

## PROSPECTUS

### 2018 POPOLARE BARI RMBS S.R.L.

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

**Euro 684,237,000.00 Class A Residential Mortgage Backed Floating Rate Notes due April 2059**

Issue Price: 100% per cent

**Euro 48,299,000.00 Class B Residential Mortgage Backed Floating Rate Notes due April 2059**

Issue Price: 100% per cent

This prospectus (the “**Prospectus**” or the “**Offering Circular**”) contains information relating to the issue by 2018 Popolare Bari RMBS S.r.l., a limited liability company organised under the laws of the Republic of Italy (the “**Issuer**”) on 14 June 2018 (the “**Issue Date**”) of the Euro 684,237,000.00 Class A Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class A Notes**”) or the “**Senior Notes**”) and the Euro 48,299,000.00 Class B Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class B Notes**” or the “**Mezzanine Notes**” and, together with the Senior Notes, the “**Rated Notes**”). In connection with the issuance of the Rated Notes, the Issuer will issue two classes of junior notes as follows: Euro 77,534,000.00 Class J1 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J1 Notes**”) and the Euro 16,911,000.00 Class J2 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J2 Notes**”) and together with the Class J1 Notes, the “**Class J Notes**” or the “**Junior Notes**” and, together with the Senior Notes and the Mezzanine Notes, the “**Notes**”).

This Prospectus is a prospectus for the Senior Notes and the Mezzanine Notes for the purposes of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU (the “**Prospectus Directive**”) and article 8 of the Luxembourg law on prospectuses for securities of 10 July 2005 (as amended by Luxembourg law of 3 July 2012) implementing the Prospectus Directive in Luxembourg as well as a Prospectus Informativo for the Notes for the purposes of article 2, paragraph 3, of Italian Law number 130 of 30 April 1999 (“**Law 130**”) or also the “**Securitisation Law**”). The Class J Notes are not being offered pursuant to this Prospectus.

This Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the “**CSSF**”), which is the Luxembourg competent authority for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”) and relevant implementing measures in Luxembourg, as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of giving information with regard to the issue of the Notes. By approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial soundness of the transaction and the quality and solvency of the Issuer in accordance with the provisions of article 7(7) of the Luxembourg law on prospectuses for securities. Application has also been made to the Luxembourg Stock Exchange for the Rated Notes to be admitted to the official list of the Luxembourg Stock Exchange (the “**Official List**”) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to the Rated Notes being “**listed**” (and all related references) shall mean that the Rated Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments. No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus, nor this Prospectus will be approved by the CSSF in relation to the Junior Notes.

The net proceeds of the offering of the Notes will be mainly applied by the Issuer to fund the purchase of two portfolios of monetary claims (the “**Portfolios**” and the “**Claims**”, respectively) arising under residential mortgage loans originated by Banca Popolare di Bari S.c.p.a. (“**BPB**”) and Cassa di Risparmio di Orvieto S.p.a. (“**CRO**”) and together with BPB, the “**Originators**”), as well as by other entities acquired by each of them. The Portfolios have been purchased by the Issuer under the terms of two transfer agreements between the Issuer and each Originator pursuant to the Securitisation Law executed on 17 May 2018 (each a “**Transfer Agreement**” and collectively the “**Transfer Agreements**”). The principal source of payment of interest and repayment of principal on the Notes will be collections and recoveries made from or in respect of the Portfolios.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer’s right, title and interest in and to the Portfolios and the other Segregated Assets (as defined below) will be segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and any cash-flow deriving therefrom (to the extent identifiable) will be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer’s obligations to any other creditors.

If the Notes cannot be redeemed in full on the Final Maturity Date (as defined below) following the application of all funds available, as a result of the Issuer having insufficient funds available to it in accordance with the Conditions for application in or towards such redemption, the Issuer will have no other funds available to it to be paid to the Noteholders. If any amounts remain outstanding in respect of the Notes upon expiry of the Final Maturity Date (as defined below), such amounts (and the obligations to make payments in their respect) will be deemed to be released by the Noteholders and the Notes will be cancelled.

