Date;

“**B**” is the aggregate amount of the Principal Available Funds standing to the credit of the Guarantor’s Account as at the relevant Test Reference Date.

BREACH OF TESTS

If any Test Performance Report specifies the breach of any of the Mandatory Tests and/or the Asset Coverage Test on a Test Reference Date, then, within the Test Grace Period, the Main Seller, (and/or, if any, any Additional Seller) will either:

- (i) sell additional Eligible Assets and/or Top-Up Assets to the Guarantor for an amount sufficient to allow the relevant Test(s) to be met at the end of the Test Grace Period, in accordance with the Master Assets Purchase Agreement and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Main Seller (and/or any Additional Seller, if any); or
- (ii) substitute any relevant assets in respect of which the right of repurchase can be exercised under the terms of the Master Assets Purchase Agreement with new Eligible Assets, for an amount sufficient to allow the relevant Test to be met at the end of the Test Grace Period.

FAILURE TO REMEDY TESTS

If, within the Test Grace Period, the breach of the relevant Test(s) is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Bondholders will deliver a Breach of Tests Notice and a Segregation Event will occur.

If, after the delivery of a Breach of Tests Notice, the breach of the relevant Test(s) is not remedied within the Test Remedy Period, an Issuer Event of Default will occur and the Representative of the Bondholders will deliver an Issuer Default Notice to the Issuer and the Guarantor.

If, after the delivery of a Breach of Tests Notice, but prior to the delivery of an Issuer Default Notice, the relevant Test(s) is/are newly met at the end of the Test Remedy Period according to the information included in the relevant Test Performance Report (unless any other Segregation Event has occurred and is outstanding and without prejudice to the obligation of the Representative of the Bondholders to deliver a subsequent Breach of Tests Notice at any time thereafter to the extent a further Segregation Event occurs), the Representative of the Bondholders will deliver to the Issuer and the Guarantor a Breach of Tests Cure Notice, informing such parties that the Breach of Tests Notice then outstanding has been revoked.

If, after the delivery of an Issuer Default Notice (provided that, should such Issuer Default Notice consists of an Article 74 Event, an Article 74 Event Cure Notice has not been served), a breach of the Amortisation Test occurs, the Representative of the Bondholders will deliver a Guarantor Default Notice (unless the Representative of the Bondholders, having exercised its discretion, resolves otherwise or a Programme Resolution of the Bondholders is passed resolving otherwise).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

CASHFLOWS

As described above under “*Credit Structure*”, until an Issuer Default Notice is served on 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 the Guarantor Available Funds and their order of priority (all such orders of priority, the “**Priority of Payments**”).

Definitions

For the purposes hereof the Guarantor Available Funds are constituted by the Interest Available Funds and the Principal Available Funds, which will be calculated by the Guarantor Calculation Agent on each Calculation Date.

“**Interest Available Funds**” means in respect of any Guarantor Payment Date, the aggregate of:

- (i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor’s Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;
- (iv) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;
- (v) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;
- (vi) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (vii) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and
- (viii) 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 Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account and/or the Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the

Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

“**Principal Available Funds**” means in respect of any Guarantor Payment Date, the aggregate of:

- (i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (iv) the proceeds of any disposal of Assets and any disinvestment of Assets during the immediately preceding Quarterly Collection Period;
- (v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets and/or Top-Up Asset during the immediately preceding Quarterly Collection Period;
- (vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;
- (vii) any amounts paid out of item *Eighth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;
- (viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs 3 and 4 of Decree 310;
- (ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and
- (x) any principal amount still deposited on the Guarantor’s Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

Pre-Issuer Default Interest Priority of Payments

Prior to the delivery of an Issuer Default Notice (and, if the Issuer Default Notice consists of an Article 74 Event, upon delivery of an Article 74 Event Cure Notice), the Interest Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the “**Pre-Issuer Default Interest Priority of Payments**”):

1. (First), (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been

- insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;
2. (*Second*), to pay any amounts due and payable to the Representative of the Bondholders;
 3. (*Third*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable to the Servicer(s), the Account Bank, the Cash Manager, the Guarantor Calculation Agent and the Guarantor Corporate Servicer;
 4. (*Fourth*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) of any interest amounts due to the Swap Provider(s) (including any termination payments due and payable by the Guarantor, except where the swap counterparty is the Defaulting Party or the sole Affected Party (the “**Excluded Swap Termination Amounts**”));
 5. (*Fifth*), *pari passu* and *pro rata*, according to the respective amounts thereof, to pay any Base Interest due and payable on the relevant Guarantor Payment Date on each Term Loan to the Subordinated Lender(s) pursuant to the terms of the relevant Subordinated Loan Agreement, provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date; and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen prior to the relevant Guarantor Payment Date has been paid in full by the Issuer;
 6. (*Sixth*), upon the occurrence of a Servicer Termination Event, to credit all remaining Interest Available Funds to the BNL Collection Account until such Servicer Termination Event is either remedied or waived by the Representative of the Bondholders or a Substitute Servicer is appointed pursuant to the Master Servicing Agreement;
 7. (*Seventh*), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amounts to the Swap Provider(s);
 8. (*Eighth*), to transfer to the Principal Available Funds an amount equal to the Interest Shortfall Amount, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Dates under item (*First*) of the Pre-Issuer Default Principal Priority of Payments and not already repaid;
 9. (*Ninth*), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Pre-Issuer Default Interest Priority of Payments;
 10. (*Tenth*), to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Pre-Issuer Default Interest Priority of Payments;
 11. (*Eleventh*), *pari passu* and *pro rata* according to the respective amounts thereof, to pay to the Subordinated Lender(s) any Premium on the relevant Term Loans, provided that (i) no

Segregation Event has occurred and is continuing, and/or (ii) any amount in respect of interest under the relevant Series or Tranche of Covered Bonds which has fallen due prior to the relevant Guarantor Payment Date has been paid in full by the Issuer.

Pre-Issuer Default Principal Priority of Payments

Prior to the delivery of an Issuer Default Notice (and, if the Issuer Default Notice consists of an Article 74 Event, upon delivery of an Article 74 Event Cure Notice), the Principal Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the “**Pre-Issuer Default Principal Priority of Payments**”):

1. (First), to pay any amounts payable as Interest Shortfall Amount;
2. (Second), provided that no Segregation Event has occurred and is continuing, *pari passu* and *pro rata* according to the respective amounts thereof, to (i) pay in whole or in part the Purchase Price of each New Portfolio to the relevant Seller(s) or (ii) make a provision for payment of any such Purchase Price in case the formalities required to make the assignment of the relevant New Portfolio enforceable have not been carried out yet on such Guarantor Payment Date;
3. (Third), *pari passu* and *pro rata* according to the respective amounts thereof: (a) to pay (or make a provision for payment of any relevant amounts falling due up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) any amounts, other than in respect of interest, due or to become due and payable to the relevant Swap Provider(s) under the relevant Swap Agreement(s); and (b) (where appropriate, after taking into account any amounts, other than in respect of interest, to be received from any Swap Provider on such Guarantor Payment Date or such other date up to the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) to pay the amounts in respect of principal due due and payable to the Subordinated Lender(s) under the relevant Term Loan, provided that (i) no Segregation Event has occurred and is continuing on such Guarantor Payment Date and/or (ii) any principal amount outstanding in respect of the relevant Series or Tranche of Covered Bonds which have fallen due prior to the relevant Guarantor Payment Date have been repaid in full by the Issuer.

Guarantee Priority of Payments

Following the delivery of an Issuer Default Notice and - in the event that the Issuer Event of Default consists in an Article 74 Event - until the delivery of an Article 74 Event Cure Notice, the Guarantor Available Funds shall be applied on each Guarantor Payment Date in making the following payments and provisions in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full) (the “**Guarantee Priority of Payments**”):

1. (First), (a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts) and (b) to credit to the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;
2. (Second), to pay any amounts due and payable to the Representative of the Bondholders;

3. (Third), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable to the Servicer(s), the Account Bank, the Cash Manger, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any) and the Test Calculation Agent;
4. (Fourth), *pari passu* and *pro rata* according to the respective amounts thereof, to pay (or make a provision for payment of any relevant amounts falling due up to (but excluding) the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine) (a) any amounts in respect of interest due or to become due and payable to the Swap Provider(s) under the relevant Swap Agreement(s) (including any termination payment due and payable by the Guarantor, other than any Excluded Swap Termination Amounts); and (b) any amounts in respect of interest due or to become due and payable in respect of each Series or Tranche of Covered Bonds (*pari passu* and *pro rata* in respect of each Series or Tranche of Covered Bonds);
5. (Fifth), *pari passu* and *pro rata* according to the respective amounts thereof, to pay (or to make a provision for payment of any relevant amounts falling due up to (but excluding) the next following Guarantor Payment Date as the Guarantor Calculation Agent may reasonably determine), (a) any amounts, other than in respect of interest, due or to become due and payable to the relevant Swap Provider(s) (including any termination payment due and payable by the Guarantor under the relevant Swap Agreement, other than any Excluded Swap Termination Amount) under the relevant Swap Agreement(s); and (b) any amounts in respect of principal due or to become due and payable in respect of each Series or Tranche of Covered Bonds (*pari passu* and *pro rata* in respect of each Series or Tranche of Covered Bonds);
6. (Sixth), until each Series or Tranche of Covered Bonds has been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Redemption Amount has been accumulated in respect of each outstanding Series or Tranche of Covered Bonds), to credit any remaining amounts to the BNL Collection Account;
7. (Seventh), to pay to the relevant Swap Provider(s), *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amount due and payable by the Guarantor under the relevant Swap Agreement;
8. (Eighth), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;
9. (Ninth), to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Guarantee Priority of Payments;
10. (Tenth), provided that any other amounts under this Guarantee Priority of Payments have been paid (or a provision for payment has been made) in full, to pay to the Subordinated Lender(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest, principal amount outstanding and Premium (if any) and any other amounts due on each Term Loan (as

applicable) under the relevant Subordinated Loan Agreement(s).

Post-Enforcement Priority of Payments

Following a Guarantor Event of Default, the making of a demand under the Guarantee and the delivery of a Guarantor Default Notice by the Representative of the Bondholders, the Guarantor Available Funds shall be applied, on each Guarantor Payment Date, in making the following payments in the following order of priority (the “**Post-Enforcement Priority of Payments**”):

1. (First), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such amounts);
2. (Second), to pay any amounts due and payable to the Representative of the Bondholders;
3. (Third), to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (i) any amounts due and payable to the Servicer(s), the Account Bank, the Cash Manager, the Guarantor Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Paying Agent(s) (if any), the Portfolio Manager (if any) and the Test Calculation Agent (ii) any amounts (other than any Excluded Swap Termination Amount) due and payable to the Swap Provider(s) under the relevant Swap Agreement(s); and (iii) any amounts due and payable in respect of each Series or Tranche of Covered Bonds;
4. (Fourth), to pay to the relevant Swap Provider(s), *pari passu* and *pro rata* according to the respective amounts thereof, any Excluded Swap Termination Amount due and payable by the Guarantor under the relevant Swap Agreement;
5. (Fifth), to pay to any party to the Programme Documents (other than the Seller(s)), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;
6. (Sixth) to pay to the Seller(s), *pari passu* and *pro rata* according to the respective amounts thereof, any interest accrued on the Purchase Price of any Portfolio and any other amount due and payable under the Programme Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;
7. (Seventh), provided that any other amounts under this Post-Enforcement Priority of Payments have been paid in full, to pay or repay to the Subordinated Lender(s), *pari passu* and *pro rata* according to the respective amounts thereof, any amounts outstanding under the Subordinated Loan Agreement(s).

DESCRIPTION OF THE COVER POOL

The Cover Pool is and will be comprised of (a) Receivables and the related Security Interest, (b) Asset Backed Securities and Public Entities Securities, assigned to the Guarantor by the Main Seller (and/or the Additional Seller(s) if any) in accordance with the terms of the Master Assets Purchase Agreement, (c) any other Eligible Assets in accordance with Law 130, the Decree 310 and the Prudential Regulations and (d) any other Top-Up Assets.

As at the date of this Prospectus, the Initial Portfolio consists of Mortgage Receivables transferred by the Main Seller to the Guarantor in accordance with the terms of the Master Assets Purchase Agreement, as more fully described under “*Description of the Programme Documents - Master Assets Purchase Agreement*”.

Criteria

The sale of the Receivables and their related Security Interest to the Guarantor will be subject to various conditions being satisfied on the relevant Valuation Date (except as otherwise indicated). The Receivables to be transferred from time to time to the Guarantor will meet certain Criteria, identified so that the Receivables will be selected as a “pool” (*blocco*). The Criteria, which will differ for Residential Mortgage Receivables, Commercial Mortgage Receivables and Public Entities Receivables, will comprise the Common Criteria, which will be from time to time integrated by the Specific Criteria, provided that the relevant Seller and the Guarantor may agree to amend the Common Criteria any such amendment shall be notified to the Representative of the Bondholders and the Main Servicer.

Common Criteria for the transfer of the Residential Mortgage Receivables

The Residential Mortgage Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a Mortgage created over Real Estate Assets to be used as residence (*uso di abitazione*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;
2. the relevant outstanding amount added to the principal amount outstanding of any preceding mortgage loans secured by the same Real Estate Asset does not exceed 80 per cent of the value of the Real Estate Asset as at the date of disbursement of the relevant Residential Mortgage Loan;
3. in relation to which the hardening period (*periodo di consolidamento*) applicable to the relevant Mortgage has expired and the relevant Mortgage is not capable of being challenged pursuant to article 67 of the Bankruptcy Law and, if applicable, article 39, fourth paragraph, of the Consolidated Banking Act;
4. in relation to which the relevant Residential Mortgage Loan is denominated in Euro;
5. in relation to which the relevant Residential Mortgage Loan Agreement is governed by the

Italian law and was entered into by means of public deed (atto pubblico) received by a notary registered under an Italian notarial college (*Collegio Notarile*);

6. which as at 31 December of the calendar year immediately preceding the relevant Valuation Date were “*in bonis*” and in relation to which no notices have been sent to the relevant borrower that the relevant receivable was classified as “delinquent” (*incaglio*) or “defaulted” (*sofferenza*) or “under restructuring” (*in corso di ristrutturazione*) and which have not been previously classified as “restructured” (*ristrutturati*) pursuant to the Istruzioni di Vigilanza or any other regulations issued by the Bank of Italy.

Common Criteria for the transfer of the Commercial Mortgage Receivables

The Commercial Mortgage Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. are secured by a mortgage created over Real Estate Assets to be used for commercial or professional purposes (*attività commercial o di ufficio*), in accordance with applicable laws and regulations, and in which the relevant Real Estate Assets are located in the Republic of Italy;
2. the relevant outstanding amount, added to the principal amount outstanding of any preceding mortgage loans secured by the same Real Estate Asset, does not exceed 60 per cent of the value of the Real Estate Asset as at the date of disbursement of the relevant Commercial Mortgage Loan;
3. in relation to which the hardening period (*periodo di consolidamento*) applicable to the relevant Mortgage has expired and the relevant Mortgage is not capable of being challenged pursuant to article 67 of the Bankruptcy Law and, if applicable, article 39, fourth paragraph, of the Consolidated Banking Act;
4. in relation to which the relevant Commercial Mortgage Loan is denominated in Euro;
5. in relation to which the relevant Commercial Mortgage Loan is governed by the Italian law and was entered into by means of public deed (atto pubblico) received by a notary registered under an Italian notarial college (*Collegio Notarile*);
6. which as at 31 December of the calendar year immediately preceding the relevant Valuation Date were “*in bonis*” and in relation to which no notices have been sent to the relevant borrower that the relevant receivable was classified as “delinquent” (*incaglio*) or “defaulted” (*sofferenza*) or “under restructuring” (*in corso di ristrutturazione*) and which have not been previously classified as “restructured” (*ristrutturati*) pursuant to the Istruzioni di Vigilanza or any other regulations issued by the Bank of Italy.

Common Criteria for the transfer of the Public Entities Receivables

The Public Entities Receivables transferred and to be transferred from time to time to the Guarantor pursuant to the Master Assets Purchase Agreement shall and will meet the following Common

Criteria (to be deemed cumulative unless otherwise provided) on each relevant Valuation Date (or at such other date specified below):

1. have the features required by article 2, first paragraph, letter (c) of the Decree 310, that is receivables owed by, or guaranteed with a guarantee eligible for credit risk mitigation granted by:
 - (i) Public Entities of member states of the European Economic Area or Switzerland for which a 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach; and
 - (ii) Public Entities of member states of the European Economic Area or Switzerland for which a 0% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach - or Public Entities of states not member of the European Economic Area or Switzerland for which a not higher than a 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach;
2. in relation to which the relevant Public Loan has been fully disbursed;
3. in relation to which the relevant Public Loan is denominated in Euro or, if denominated in Lire as at the relevant disbursement date, it has been redenominated in Euro;
4. in relation to which the relevant Public Entities Loan is governed by the Italian law.

Specific Criteria for the Initial Portfolio

For an overview of the Specific Criteria of the Initial Portfolio, we would refer you to the notice of assignment published in the Official Gazette of the Republic of Italy, Part II, number 82 of 14 July 2012.

LAW 130

Introduction

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- article 7-*bis* (“**Article 7-bis**”) and article 7-*ter* of the Law number 130 of 30 April 1999 (as amended, the “**Law 130**”);
- the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree 310 (the “**Decree 310**”);
- the C.I.C.R. Decree dated 12 April 2007; and
- the Bank of Italy’s official supervisory regulations issued on 17 May 2007 with respect to the issue of covered bonds (as amended, the “**Bank of Italy Instructions**”).

Law Decree number 35 of 14 March 2005, converted by Law number 80 of 14 May 2005, amended Law 130 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 Decree 310, the Bank of Italy Instructions were published on 17 May 2007, completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of this funding instrument, which had 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, *inter alia*, 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 (or a different 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 (or a different 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. The Guarantee is backed by the entire cover pool held by the SPV and is limited to the Segregated Assets, consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and (c) any amount paid to the Guarantor deriving from any other Programme Documents.

Article 7-bis however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuing bank.

The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Law 130, 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 purchase of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

The Decree 310 provides that the guarantee issued by the Guarantor 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 issuing bank in respect of its payment obligations under the covered bonds, the Guarantor 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 Segregated Assets. The acceleration of the SPV's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuing bank, solely the SPV will be responsible for the payment obligations of the issuing bank owed to the bondholders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the Segregated Assets.

If a resolution pursuant to article 74 of the Consolidated Banking Act is passed in respect of the issuing bank, the SPV, in accordance with Decree 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 "*Description of the Programme Documents - Guarantee*".