The Notes will be subject to mandatory redemption in whole or in part on each Payment Date. Unless previously redeemed in accordance with their applicable terms and conditions (the “**Conditions**”), the Notes will be redeemed on the Payment Date falling in April 2059 (the “**Final Maturity Date**”). The Notes of each Class will be redeemed in the manner specified in Condition 6 (Redemption, Purchase and Cancellation). Before the Final Maturity Date, the Notes may be redeemed at the option of the Issuer at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption under Condition 6.2 (Redemption for Taxation) and Condition 6.4 (Optional Redemption).

Interest on the Notes will accrue from the Issue Date and will be payable on 31 October 2018 (the “**First Payment Date**”) and thereafter quarterly in arrear on the last calendar day of January, April, July and October in each year (each a “**Payment Date**”) or if any such day is not a Business Day (as defined in the Condition), the following Business Day (as defined in the Condition). The Notes will bear interest from (and including) a Payment Date to (but excluding) the next following Payment Date (each an “**Interest Period**”) provided that the first Interest Period (the “**Initial Interest Period**”) shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date. The Notes of each Class shall bear interest at an annual rate equal to the Euro-Zone Inter-bank offered rate for three months deposits in Euro (the “**Three Month Euribor**”) (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 3 months and 6 months deposits in Euro), as determined and defined in accordance with Condition 5 (Interest), plus a margin of: 0.40% per annum for the Class A Notes; 0.70% per annum for the Class B Notes; 0% per annum for the Class J1 Notes; 0% per annum for the Class J2 Notes. In any case the Interest Rate (being the Three Month Euribor plus the relevant margin) applicable to the Class B Notes shall not be higher than 4.00% per annum and the Interest Rate (being the Three Month Euribor plus the relevant margin) applicable to the Notes shall not be negative. On each Payment Date a Class J1 Notes Additional Return and a Class J2 Notes Additional Return (each as defined below) may or may not be payable, respectively on the Class J1 Notes and the Class J2 Notes, in addition to interest.

All payments of principal and interest on the Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented, unless the Issuer is required by any applicable law to make such a withholding or deduction. If any withholding tax is applicable to the Notes, payments of interest on, and principal of the Notes will be made subject to such withholding tax, without the Issuer or any other Person being obliged to pay any additional amounts to any holder of Notes of any Class as a consequence. For further details see the section entitled “Taxation in the Republic of Italy”.

Both before and after a winding-up of the Issuer, the Issuer’s rights, title and interest in and to the Portfolios, to all amounts deriving therefrom and to the other Segregated Assets will be available exclusively for the purposes of satisfying the Issuer’s obligations to the Noteholders, the Other Issuer Creditors and any other

third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios (the “**Transaction**”) and to the corporate existence and good standing of the Issuer. The Noteholders will agree that the Issuer Available Funds (as defined below in the Conditions) will be applied by the Issuer in accordance with the Order of Priority of application of the Issuer Available Funds set forth in the Intercréditor Agreement and the Conditions. The Notes will be held in dematerialized form on behalf of the Noteholders as of the Issue Date until redemption or cancellation thereof by Monte Titoli S.p.A. (“**Monte Titoli**”), for the account of the relevant Monte Titoli Account Holders. The expression “**Monte Titoli Account Holders**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any depository banks appointed by Clearstream Banking S.A. (“**Clearstream**”) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”). Monte Titoli shall act as depository for Clearstream and Euroclear. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 83-bis of Italian Legislative Decree number 58 of 24 February 1998 and with the Regulation jointly issued by Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and the Bank of Italy on 22 February 2008, as amended from time to time.

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

The Senior Notes are expected, on issue, to be rated “AA(sf)” by DBRS (as defined below) and “Aa2 (sf)” by Moody’s (as defined below) and the Mezzanine Notes are expected, on issue, to be rated “A(high)(sf)” by DBRS and “A3 (sf)” by Moody’s. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation. As of the date hereof, DBRS and Moody’s are established in the European Union and are registered under Regulation (EC) number 1060/2009, as amended by Regulation (EC) number 513/2011 and Regulation (EC) number 462/2013 (the “**CRA Regulation**”), as it appears from the most updated list published by the European Securities and Markets Authority on the webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

The Issuer will be relying on an exclusion or exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in this Prospectus). No assurance can be given as to the availability of the exclusion or exemption under the Volcker Rule and investors should consult their own legal and regulatory advisors with respect to such matters and assess for themselves the availability of this or other exemptions or exclusions and the legality of their investment in the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and/or sold only outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold within the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See the section headed “**Subscription, Sale and Selling Restrictions**”.