Finally, if a liquidation procedure (*liquidazione coatta amministrativa*) 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 bondholders 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 Guarantor of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in article 67 of the Bankruptcy Law (Royal Decree number 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%.

The Bank of Italy Instructions specify that the requirements above also apply to the bank(s) acting as cover pool provider(s) which are not part of the same banking group of the issuing bank (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider(s)).

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 $\geq 11\%$ - Tier 1 ratio $\geq 7\%$	No limitation
"B" range	- Total capital ratio $\geq 10\%$ and $< 11\%$ - Tier 1 ratio $\geq 6.5\%$	Up to 60% of eligible assets may be transferred
"C" range	- Total capital ratio $\geq 9\%$ and $< 10\%$ - Tier 1 ratio $\geq 6\%$	Up to 25% of eligible assets may be transferred

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

Assets which are considered eligible for inclusion in a cover pool under Article 7-bis are:

- (i) residential mortgage receivables, i.e. receivables secured by a mortgage created over real estate assets to be used as residence (*uso di abitazione*), provided that (a) such real estate assets are located in a country of the European Economic Area or in Switzerland (each an “**Admitted Country**”); (b) the relevant amount outstanding, added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property does not exceed 80 per cent of the value of the property and (c) the hardening period in respect of the perfection of the relevant mortgage, as provided by (i) article 67 of the Bankruptcy Law and (ii) the same provisions of law of the other Admitted Countries, has elapsed;
- (ii) commercial mortgage receivables, i.e. receivables secured by a mortgage created over real estate assets to be used for commercial or professional purposes (*attività commercial o di ufficio*), provided that (a) such real estate assets are located in an Admitted Country; (b) the relevant amount outstanding, added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property does not exceed 60 per cent of the value of the property; and (c) the hardening period in respect of the perfection of the relevant mortgage, as provided by (i) article 67 of the Bankruptcy Law and (ii) the same provisions of law of the other Admitted Countries, has elapsed;
- (iii) public receivables; i.e. receivables disbursed to or which benefit from a guarantee eligible for credit risk mitigation granted by:
 - (a) public entities of the Admitted Countries, as better referred to in article 2, paragraph 1 (c)(1) of Decree 310, for which a maximum 20% risk weight is applicable in accordance with the prudential regulations - standardised approach - of the Bank of Italy;
 - (b) public entities, as better referred to in article 2, paragraph 1 (c)(2) of Decree 310, of (i) countries other than Admitted Countries, for which a 0% risk weight is applicable in accordance with the prudential regulations- standardised approach - of the Bank of Italy, or (ii) countries other than Admitted Countries, for which a maximum 20% risk weight is applicable in accordance with the prudential regulations - standardised approach - of the Bank of Italy, provided that such receivables shall not exceed the 10% of the aggregate nominal value of the cover pool;
- (iv) public entities securities, i.e. securities issued or guaranteed under the same terms and conditions of the public entities receivables;
- (v) asset-backed securities, i.e., the asset backed securities (i) having at least 95% of their underlying assets consisting of (a) residential mortgage loans; (b) commercial mortgage loans; (c) public entities receivables and/or (d) public entities securities having the features referred to above and (ii) for which a risk weight not exceeding 20% is applicable in accordance with the prudential regulations - standardised approach - of the Bank of Italy.

Ratio between cover pool value and covered bond outstanding amount

The Decree 310 provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the nominal amount of the cover pool shall be equal to, or greater than, the aggregate nominal amount of the outstanding covered bonds;
- the net present value of the cover pool, net of the transaction costs to be borne by the special purpose company, including therein the expected costs and the costs of any hedging arrangement entered into in relation to the transaction, shall be equal to, or greater than, the net present value of the outstanding covered bonds; and
- the amount of interests and other revenues generated by the cover pool, net of the costs borne by the special purpose company, shall be equal to, or greater than, the interests and costs due by the issuer under the outstanding covered bonds, also taking into account any hedging arrangements entered into in relation to the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on the issuing 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 issuing 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 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, *inter alia*, 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 Decree 310 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 eligible assets having the features described above;
- the establishment of deposits held with banks which have their registered office in an Admitted

Country or in a state for which a 0% risk weight is applicable in accordance with the prudential regulations' -standardised approach - of the Bank of Italy ("**Qualified Banks**"); and

- the transfer of debt securities, having a residual life of less than one year, issued by Qualified Banks.

The Decree 310 and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above cannot exceed 15% of the aggregate nominal value of the cover pool.

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.

Taxation

In a tax perspective, the main consequences of the structure implying the issuing of Covered Bonds are set forth by article 7-*bis* of Law 130. Indeed, according to the provision at stake, if:

- (i) the transfer price of the receivables paid by the SPV in favour of the relevant selling bank is equal to the last fiscal value of the receivables in the hands of the same seller; and
- (ii) the subordinated loan is granted by such selling bank:
 - a) all taxes are due as if the transactions (*i.e.* the transfers of the receivables and the disbursement of the loan) are non effectively carried out;
 - b) the transfer of the receivables and the disbursements arising from the loan granted by such selling bank are considered as if the transactions had not been carried out;
 - c) the receivables transferred to the SPV are considered as still present in the balance sheet of the selling bank;
 - d) the covered bonds would be accounted for as if registered in the balance sheet of the selling bank.

In other words - assuming that the conditions mentioned sub *i)* ad *ii)* shall be correctly met - the transaction would benefit from a substantial tax neutrality as indicated by Law 130.

In light of above:

- (i) the issuer of the covered bonds shall be entitled to include the receivables transferred as on-balance receivables for the purpose of tax deductions according to article 106 of the Presidential Decree no. 917 of 22 December 1986;
- (ii) the subordinated loan will not be falling within the scope of substitute tax provided for by article 15 and following of Presidential Decree no. 601/73.

DOCUMENTS AVAILABLE

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer or the Representative of the Bondholders:

- Master Assets Purchase Agreement;
- Master Servicing Agreement;
- Warranty and Indemnity Agreement;
- Subordinated Loan Agreement(s);
- Cover Pool Management Agreement;
- Guarantee;
- Quotaholders' Agreement;
- Cash Allocation, Management and Payments Agreement;
- Asset Swap Agreement and any other Swap Agreement(s);
- Mandate Agreement;
- Deed of Pledge;
- Intercreditor Agreement;
- Corporate Services Agreement;
- Programme Agreement;
- any Subscription Agreement;
- Master Definitions Agreement;
- this Prospectus; and
- the Final Terms of any Series or Tranche of Covered Bonds.

In addition, so long as Covered Bonds are capable of being issued under the Programme, copies of the following documents concerning the Issuer will be available on BNL's website (www.bnl.it):

- the by-laws and the constitutive documents;
- the latest two annual financial statements;
- the latest two auditors' report;
- a copy of this Prospectus; and

- any future supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference.

Moreover, copies of the following documents will, when published, be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Guarantor:

- the Guarantor's by-laws and the relevant constitutive documents;
- the latest two annual financial statements of the Guarantor;
- the latest two auditors' report of the Guarantor.

GLOSSARY

“**Account Bank**” means BNL in its capacity as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement, or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

“**Accrued Interest**” means, as of any Valuation Date and in relation to any Eligible Asset to be assigned as at that date, the portion of the Interest Instalment accrued, but not yet due, as at the calendar day immediately following such Valuation Date.

“**Additional Seller**” means any eligible bank (i) having its registered office in the Republic of Italy and (ii) part of the BNP Paribas Group, that may transfer one or more New Portfolios to the Guarantor following the accession to the Programme pursuant to the Programme Documents.

“**Additional Servicer**” means each Additional Seller (if any) which has been appointed as servicer in relation to the Assets transferred by it to the Guarantor, following the accession to the Programme and to the Master Servicing Agreement, pursuant to the Programme Documents.

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

“**Affected Assets**” has the meaning ascribed to such term by article 3.1 of the Warranty and Indemnity Agreement.

“**Affected Party**” has the meaning ascribed to that term in the Swap Agreements.

“**Adjusted Aggregate Asset Amount**” has the meaning ascribed to it in the section of this Prospectus entitled “*Credit Structure – Asset Coverage Test*”.

“**Amortisation Test**” means the Test as described in the section of this Prospectus entitled “*Credit Structure – Amortisation Test*”.

“**Amortisation Test Adjusted Aggregate Asset Amount**” has the meaning ascribed to it in the section of this Prospectus entitled “*Credit Structure – Amortisation Test*”.

“**Article 74 Event**” has the meaning given to it in the Terms and Conditions.

“**Article 74 Event Cure Notice**” has the meaning given to it in the Terms and Conditions.

“**Assets**” means, collectively, the Eligible Assets and the Top-Up Assets.

“**Asset Backed Securities**” means, pursuant to article 2, paragraph 1, letter d) of Decree 310 the asset backed securities for which a risk weight not exceeding 20% is applicable in accordance with the Prudential Regulations - standardised approach - provided that at least 95% of the relevant securitised assets are:

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

“Asset Coverage Test” means the Test as described in the section of this Prospectus entitled *“Credit Structure –Asset Coverage Test”*.

“Asset Monitor” means Reconta Ernst & Young S.p.A. in its capacity as asset monitor pursuant to the Asset Monitor Engagement Letter, or any other entity acting in such capacity.

“Asset Monitor Engagement Letter” means the engagement letter entered into, on or about the date of this Prospectus, between the Issuer and the Asset Monitor in order to perform specific agreed upon procedures concerning, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Decree 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (ii) the calculations carried-out by the Issuer in relation to the Tests; (iii) the compliance with the limits to the transfer of the Eligible Assets set out under Decree 310; and (iv) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

“Asset Swap Agreement” means (i) the asset swap agreement entered into, on or about the date of this Prospectus, between the Main Seller, in its capacity as Asset Swap Provider, and the Guarantor, and (ii) each other asset swap agreement which may be entered into between an Asset Swap Provider and the Guarantor.

“Asset Swap Provider” means the Main Seller as swap counterparty to the Guarantor pursuant to the Asset Swap Agreement and/or any other entity entering into an Asset Swap Agreement with the Guarantor.

“Bankruptcy Law” means Royal Decree number 267 of 16 March 1942, as subsequently amended and supplemented.

“Base Interest” has the meaning given to the term *“Interesse Base”* pursuant to the Subordinated Loan Agreement.

“BNL” means Banca Nazionale del Lavoro S.p.A.

“BNL Group” means, together, the banks and other companies belonging from time to time to the banking group *“Gruppo BNL”*, enrolled with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

“BNL Collection Account” means the account denominated in Euro (IBAN: IBAN IT 70 Z 01005 03200 00000010163) opened in the name of the Guarantor and held by the Account Bank for the deposit of any Collections of the Portfolios (including the Portfolios assigned to the Guarantor by Seller(s) other than BNL) or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“BNL Securities Account” means the account denominated in Euro to be opened in the name of the Guarantor and held by the Account Bank for the deposit of any Securities (if any) transferred to the Guarantor by BNL, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“BNL Subordinated Loan Agreement” means the subordinated loan agreement entered into on 9 July 2012 between the Main Subordinated Lender and the Guarantor.

“BNL Term Loan” means a subordinated loan made or to be made by BNL to the Guarantor on each Drawdown Date under the BNL Subordinated Loan Agreement or the principal amount outstanding for the time being of that loan.

“BNP Paribas Group” means, together, the banks and other companies belonging from time to time to the banking group “Gruppo BNP Paribas”.

“Bondholders” means the holders from time to time of the Covered Bonds included in each Series or Tranche of Covered Bonds.

“Breach of Tests Cure Notice” means the notice delivered by the Representative of the Bondholders in case, following the delivery of a Breach of Tests Notice, the Mandatory Tests and/or the Asset Coverage Test are newly met within the Test Remedy Period, in accordance with the Terms and Conditions.

“Breach of Tests Notice” means the notice to be delivered by the Representative of the Bondholders in accordance with the Terms and Conditions following the infringement of any of the Mandatory Tests and/or the Asset Coverage Test prior to an Issuer Event of Default and/or a Guarantor Event of Default.

“Business Day” means any day (other than a Saturday or Sunday) on which TARGET 2 (or any successor thereto) is open.

“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 Amount” has the meaning given to that term in the relevant Final Terms.

“Cash Allocation, Management and Payments Agreement” means the cash allocation, management and payments agreement entered into on or about the date of this Prospectus between, *inter alios*, the Guarantor, the Representative of the Bondholders, the Guarantor Calculation Agent, the Cash Manager and the Account Bank.

“Cash Manager” means BNL or any other entity acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement.

“CB Payments Account” means the account denominated in Euro that will be opened – for the purpose of making payments of interest and principal to the Bondholders - in the name of the Guarantor and held with the Principal Paying Agent following the delivery of an Issuer Default Notice or a Guarantor Default Notice, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“Clearstream” means Clearstream Banking *société anonyme*, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

“Collateral Security” means any security (including any loan mortgage insurance but excluding Mortgages) granted to the Main Seller (or any Additional Seller(s), if any) by any Debtor in order to guarantee the payment and/or redemption of any amounts due under the relevant Loan Agreement.

“Collection Account” means, as the case may be, the BNL Collection Account and/or any other account which may be opened by the Guarantor with the Account Bank if a bank part of the BNP Paribas Group will accede the Programme in its capacity as Additional Seller and Additional Servicer, for the deposit of the collections of the Portfolios transferred by such bank, in its capacity as Additional Seller, to the Guarantor, or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“Collection Date” means (i) prior to the service of a Guarantor Default Notice, the last calendar day of each month; and (ii) following the service of a Guarantor Default Notice, each date determined as such by the Representative of the Bondholders.

“Collections” means all amounts received or recovered by each Servicer in respect of the relevant Assets included in the Cover Pool.

“Commercial Mortgage Loan” means each loan secured by a Mortgage on a Real Estate Asset used for office, commercial or other productive activities disbursed to the relevant Debtor, pursuant to a Commercial Loan Agreement and from which a Commercial Mortgage Receivable arises.

“Commercial Mortgage Loan Agreement” means each of the agreements entered into with the relevant Debtor, pursuant to which a Commercial Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as *“atti di accollo”*).

“Commercial Mortgage Receivable” means, pursuant to article 2, paragraph 1, letter b) of Decree 310, a receivable deriving from a Commercial Mortgage Loan in respect of which the relevant amount outstanding added to the principal amount outstanding of any preceding mortgage loans secured by the same property does not exceed, as at the relevant Valuation Date, 60% of the value of the relevant property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

“Common Criteria” means the criteria for the selection of the Receivables, as described in section *“Description of the Cover Pool”* above.

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

“Consolidated Banking Act” means Legislative Decree number 385 of 1 September 1993, as subsequently amended and supplemented.

“Consolidated Quarterly Servicer’s Report” means the consolidated quarterly report prepared by the Main Servicer and sent within each Quarterly Servicer’s Report Date to the entities referred to in the Master Servicing Agreement.

“Corporate Servicer” means Securitisation Services, or any other person for the time being acting as corporate servicer pursuant to the Corporate Services Agreement.

“Corporate Services Agreement” means the corporate services agreement entered into on or about the date of this Prospectus between the Guarantor and the Guarantor Corporate Servicer.

“Corresponding Series of Covered Bonds” means, in respect of a Term Loan A, the Series or Tranche of Covered Bonds issued or to be issued pursuant to the Programme and notified by the Subordinated Lender to the Guarantor in the relevant Term Loan Proposal.

“Covered Bonds” means the Covered Bonds (*obbligazioni bancarie garantite*) of each Series or Tranche issued or to be issued by the Issuer in the context of the Programme.

“Cover Pool” means the cover pool constituted by (i) Receivables; (ii) any other Eligible Assets; and (iii) any Top-Up Assets.

“Cover Pool Management Agreement” means the Cover Pool management agreement entered into on or about the date of this Prospectus between, *inter alios*, the Issuer, the Guarantor, the Main Seller, the Test Calculation Agent, the Guarantor Calculation Agent and the Representative of the Bondholders.

“**Credit and Collection Policy**” means the procedures for the management, collection and recovery of the Receivables from time to time adopted by the relevant Servicer.

“**Criteria**” means, collectively, the Common Criteria and the Specific Criteria.

“**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 the Terms and 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:
 - (1) 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;
- (ii) 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 non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” 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 D1 is greater than 29, in which case D2 will be 30”;

- (vi) 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:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” 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 D2 will be 30; and

- (vii) 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:

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

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” 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 D1 will be 30; and

“**D2**” 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 D2 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.

“**Dealers**” means the Initial Dealer and any other entity that will be appointed as dealer by the Issuer pursuant to the Programme Agreement.

“**Debtor**” means (i) with reference to the Loans, any borrower and any other person who entered into a Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower’s obligation under an *accollo*, or otherwise; and (ii) with reference to the Securities, the relevant issuer.

“**Decree 239**” means the Italian Legislative Decree number 239 of 1 April 1996, as subsequently amended and supplemented.

“**Decree 310**” means the ministerial Decree number 310 of 14 December 2006 issued by the Ministry of the Economy and Finance, as subsequently amended and supplemented.

“**Deed of Pledge**” means the Italian law deed of pledge entered into on or about the date of this Prospectus between the Guarantor and the Representative of the Bondholders.

“**Defaulted Assets**” means, collectively, the Defaulted Receivables and the Defaulted Securities.

“**Defaulted Receivables**” means any Receivables which:

- (a) have been classified as Delinquent Receivables for more than 180 calendar days, except when, in relation to such Receivables, there are 7 unpaid Instalments (in respect of Receivables deriving from Loans with monthly instalments) or 2 unpaid Instalments (in respect of Receivables deriving from Loans with semi-annual instalments) and the unpaid amount under the first Instalment does not exceed Euro 50.00; or
- (b) classified by the relevant Seller as “defaulted” (*credito in sofferenza*) pursuant to the Istruzioni di Vigilanza.

“Defaulted Securities” means any Securities in respect of which an insolvency event or another event contractually indicated as event of default by the relevant issuer has occurred and is continuing pursuant to the relevant terms and conditions.

“Defaulting Party” has the meaning ascribed to that term in the Swap Agreements.

“Delinquent Receivables” means any Receivables in relation to which, on any Collection Date, there are unpaid Instalments for (a) an amount higher than Euro 20.00 and (b) at least 30 calendar days from the relevant due date, provided that such Receivables have not been classified as Defaulted Receivables.

“Deposits” means, pursuant to article 2, paragraph 3, sub-paragraph 2 of Decree 310, any deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations - standardised approach.