**U.S. RISK RETENTION** The transaction is not intended to involve the retention by a sponsor for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the U.S. Risk Retention Rules), in reliance on an exemption provided for in Rule 20 of the U.S. Risk Retention Rules regarding non U.S. transactions. Accordingly, and notwithstanding the foregoing, the Notes may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. See the section entitled “**Risk Factors - U.S. Risk Retention Requirements**”. No assurance can be given as to the availability of the foreign safe harbor” under the Risk Retention Rules and investors should consult their own legal and regulatory advisors with respect to such matters.

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

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

**BENCHMARK REGULATION** Amounts payable on the Notes will be calculated by reference to Euribor as specified in the Conditions. As at the date of this Prospectus, the administrator of Euribor is not included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmark Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmark Regulation apply, such that the administrator of Euribor is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Under the Intercréditor Agreement, each of the Originators has undertaken that it will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction in accordance with option (1)(d) of Article 405 of Regulation (EU) number 575/2013 (as amended, supplemented and/or replaced from time to time, the **CRR**), option (1)(d) of Article 51 of the Commission Delegated Regulation (EU) number 231/2013 of 19 December 2012 (as amended, supplemented and/or replaced from time to time, the **ATM Regulation**) and option 2(d) of Article 254 of Regulation (EU) number 35/2015 (as amended, supplemented and/or replaced from time to time, the **Solvency II Regulation**). As at the Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes).

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

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

**Dated 12 June 2018**

## **RESPONSIBILITY FOR INFORMATION**

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

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

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

*Securitisation Services S.p.A. has provided the information under the section headed “The Computation Agent, the Representative of the Noteholders, the Corporate Services Provider and the Security Trustee” and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge of Securitisation Services S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and accurate in all material respects, is not misleading, is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Securitisation Services S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Zenith Service S.p.A. has provided the information under the section headed “The Back-Up Servicer” and, together with the Issuer, accepts responsibility for the information contained in that section related to itself. To the best of the knowledge of the Back-Up Servicer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, the Back-Up Servicer has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*BNP Paribas Securities Services has provided the information under the section headed “The Agent Bank, the Transaction Bank, the Principal Paying Agent, the Cash Manager and the Listing Agent” and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge of BNP Paribas Securities Services (which has taken all reasonable care to ensure that such is*

*the case), such information is true and accurate in all material respects, is not misleading, is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, BNP Paribas Securities Services has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*J.P. Morgan AG has provided the information under the section headed “The Swap Counterparty” and, together with the Issuer, accepts responsibility for the information contained in that section related to itself. To the best of the knowledge of the Swap Counterparty (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, the Swap Counterparty has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

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

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

*The Issuer’s rights, title and interest in and to the Portfolios, to all amounts deriving therefrom and the other Segregated Assets may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors in accordance with the Transaction Documents and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-à-vis the Noteholders, the Other Issuer Creditors and any such third party. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and may not be used for the purpose of an offer, to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Prospectus can only be used for the purposes for which it has been issued.*

*The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which would allow an offering (nor an “offerta al pubblico di prodotti*

finanziari”) of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Prospectus nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see “Subscription, Sale and Selling Restrictions”.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold only outside the United States in accordance with Regulation S under the Securities Act and may not be offered or sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See the section entitled “Subscription, Sale and Selling Restrictions” (below).

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

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

Words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the same meanings as those set out in the section headed “Terms and Conditions of the Notes”. These and other terms used in this Prospectus are subject to the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

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

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

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

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## RISK FACTORS

*Investing in the Notes involves certain risks. The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described herein represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other unknown reasons. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of interest or principal on the Rated Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations. Words and expressions defined in the Conditions or elsewhere in this Prospectus have the same meanings in this section.*

*Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

## CONSIDERATIONS RELATING TO THE ISSUER

### Securitisation Law

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

On 24 December 2013, Italian Law Decree no. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”) (the “**Decree 145**”), converted with amendments into Law No. 9 of 21 February 2014, came into force introducing certain amendments to the Securitisation Law. In particular, Decree 145 has provided, *inter alia*, that:

- (a) the special purpose vehicles incorporated under the Securitisation Law may open segregated accounts with the servicers for the deposit of the collections received from the debtors and the other amounts paid to the special purpose vehicles under the securitisation transactions; the sums deposited into such accounts will be segregated from the assets of the servicers with which the accounts are held, as well as from those of any other person holding deposits with the servicers, and will be available only to satisfy the obligations of the special purpose vehicles *vis-à-vis* the noteholders and the other



creditors in relation to the securitisation transactions. In the event that the servicers become subject to any proceeding under Title IV of the Consolidated Banking Act or any insolvency proceeding or restructuring agreement, the sums deposited into such accounts will remain outside the servicers' estate and will not be subject to suspension of payments;

- (b) the servicers or the sub-servicers may open accounts with banks for the deposit of the collections received from the debtors; any action from the creditors of the servicers on the sums deposited into such accounts will be prohibited (save for the amounts in excess of those pertaining to the special purpose vehicles). In the event that the servicers become subject to any insolvency proceeding or restructuring agreement, the sums deposited on such accounts, for an amount equal to the amounts pertaining to the special purpose vehicles, will remain outside the servicer's estate and will not be subject to suspension of payments;
- (c) from the date of publication of the notice of transfer of the receivables in the Official Gazette, the debtors will not be entitled to set-off any claim arisen after such date with the amounts due to the special purpose vehicle in relation to the receivables; and
- (d) payments made by debtors in relation to receivables in the framework of a securitisation under the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to Article 65 of the Italian Bankruptcy Law.

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

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

### **Issuer's ability to meet its obligations under the Notes**

The Notes constitute direct, secured limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of or guaranteed by any of the Representative of the Noteholders, the Quotaholder, the Cash Manager, the Computation Agent, the Principal Paying Agent, the Listing Agent, the Transaction Bank, the Back-Up Servicer, the Swap Counterparty, the EMIR Reporting Agent, the Corporate Services Provider, the Servicers, the Master Servicer, the Originators, the Stichting Corporate Services Provider and the Security Trustee. None of the aforementioned parties, other than the Issuer, accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

The Issuer does not, as of the Issue Date, have any significant assets other than the Portfolios and the other Issuer's Rights. In addition for so long as any amounts remain outstanding in respect of the Notes, the Issuer has undertaken to carry out further securitisation transactions only in accordance with Condition 3 (*Covenants*). The assets relating to each further securitisation transaction carried out by the Issuer in accordance with Condition 3 (*Covenants*) will, by operation of law and of the Transaction Documents, be



segregated for all purposes from the Portfolios and the Issuer's rights under the Transaction Documents (see also the risk factor entitled "*Further Securitisations*" above).

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

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

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent upon the Issuer's receipt of collections made on its behalf by the Servicers and the recovery made on its behalf by the Master Servicer with respect to the Portfolios, any payments made by the Swap Counterparty under the Swap Agreement and any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

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

### **Liquidity and credit risk**

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

The amounts standing to the credit of the Liquidity Reserve Account after replenishment in accordance with the Pre-Acceleration Order of Priority may not be sufficient to make up any shortfalls in the amounts required to pay interest and, to a certain extent, principal on the Notes in accordance with the relevant Order of Priority.

However in each case, there can be no assurance that the levels of collections and the recoveries received with respect to the Portfolios, together with the credit support and the liquidity support provided by

respectively the subordination of the Junior Notes and the Liquidity Reserve (in the case of the Senior Notes) will be adequate to ensure punctual and full receipt of amounts due under the Notes.