“Drawdown Date” means the date indicated in each Term Loan Proposal on which a Term Loan is granted pursuant to each Subordinated Loan Agreement (during the Subordinated Loan Availability Period).

“Dual Currency Interest Covered Bonds” means Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated.

“Due for Payment” means the requirement for the Guarantor to pay any Guaranteed Amounts following the delivery of an Issuer Default Notice after the occurrence of a Issuer Event of Default, such requirement arising: (i) prior to the occurrence of a Guarantor Event of Default, on the date on which the Guaranteed Amounts are due and payable in accordance with the Terms and Conditions and the Final Terms of the relevant Series or Tranche of Covered Bonds; and (ii) following the occurrence of a Guarantor Event of Default, the date on which the Guarantor Default Notice is served on the Guarantor.

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

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

“Eligible Assets” means the following assets contemplated under article 2, paragraph 1, of Decree 310:

- (i) Mortgage Receivables;
- (ii) Public Receivables;
- (iii) Asset Backed Securities; and/or

(iv) Public Entities Securities.

“**Eligible Investments**” means any debt security, bank account, commercial paper, deposit or other debt instruments with a maturity not lower than the Eligible Investment Maturity Date.

“**Eligible Investment Date**” means, in respect of any investment in Eligible Investments made or to be made in accordance with the Programme Documents, any Business Day immediately after a Guarantor Payment Date.

“**Eligible Investment Maturity Date**” means, in relation to any Eligible Investments made or to be made in accordance with the Programme Documents, the date falling no later than three Business Days before the Guarantor Payment Date immediately following the relevant Eligible Investment Date.

“**Eligible Investments Securities Account**” means the securities account which may be opened in the name of the Guarantor with the Account Bank for the deposit of any Eligible Investments represented by securities or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“**EURIBOR**” (1) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms; and (2) with reference to each Loan Interest Period, means the rate denominated “Euro Interbank Offered Rate”:

- (i) at 1 (one), 3 (three) or 6 (six) months, as may be selected by the relevant Subordinated Lender, published on Reuters’ page “Euribor01” on the menu “Euribor” or (A) in the different page which may substitute the Reuters’ page “Euribor01” on the menu “Euribor”, or (B) in the event such page or such system is not available, on the page of a different system containing the same information that can substitute Reuters’ page “Euribor01” on the menu “Euribor” (or, in the event such page is available from more than one system, in the one selected by the Representative of the Bondholders) (hereinafter, the “**Screen Rate**”) at 11.00 a.m. (Brussels time) of the date of determination of the Base Interest falling immediately before the beginning of such Loan Interest Period; or
- (ii) in the event that on any date of determination of the Base Interest the Screen Rate is not published, the reference rate will be the arithmetic average (rounded off to three decimals) of the rates communicated to the Guarantor Calculation Agent, upon its request, by the Reference Banks at 11.00 a.m. (Brussels time) on the relevant date of determination of the Base Interest and offered to other financial institutions of similar standing for a reference period similar to such Loan Interest Period; or
- (iii) in the event the Screen Rate is not available and only two or three Reference Banks communicate the relevant rate quotations to the Guarantor Calculation Agent, the relevant rate shall be determined, as described above, on the basis of the rate quotations provided by the Reference Banks; or
- (iv) in the event that the Screen Rate is not available and only one or no Reference Banks communicate such quotation to the Guarantor Calculation Agent, the relevant rate shall be the rate applicable to the immediately preceding period under sub-paragraphs (i) or (ii) above, provided that if the definition of Euribor is agreed differently in the context of the Asset Swap

Agreement entered into by and between the Guarantor and the Asset Swap Provider in the context of the Programme, such definition will replace this definition.

“**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.

“**Euro Equivalent**” means, in case of an issuance of Covered Bonds denominated in currency other than the Euro, an equivalent amount expressed in Euro calculated at the prevailing exchange rate.

“**Euroclear**” means Euroclear Bank S.A./N.V., with offices at 1 boulevard du Roi Albert II, B-1210 Brussels.

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

“**Excess Assets**” means any Assets forming part of the Cover Pool which are in excess for the purpose of satisfying the Tests.

“**Execution Date**” means (i) with respect to the assignment of the Initial Portfolio, the date on which the Main Seller receives from the Guarantor the letter of acceptance of the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement and the BNL Subordinated Loan Agreement, and (ii) with respect to the assignment of each New Portfolio, the date on which each of the Main Seller (or the relevant Additional Seller (if any)) receives from the Guarantor the letter of acceptance of the relevant Transfer Proposal.

“**Expenses**” means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Bondholders and the Other Guarantor Creditors) arising in connection with the Programme, and required to be paid in order to preserve the existence of the Guarantor or to maintain it in good standing, or to comply with applicable laws and legislation.

“**Expenses Account**” means the account denominated in Euro and opened on behalf of the Guarantor with Banca Antonveneta, Conegliano branch, IBAN IT 06 S 05040 61621 000001295514, or any other substitutive account that may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“**Extended Maturity Date**” means the date when final redemption payments in relation to a specific Series or Tranche of Covered Bonds (different from any Hard Bullet Covered Bonds) become due and payable pursuant to the extension of the relevant Maturity Date.

“**Extended Programme Maturity Date**” means the date falling one year after the Programme Maturity Date.

“**Extension Determination Date**” means, with respect to each Series or Tranche of Covered Bonds, the date falling 4 days after the Maturity Date of the relevant Series.

“**Final Redemption Amount**” means, in respect of any Series or Tranche 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 or Tranche of Covered Bonds, the relevant terms contained in the applicable Programme Documents and, in case of any Series or Tranche 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 or Tranche of Covered Bonds.

“Financial Laws Consolidation Act” means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

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

“First Issue Date” means the Issue Date of the First Series of Covered Bonds or First Tranche of Covered Bonds.

“First Loan Interest Period” means:

- (a) in relation to any Term Loan A, each period which will be agreed between the relevant Subordinated Lender and the Guarantor - having regard to the issuance of the Corresponding Series of Covered Bond - at the time of the relevant Term Loan Proposal and the relevant acceptance;
- (b) in relation to any Term Loan B, the period starting on (and including) the relevant Drawdown Date and ending on (but excluding) the first following Guarantor Payment Date.

“First Series of Covered Bonds” means the first Series of Covered Bonds issued by the Issuer in the context of the Programme.

“First Tranche of Covered Bonds” means if applicable the first Tranche of Covered Bonds issued by the Issuer in the context of the issuance of the First Series of Covered Bonds.

“Fixed Rate Covered Bonds” means the Covered Bonds which will bear interest at a fixed rate.

“Floating Rate Covered Bonds” means the Covered Bonds which will bear interest at a floating rate.

“Guarantee” means the agreement entered into on or about the date of this Prospectus, between the Guarantor, the Issuer and the Representative of the Bondholders, pursuant to which the Guarantor has granted a guarantee for the purpose of guaranteeing the payments owed by the Issuer to the Bondholders pursuant to Law 130, Decree 310 and the Prudential Regulations.

“Guarantee Priority of Payments” has the meaning ascribed to such term in the section of this Prospectus entitled *“Cash Flows”*.

“Guaranteed Amounts” means the amounts due from time to time by the Issuer to Bondholders with respect to each Series or Tranche of Covered Bonds.

“Guaranteed Obligations” means the payment obligations with respect to the Guaranteed Amounts.

“Guarantor” means Vela OBG S.r.l., acting in its capacity as guarantor pursuant to the Guarantee.

“Guarantor’s Accounts” means, collectively, each Collection Account, each Securities Account (if any), the CB Payments Account (if any), the Expenses Account, the Eligible Investments Securities

Account and any other account opened in the context of the Programme, with the exception of the Quota Capital Account.

“Guarantor Available Funds” means, collectively, the Interest Available Funds and the Principal Available Funds.

“Guarantor Calculation Agent” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the terms of the Cash Allocation, Management and Payments Agreement.

“Guarantor Calculation Date” means the date falling 3 Business Days prior to each Guarantor Payment Date.

“Guarantor Corporate Servicer” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the terms of the Corporate Services Agreement.

“Guarantor Default Notice” means the notice which may be served by the Representative of the Bondholders upon occurrence of a Guarantor Event of Default, in accordance with the Term and Conditions.

“Guarantor Event of Default” has the meaning given to it in the Terms and Conditions.

“Guarantor Payment Date” means (a) prior to the delivery of a Guarantor Default Notice, the 28th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day, provided that the first Guarantor Payment Date falls on 28 October 2012; 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 Bondholders in accordance with the Post-Enforcement Priority of Payments, the Terms and Conditions and the Intercreditor Agreement.

“Hard Bullet Covered Bond” means a Covered Bond which will be redeemed in full on the relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date and in relation to which no Extended Maturity Date provisions shall apply.

“Index-Linked and Other Variable-Linked Interest Covered Bonds” means the Covered Bonds in respect of which the relevant payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.

“Individual Purchase Price” means:

- (a) with respect to each Receivable transferred pursuant to the Master Assets Purchase Agreements, the aggregate amount deriving from the sum of the Principal Instalments of such Receivable not yet due and the Accrued Interest as at the calendar day immediately following the relevant Valuation Date and corresponds to the book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable as at the financial year closed the year immediately preceding the relevant Valuation Date as rectified consistently with the normal finance dynamics of the relevant Receivable for the period starting between 1st January of the year in which the relevant Valuation Date falls and such Valuation Date; and

- (b) with respect to each other Eligible Asset or Top-Up Asset (including the Receivables), such other value, pursuant to article 7-*bis*, paragraph 7, of Law 130, as indicated by the relevant Seller in the relevant Transfer Proposal.

“**Initial Dealer**” means BNP Paribas S.A., acting through its Milan Branch.

“**Initial Portfolio**” means the first portfolio of Mortgage Receivables and related Security Interests purchased by the Guarantor from the Main Seller pursuant to the Master Assets Purchase Agreement.

“**Initial Portfolio Purchase Price**” means the consideration paid by the Guarantor to the Main Seller for the transfer of the Initial Portfolio, calculated in accordance with the Master Assets Purchase Agreement.

“**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 “*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, 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 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, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the 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 Programme 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 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.

“Instalment” means with respect to each Loan Agreement, each instalment due by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

“Insurance Policies” means (i) each insurance policy taken out with the insurance companies in relation to each Real Estate Asset subject to a Mortgage or (ii) any possible “umbrella” insurance policy in relation to the Real Estate Assets which have lost their previous relevant insurance coverage.

“Intercreditor Agreement” means the intercreditor agreement entered into on or about the date of this Prospectus between the Guarantor and the Other Guarantor Creditors.

“Interest Amount” means, in relation to any Series or Tranche of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series or Tranche for that Interest Period.

“Interest Available Funds” means in respect of any Guarantor Payment Date, the aggregate of:

- (i) any interest amounts and/or yield collected by the relevant Servicer in respect of the Cover Pool and credited into the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all Recoveries in the nature of interest received by the relevant Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Guarantor’s Accounts (other than the Expenses Account) during the immediately preceding Quarterly Collection Period;
- (iv) all amounts in respect of interest and/or yield received from the Eligible Investments (if any) during the immediately preceding Quarterly Collection Period;
- (v) any amounts received under the Swap Agreement(s) during the immediately preceding Quarterly Collection Period;
- (vi) all interest amounts received from the relevant Seller by the Guarantor pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (vii) any amounts paid as Interest Shortfall Amount out of item (*First*) of the Pre-Issuer Default Principal Priority of Payments on the same Guarantor Payment Date; and
- (viii) 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 Programme Documents during the immediately preceding Quarterly Collection Period,

net of (i) in relation to the first Guarantor Payment Date, the Retention Amount paid out of the BNL Collection Account to credit the Expenses Account on or about the First Issue Date; and (ii) in relation to each Guarantor Payment Date, any amounts paid out of the BNL Collection Account and/or the

Payments Account during the relevant Quarterly Collection Period in favour of a creditor of the Guarantor who is not an Other Guarantor Creditor, to the extent that such payment may not remain outstanding until the next Guarantor Payment Date without prejudice to the Guarantor and to the extent that funds to the credit of the Expenses Account are not sufficient for that purpose.

“Interest Commencement Date” means the Issue Date of the relevant Series or Tranche of Covered Bonds or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms.

“Interest Coverage Test” means the Test as described in the section of this Prospectus entitled *“Credit Structure – Mandatory Tests - Interest Coverage Test”*.

“Interest Instalment” means the interest component of each Instalment.

“Interest Payment Date” means, in relation to each Series or Tranche of Covered Bonds, any date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms, adjusted in accordance with the relevant Business Day Convention if specified in the relevant Final Terms.

“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.

“Interest Shortfall Amount” means, on any Guarantor Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable (but for the operation of clause 13 (*Enforcement of Security, Non Petition and Limited Recourse*) of the Intercreditor Agreement) under items (*First*) to (*Fourth*) of the Pre-Issuer Default Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Guarantor Payment Date.

“Issue Date” means each date on which a Series or Tranche of Covered Bonds is issued, as set out in the applicable Final Terms.

“Issuer” means BNL.

“Issuer Event of Default” has the meaning given to it in the Terms and Conditions.

“Issuer Default Notice” means the notice which may be served by the Representative of the Bondholders to the Issuer and the Guarantor upon occurrence of an Issuer Event of Default in accordance with the Terms and Conditions.

“Istruzioni di Vigilanza” means the regulations for banks issued by the Bank of Italy on 21 April 1999 with Circular number 229, as subsequently amended and supplemented.

“Law 130” means Italian Law number 130 of 30 April 1999 as the same may be amended, modified or supplemented from time to time.

“Loan” means each Mortgage Loan or Public Loan, as the case may be.

“Loan Agreement” means each Mortgage Loan Agreement or Public Loan Agreement, as the case may be.

“Loan Interest Period” means:

- (a) in relation to any Term Loan A: (i) the relevant First Loan Interest Period; and thereafter (ii) each period which coincides with an Interest Period of the Corresponding Series of Covered Bonds; and
- (b) in relation to any Term Loan B: (i) the relevant First Loan Interest Period; and thereafter (ii) each period starting on (and including) a Guarantor Payment Date and ending on (but excluding) the following Guarantor Payment Date.

“Main Seller” means BNL.

“Main Servicer” means BNL.

“Main Subordinated Lender” means BNL in its capacity as Subordinated Lender pursuant to the BNL Subordinated Loan Agreement.

“Mandate Agreement” means the mandate agreement entered into on or about the date of this Prospectus between the Guarantor and the Representative of the Bondholders.

“Mandatory Tests” means, collectively, the Nominal Value Test, the Net Present Value Test and the Interest Coverage test, each as provided for under article 3 of Decree 310 and calculated pursuant to clause 3 of the Cover Pool Management Agreement.

“Margin” has the meaning ascribed to the term *“Margine”* in each Subordinated Loan Agreement.

“Master Assets Purchase Agreement” means the master assets purchase agreement entered into on 9 July 2012 between the Guarantor, the Main Seller and, following accession to the Programme, each Additional Seller.

“Master Definitions Agreement” means the master definitions agreement entered into on or about the date of this Prospectus between the parties of the Programme Documents.

“Master Servicing Agreement” means the master servicing agreement entered into on 9 July 2012 between the Guarantor, the Main Servicer and, following accession to the Programme, each Additional Servicer.

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

“Meeting” has the meaning ascribed to such term in the Rules of the Organisation of the Bondholders.

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

“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 30 of Decree number 213 and includes any depositary banks approved by Clearstream and Euroclear.

“Monthly Servicer’s Report” means the monthly report prepared by each Servicer and sent to the Main Servicer pursuant to the Master Servicing Agreement.

“Monthly Servicer’s Report Date” means (i) prior to the delivery of a Guarantor Default Notice, the date falling on the 14th calendar day of each month or, if any such day is not a Business Day, the immediately following Business Day and (ii) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

“Mortgage” means the mortgage security interests (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Mortgage Receivables.

“Mortgage Loan” means each Residential Mortgage Loan or Commercial Mortgage Loan.

“Mortgage Loan Agreement” means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement.

“Mortgage Receivable” means each Residential Mortgage Receivable or Commercial Mortgage Receivable.

“Mortgagor” means any person, either a borrower or a third party, who has granted a Mortgage in favour of the relevant 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” is a percentage calculated by reference to the weighted average margin of the Covered Bonds and will, in any event, be not less than 0.5 per cent.

“Net Present Value Test” means the Test as described in the section of this Prospectus entitled *“Credit Structure – Mandatory Tests – Net Present Value Test”*.

“New Portfolio” means each portfolio of Assets (other than the Initial Portfolio) which may be purchased by the Guarantor pursuant to the terms and subject to the conditions of the Master Assets Purchase Agreement.

“New Portfolio Purchase Price” means the consideration which the Guarantor shall pay to the relevant Seller for the transfer of each New Portfolio in accordance with the Master Assets Purchase Agreement and equal to the aggregate amount of the Individual Purchase Price of all the relevant Assets included in the relevant New Portfolio, without prejudice for the provisions set out under clause 6 of the Master Assets Purchase Agreement.

“Nominal Value Test” means the Test as described in the section of this Prospectus entitled *“Credit Structure – Mandatory Tests – Nominal Value Test”*.

“Official Gazette of the Republic of Italy” means the *Gazzetta Ufficiale della Repubblica Italiana*.

“Organisation of the Bondholders” means the association of the Bondholders, organised pursuant to the Rules of the Organisation of the Bondholders.

“Other Guarantor Creditors” means the Main Seller and each Additional Seller, if any, the Main Servicer and each Additional Servicer, if any, the Main Subordinated Lender and each Additional Subordinated Lender, if any, the Guarantor Calculation Agent, the Test Calculation Agent (where appointed in substitution of BNL), the Dealer(s), the Representative of the Bondholders, each Swap Provider, the Account Bank, the Cash Manager, the Principal Paying Agent (where appointed in

substitution of BNL), the Paying Agent(s) (if any), the Guarantor Corporate Servicer and the Portfolio Manager (if any).

“Other Securities” means, pursuant to article 2, paragraph 3, sub-paragraph 3 of Decree 310, any securities with a maturity not higher than one year issued by banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0% risk weight is applicable in accordance with the Prudential Regulations - standardised approach.

“Outstanding Principal Balance” means, on any given date:

- (a) in relation to any Receivable, the aggregate of all Principal Instalments not yet due as at such date;
- (b) in relation to any Security, the principal amount outstanding of that Security;
- (c) in relation to any Deposit, the amount (net of any interest accrued thereon) standing to the credit of the relevant account.

“Outstanding Principal Due” means, on any given date and in relation to a Receivable, an amount equal to the sum of (i) all Principal Instalments not yet due as at such date, and (ii) all Principal Instalments due but unpaid as at such date.