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

In order to reduce such risk, under the Servicing Agreement each Servicer has undertaken to transfer to the relevant Collection Account the Collections related to the Claims comprised in the relevant Portfolio on a daily basis in accordance with the Servicing Agreement. Prospective Noteholders should further note that, following the insolvency of the Master Servicer and/or the Servicers, the Issuer (or the substitute servicer on behalf of the Issuer) will have to issue new payment instructions to the Borrowers to pay directly to the Issuer. The Issuer is subject to the risk that monies paid by the Borrowers to the insolvent Servicer prior to the new instructions being issued are lost or temporarily unavailable to the Issuer. In order to reduce such risk, the Issuer has appointed the Back-Up Servicer (so that the risk of delay in the replacement of the initial Servicer should be minimised). It should be noted however that such risk has been mitigated by the recent amendments made to the Securitisation Law in respect to the segregation of the accounts opened in the context of securitisation transactions (please see paragraph "*Claims of unsecured creditors of the Issuer*" below).

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

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

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

### **Counterparty risk**

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

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

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

On or about the Issue Date, the Issuer, BPB, CRO and the Back-up Servicer entered into the Back-up Servicing Agreement pursuant to which the Back-up Servicer has agreed, upon termination of the appointment of BPB and/or CRO as Master Servicer and Servicer (as the case may be), to replace the Master Servicer and that Servicer under the Servicing Agreement.

In addition, given the recent conversion of Decree 145 into law and in the absence of official interpretations and/or implementing rules, it is not possible to assess precisely whether the Issuer would be exempted from any risk that, in the event of insolvency of any Servicer, any Collection held by such Servicer is lost or frozen (see the risk factor entitled "*Commingling Risk*"). In order to mitigate any possible risk of commingling, under the Servicing Agreement each Servicer has undertaken to transfer, within 1 (one) Business Day from the relevant receipt the Collections in the relevant Collection Account. Furthermore, in

case of termination of its appointment pursuant to the Servicing Agreement, the relevant Servicer has undertaken to notify the Borrowers to pay any amount due in respect of the Claims directly into replacement collection account opened with an Eligible Institution. However, there is no assurance that the Servicer will timely issue the new payment instructions and the Collections paid by the Borrowers may be lost or temporarily unavailable to the Issuer. (For other risks relating to the Originators, please see the paragraphs entitled “*Claw back of the sale of the Portfolios*”, “*Commingling Risk*” and “*Bank Recovery and Resolution Directive*” and section entitled “*The Originators, the Master Servicer and the Servicers*”).

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

Furthermore, in some circumstances (including following the delivery of a Trigger Notice), the Issuer could attempt to sell the Portfolios to third parties. However, there is no assurance that a purchaser could be found nor that the net proceeds of the sale of the Portfolios would be sufficient to pay in full all amounts due to the Noteholders.

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

### **Eligible Investments**

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

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

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

### **Servicing of the Portfolios**

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

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

The Master Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the Back-Up Servicer, the Computation Agent, the Swap Counterparty, the Representative of the Noteholders, the Corporate Services Provider and the Rating Agencies on each Quarterly Report Date the Quarterly Servicer Report in the form set forth in the Servicing Agreement. Such reports shall provide information regarding, *inter alia*, the amounts collected in relation to each Portfolio, the Delinquent Claims, the Delinquent 60 Claims, the Delinquent 90 Claims and as well as the Servicers' activity during the preceding Collection Period.

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

#### *Replacement of the Servicer*

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

The failure to appoint a replacement servicer in the event that the Master Servicer and/or the Servicers can no longer perform its agreed function (in the event a replacement back-up servicer has not been appointed upon termination of the Back-Up Servicer or failing the Back-Up Servicer to assume performance of the services provided under the Servicing Agreement) may result in a shortfall in funds available to make payments on the Notes. In addition, the substitute servicer may be entitled to receipt a servicing fee greater than that charged by the Master Servicer and/or the Servicers.