“Paying Agent” means, together, 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 Account” means the account denominated in Euro (IBAN: IT 14 K 01005 03200 00000010479) opened in the name of the Guarantor and held by the Account Bank or any other substitutive account which may be opened by the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement.

“Payments Report” means the report to be prepared and delivered by the Guarantor Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

“Portfolio” means collectively the Initial Portfolio and any other New Portfolios which has been purchased and which will be purchased by the Guarantor in accordance with the terms of the Master Assets Purchase Agreement.

“Portfolio Manager” means the subject which may be appointed as portfolio manager pursuant to the Cover Pool Management Agreement.

“Post-Breach of Tests Reference Date” means, following the delivery of a Breach of Test Notice, the last calendar day of the second calendar month following the delivery of such Breach of Test Notice.

“Post-Enforcement Priority of Payments” has the meaning ascribed to such term in the section of this Prospectus entitled *“Cash Flows”*.

“Post-Issuer Default Test Performance Report” means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date falling after the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date with respect to the Amortisation Test and specifying whether such Test was not met.

“Pre-Issuer Default Interest Priority of Payments” has the meaning ascribed to such term in the section of this Prospectus entitled *“Cash Flows”*.

“Pre-Issuer Default Principal Priority of Payments” has the meaning ascribed to such term in the section of this Prospectus entitled *“Cash Flows”*.

“Pre-Issuer Default Test Performance Report” means the report to be delivered by the Test Calculation Agent on each Test Performance Report Date prior to the service of an Issuer Default Notice, setting out the calculations carried out by it at the immediately preceding Test Reference Date or Post-Breach of Tests Reference Date, as the case may be, with respect to the Mandatory Tests and the Asset Coverage Test and specifying whether any of such Tests was not met.

“Premium” has the meaning ascribed to that term in each Subordinated Loan Agreement.

“Principal Amount Outstanding” means, on any day: (a) in relation to a Covered Bond, the principal amount of that Covered Bond upon issue less the aggregate amount of any principal payments in respect of that Covered Bond which have become due and payable (and been paid) on or prior to that day; and (b) in relation to the Covered Bonds outstanding at any time, the aggregate of the amount referred to in letter (a) above in respect of all Covered Bonds outstanding.

“Principal Available Funds” means, in respect of any Guarantor Payment Date, the aggregate of:

- (i) all principal amounts collected by each Servicer in respect of the Cover Pool and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (ii) all other Recoveries in respect of principal received by each Servicer and credited to the BNL Collection Account during the immediately preceding Quarterly Collection Period;
- (iii) all principal amounts received by the Guarantor from each Seller pursuant to the Master Assets Purchase Agreement during the immediately preceding Quarterly Collection Period;
- (iv) the proceeds of any disposal of Assets and any disinvestment of Assets during the immediately preceding Quarterly Collection Period;
- (v) any amounts granted by each Subordinated Lender under the relevant Subordinated Loan Agreement and not used to fund the payment of the Purchase Price for any Eligible Assets and/or Top-Up Asset during the immediately preceding Quarterly Collection Period;
- (vi) all amounts other than in respect of interest received under any Swap Agreement during the immediately preceding Quarterly Collection Period;
- (vii) any amounts paid out of item *Eighth* of the Pre-Issuer Default Interest Priority of Payments at the immediately preceding Guarantor Payment Date;
- (viii) any amount paid to the Guarantor by the Issuer during the immediately preceding Quarterly Collection Period upon exercise by or on behalf of the Guarantor of the rights of subrogation (*surrogazione*) or recourse (*regresso*) against the Issuer pursuant to article 4, paragraphs 3 and 4 of Decree 310;

- (ix) any principal amounts standing (other than amounts already allocated under other items of the Principal Available Funds) received by the Guarantor from any party to the Programme Documents during the immediately preceding Quarterly Collection Period; and
- (x) any principal amount still deposited on the Guarantor's Accounts (other than the Retention Amount) upon payments made at the immediately preceding Guarantor Payment Date.

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

"Principal Paying Agent" means BNL or any other entity acting in such capacity pursuant to the Cash Allocation, Management and Payments Agreement.

"Priority of Payments" means each of the orders in which the Guarantor Available Funds shall be applied on each Guarantor Payment Date in accordance with the Intercreditor Agreement.

"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 Law 130.

"Programme Agreement" means the programme agreement entered into on or about the date of this Prospectus between the Issuer, the Guarantor, the Representative of the Bondholders and the Initial Dealer.

"Programme Documents" means the Master Assets Purchase Agreement, the Master Servicing Agreement, the Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Cover Pool Management Agreement, the Programme Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Guarantee, the Corporate Services Agreement, the Swap Agreements, the Mandate Agreement, the Quotaholders' Agreement, the Prospectus, the Terms and Conditions, the Deed of Pledge, the Master Definitions Agreement, any Final Terms agreed in the context of the issuance of each Series or Tranche of Covered Bonds and any other agreement entered into in connection with the Programme.

"Programme Limit" means euro 12,000,000,000.

"Programme Maturity Date" means the date following 10 years after the date of the Prospectus.

"Prospectus" means this Prospectus, as eventually amended and supplemented from time to time.

"Prudential Regulations" means the prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular number 263, as subsequently amended and supplemented.

"Public Entities" means any public entities indicated by article 2, paragraph 1, letter c), subparagraphs 1 and 2 of Decree 310.

"Public Entities Receivable" means, pursuant to article 2, paragraph 1, letter c) of Decree 310, any receivable owed by, or which benefits from a guarantee eligible for credit risk mitigation granted by:

- (i) Public Entities of member states of the European Economic Area or Switzerland for which a 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach; and

- (ii) Public Entities of countries other than member states of the European Economic Area or Switzerland for which a 0% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach or Public Entities of states other than members of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations' - standardised approach,

provided that the Public Entities Receivables comprised under (ii) above shall not exceed the 10% of the aggregate nominal value of the Cover Pool.

"Public Entities Securities" means pursuant to article 2, paragraph 1, letter c) of Decree 310, any securities issued by or which have benefit of a guarantee eligible for credit risk mitigation granted by:

- (i) Public Entities of member states of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations - standardised approach; and
- (ii) Public Entities of states other than members of the European Economic Area or Switzerland for which a 0% risk weight is applicable in accordance with the Prudential Regulations-standardised approach or Public Entities of states other than members of the European Economic Area or Switzerland for which a maximum 20% risk weight is applicable in accordance with the Prudential Regulations - standardised approach, provided that such securities shall not exceed the 10% of the aggregate nominal value of the Cover Pool.

"Public Loan" means each public loan disbursed to the relevant Debtor pursuant to a Public Loan Agreement and from which a Public Entities Receivable arises.

"Public Loan Agreement" means any agreement entered with the relevant Debtor from which a Public Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto.

"Purchase Price" means, as applicable, the Initial Portfolio Purchase Price or each New Portfolio Purchase Price pursuant to the Master Assets Purchase Agreement.

"Quarterly Collection Period" means (a) prior to the service of a Guarantor Default Notice, each period commencing on (but excluding) the Collection Dates of December, March, June and September of each year and ending on (and including), respectively, the Collection Dates of March, June, September and December; and (b) in the case of the first Collection Period, the period commencing on (and including) the Valuation Date and ending on (and including) the Collection Date falling in September 2012.

"Quarterly Servicer's Report" means the quarterly report prepared by each Servicer and sent to the Main Servicer pursuant to the Master Servicing Agreement.

"Quarterly Servicer's Report Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 18th calendar day of each January, April, July and October of each year or, if any such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, the date as may be indicated as such by the Representative of the Bondholders.

“Quota Capital” means the quota capital of the Guarantor.

“Quota Capital Account” means the account denominated in Euro opened in the name of the Guarantor with Banca Antonveneta, Conegliano, Agenzia 1, IBAN: IT 07 Z 05040 61621 000001288240 for the deposit of the Quota Capital.

“Quotaholders” means BNL and SVM Securitisation Vehicles Management S.r.l., as quotaholders of the Guarantor.

“Quotaholders’ Agreement” means the Quotaholders’ agreement entered into on or about the date of this Prospectus between the Guarantor and the Quotaholders.

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

“Receivables” means each Mortgage Receivable and/or Public Entities Receivable and every right arising under the relevant Loans pursuant to the law and the Loan Agreements, including but not limited to:

- (i) all rights and claims in respect of the repayment of the Principal Instalments due and not paid at the relevant Valuation Date (excluded);
- (ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Loans, which are due from (but excluding) the relevant Valuation Date;
- (iii) the Accrued Interest;
- (iv) all rights and claims in respect of each Mortgage and any Collateral Security (if any) relating to the relevant Loan Agreement;
- (v) all rights and claims under and in respect of the Insurance Policies (if any); and
- (vi) any privileges and priority rights (*diritti di prelazione*) transferable pursuant to the law, as well as any other right, claim or action (including any legal proceeding for the recovery of suffered damages, the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors) and any substantial and procedural action and defence, including the remedy of termination (*risoluzione per inadempimento*) and the declaration of acceleration of the debt (*decadenza dal beneficio del termine*) with respect to the Debtors, inherent in or ancillary to the aforesaid rights and claims,

excluding any expenses for the correspondence and any expenses connected to the ancillary services requested by the relevant Debtor.

“Recoveries” means any amounts received or recovered by a Servicer in relation to any Defaulted Assets and/or any Delinquent Receivables.

“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 (as any such terms are defined herein or in the Terms and Conditions) 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” (A) with respect to the Covered Bonds, has the meaning ascribed to it in the relevant Final Terms or, if none, four major banks selected by the Principal Paying Agent in the market that is most closely connected with the Reference Rate; and, (B) with respect to each Subordinated Loan Agreement, means four financial institutions of the greatest importance, acting on the interbank market of the member states of the European Union, as selected by the relevant Subordinated Lender and notified to the Guarantor Calculation Agent.

“Reference Rate” has the meaning ascribed to it 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.

“Representative of the Bondholders” means Securitisation Services S.p.A. or any other entity acting in such capacity pursuant to the Programme Documents.

“Residential Mortgage Loan” means each loan secured by a Mortgage on a Real Estate Asset used for residence (*uso di abitazione*) disbursed to the relevant Debtor pursuant to a Residential Loan Agreement and from which a Residential Mortgage Receivable arises.

“Residential Mortgage Loan Agreement” means each of the agreements entered into with the relevant Debtor, pursuant to which a Residential Mortgage Loan is disbursed, as well as each deed, contract, agreement or supplement thereto or amendment thereof, or any document pertaining thereto (such as “*atti di accollo*”).

“Residential Mortgage Receivable” means, pursuant to article 2, paragraph 1, letter a) of Decree 310, a receivable deriving from a Residential Mortgage Loan, in respect of which the relevant amount outstanding added to the principal amount outstanding of any preceding mortgage loans secured by the same property, does not exceed, as at the relevant Valuation Date, 80 per cent of the value of the relevant property and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

“Retention Amount” means an amount equal to euro 40,000.00.

“Rules of the Organisation of the Bondholders” means the rules of the organisation of the Bondholders attached as exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

“Securities” means collectively the Asset Backed Securities, the Public Entities Securities and the Other Securities.

“Securities Account” means the BNL Securities Account and/or any other account to be opened by the Guarantor for the deposit of the Securities (if any) transferred by the relevant Seller to the Guarantor pursuant to the Cash Allocation, Management and Payments Agreement, or any other substitutive account which may be opened pursuant to the Cash Allocation, Management and Payments Agreement.

“Security” means the security created pursuant to the Deed of Pledge.

“Security Interest” means:

- (i) any mortgage, charge, pledge, lien or other encumbrance 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 of any sum owed or payable to any person; or
- (iii) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect.

“Segregated Assets” means the Guarantor’s assets consisting of (a) the Cover Pool, (b) any amounts paid by the relevant Debtors and/or the Swap Providers and/or (c) any amounts received by the Guarantor pursuant to any other Programme Documents.

“Segregation Event” means the event occurring upon delivery of a Breach Test Notice pursuant to the Terms and Conditions.

“Seller” means any of the Main Seller and any Additional Seller pursuant to the Master Assets Purchase Agreement.

“Series” or **“Series of Covered Bonds”** means each series of Covered Bonds issued in the context of the Programme.

“Servicer” means any of the Main Servicer and any Additional Servicer pursuant to the Master Servicing Agreement.

“Servicer Termination Event” means any event as indicated in clause 10.1 of the Master Servicing Agreement.

“Specific Criteria” means the specific criteria integrating the Common Criteria for the selection of the Receivables, as specified from time to time by the relevant Seller to the Guarantor in the relevant Transfer Proposal.

“Specified Currency” means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Bondholders (as set out in the applicable Final Terms).

“Specified Period” has the meaning set out in the relevant Final Terms.

“Subordinated Lender” means any of the Main Subordinated Lender and any Additional Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

“Subordinated Loan Agreement” means, as the case may be, the BNL Subordinated Loan Agreement or any other subordinated loan agreement entered between an Additional Subordinated Lender and the Guarantor.

“Subordinated Loan Availability Period” means the period starting from the date of execution of the relevant Subordinated Loan Agreement and ending on the date on which all the Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full pursuant to the Terms and Conditions and the applicable Final Terms, in which the relevant Subordinated Lender may disburse to the Guarantor, on each Drawdown Date, a Term Loan.

“Subscription Agreement” means each subscription agreement entered into on or about the Issue Date of each Series or Tranche of Covered Bonds between each Dealer and the Issuer.

“Substitute Servicer” means, with reference to each Servicer, the substitute which will be appointed upon the occurrence of a Servicer Termination Event pursuant to clause 10.6 of the Master Servicing Agreement.

“Swap Agreements” means, collectively, the Asset Swap Agreement and any other swap agreement which may be entered into by the Guarantor in the context of the Programme.

“Swap Providers” means, as applicable, the Asset Swap Provider(s) and any other entity which may act as swap counterparty to the Guarantor by entering into a Swap Agreement in the context of the Programme.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“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 subdivision thereof or any authority thereof or therein.

“Term Loan” means, as appropriate, a BNL Term Loan or any subordinated loan granted or to be granted by an Additional Subordinated Lender to the Guarantor on each Drawdown Date under the relevant Subordinated Loan Agreement or the principal amount outstanding for the time being of that subordinated loan.

“Term Loan A” means each loan made or to be made by a Subordinated Lender for the purposes specified in the relevant Subordinated Loan Agreement.

“Term Loan B” means each loan made or to be made by a Subordinated Lender for the purposes specified in the relevant Subordinated Loan Agreement.

“Term Loan Proposal” means an *“Offerta di Finanziamento Subordinato”* as such term is defined in the relevant Subordinated Loan Agreement.

“Terms and Conditions” means the terms and conditions of the Covered Bonds.

“Test Calculation Agent” means BNL or any other entity acting in such capacity pursuant to the Cover Pool Management Agreement.

“Test Grace Period” means the period starting on the Test Performance Report Date on which a Test Performance Report notifying the breach of any of the Mandatory Tests and/or of the Asset Coverage Test is delivered by the Test Calculation Agent and ending on the following Test Performance Report Date.

“Test Performance Report” means the Pre-Issuer Default Test Performance Report or the Post-Issuer Default Test Performance Report, as the case may be.

“Test Performance Report Date” means the date falling 5 Business Days prior to each Guarantor Payment Date.

“Test Reference Date” means the last calendar day of each December, March, June and September of each year.

“Test Remedy Period” means the period starting on the date on which a Breach of Tests Notice is delivered by the Test Calculation Agent and ending on the immediately following Test Performance Report Date.

“Tests” means, collectively, the Mandatory Tests, the Asset Coverage Test and the Amortisation Test and **“Test”** means any of them.

“Top-Up Assets” means each of the following assets:

- (i) Deposits; and
- (ii) Other Securities.

“Total Commitment” means, in respect of each Subordinated Lender, the commitment specified in the relevant Subordinated Loan Agreement.

“Tranche” or **“Tranches of Covered Bonds”** means each tranche of Covered Bonds which may be comprised in a Series of Covered Bonds.

“Transfer Proposal” means, in respect to each New Portfolio, the transfer proposal which will be sent by the relevant Seller and addressed to the Guarantor substantially in the form set out in the Master Assets Purchase Agreement.

“Treaty” means the treaty establishing the European Community.

“Usury Law” means law number 108 of 7 March 1996, together with decree number 349 of 29 December 2000, as converted into Law number 24 of 28 February 2001.

“Valuation Date” means (i) with respect to the Initial Portfolio, 7 July 2012 and (ii) with respect to any New Portfolios, the date that will be agreed between the relevant Seller and the Guarantor.

“Warranty and Indemnity Agreement” means the warranty and indemnity agreement entered into on 9 July 2012 between the Main Seller and the Guarantor, and, following accession to the Programme, each Additional Seller.

“Zero Coupon Covered Bonds” means the Covered Bonds, bearing no interest, which may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.

“15% Limit” means the maximum limit (as may increased or decreased from time to time in accordance with the applicable laws and regulations) of the aggregate amount of Top-Up Assets included in the Cover Pool, which may not be from time to time in excess of 15% of the aggregate outstanding principal amount of the Eligible Assets included in the Cover Pool.

<p>ISSUER Banca Nazionale del Lavoro S.p.A. Via Vittorio Veneto 119 00187 Rome Italy</p>	
<p>GUARANTOR Vela OBG S.r.l. Via Vittorio Alfieri, 1 31015 Conegliano (TV) Italy</p>	
<p>MAIN SELLER, MAIN SERVICER, MAIN SUBORDINATED LENDER, PRINCIPAL PAYING AGENT, ACCOUNT BANK, TEST CALCULATION AGENT, ASSET SWAP PROVIDER, CASH MANAGER Banca Nazionale del Lavoro S.p.A. Via Vittorio Veneto 119 00187 Rome Italy</p>	
<p>REPRESENTATIVE OF THE BONDHOLDERS, GUARANTOR CALCULATION AGENT AND GUARANTOR CORPORATE SERVICER Securitisation Services S.p.A. Via Vittorio Alfieri, 1 31015 Conegliano (TV) Italy</p>	
<p>LEGAL ADVISERS</p>	
<p><i>as to Italian law</i> Studio Legale Riolo Calderaro Crisostomo e Associati Via Boschetti, 1 20121 Milan Italy</p>	
<p><i>as to English law</i> Clifford Chance Studio Legale Associato Piazzetta Bossi, 3 20121 Milan Italy</p>	<p><i>as to Italian taxation law</i> Chiomenti Studio Legale Via XXIV maggio, 43 00187 Rome Italy</p>