#### *The Back-Up Servicer*

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

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

#### **Claims of unsecured creditors of the Issuer**

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

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

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

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

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

### **Sharing with other creditors**

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

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

## **Further securitisations**

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

The implementation by the Issuer of any such further securitisation is subject to the conditions specified under Condition 3.10 (*Covenants - Further Securitisation*). According to such condition, it is a condition precedent, *inter alia*, to any such securitisation that (i) the Rating Agencies have been notified in writing of the Issuer's intention to carry out a Further Securitisation; and (ii) the Issuer shall not affect the qualification of the Senior Notes as eligible collateral (if applicable), within the meaning of the *Guideline of the European Central Bank (ECB) of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60)*, as subsequently amended and supplemented, and *Guideline of the European Central Bank (ECB) of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9*, as subsequently amended and supplemented). See Condition 3 (*Covenants*).

## **CONSIDERATIONS RELATING TO THE NOTES**

### **Subordination**

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

In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice (as defined in Condition 9 (*Trigger Events*)): (i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class B Notes, the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes; (ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the repayment of principal on the Class B Notes, the payment of interest and repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest on the Class A Notes, *provided that*, upon the occurrence of a Class B Notes Interest Subordination Event payment of interest on the Class B Notes will become subordinated to the repayment of principal on the Class A Notes, on the immediately following Payment Date and on any Payment Date thereafter until the Class A Notes are redeemed in full; (iii) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest on the Class A Notes, the payment of interest on the Class B Notes, the repayment of principal on the Class A Notes and the repayment of principal on the Class B Notes.

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice: (i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the payment of interest and repayment of



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

In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Trigger Notice: (i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes; (ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes; (iii) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest and repayment of principal on the Class B Notes.

In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Trigger Notice: (i) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest on the Class A Notes; (ii) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest on the Class B Notes; (iii) the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes. As long as the Rated Notes are outstanding, unless notice has been given to the Issuer declaring the Rated Notes immediately due and payable, the Junior Notes shall not be declared immediately due and payable and the holders of the Rated Notes shall be entitled to determine the remedies to be exercised in accordance with the Rules of the Organisation of the Noteholders. Remedies pursued by the holders of the Rated Notes could be adverse to the interests of the Junior Noteholders.

### **The “anti-deprivation” principle**

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

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

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

### **Limited Recourse nature of the Notes**

The Notes will be limited recourse obligations solely of the Issuer. The Noteholders will receive payment in respect of principal and interest on the Notes only if and to the extent that the Issuer has sufficient Issuer Available Funds to make such payments in accordance with the applicable Order of Priority. If, upon the delivery of a Trigger Notice or, if no Trigger Notice has been delivered, on the Final Maturity Date, the Issuer Available Funds are not sufficient to pay such obligations in full, the relevant Class of Noteholders shall be entitled to receive payments in respect of such obligations to the extent of the available funds (if any) and any shortfall (including, without limitation, in such case, any shortfall in respect of interest or

principal on the Rated Notes) will not be due and payable, will be deemed to be released by the relevant Noteholders and will be cancelled.

### **Yield and payment considerations**

The yield to maturity, the amortisation plan and the weighted average life of the Notes will depend upon, *inter alia*, the amount and timing of repayment of principal (including prepayments) on the Loans and on the actual date of exercise (if any) of the optional redemption rights of the Issuer pursuant to Condition 6.4 (*Optional Redemption*) or Condition 6.2 (*Redemption for Taxation*). Such yield, amortisation plan and weighted average life of the Notes may be adversely affected by a number of factors including, without limitation, a higher or lower rate of prepayment, delinquency and default on the Loans, the exercise by the Originators of their faculty to partially repurchase the Claims and/or by the Servicers to renegotiate the terms and conditions of the Loan Agreements and/or to grant the suspension of payments of the relevant instalments in accordance with the provisions of the Servicing Agreement. See further section headed “*Description of the Transaction Documents – The Transfer Agreements - The Servicing Agreement*”.

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

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

### **Limited secondary market and liquidity risk**

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

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

In addition, illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse

effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

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

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors. In particular, the secondary market for residential mortgage-backed securities is continuing to experience disruptions resulting from, among other factors, reduced investors demand for such securities. This has had a materially adverse impact on the market value of residential mortgage-backed securities and resulted in the secondary market for residential mortgage-backed securities experiencing very limited liquidity. Structured investment vehicles, hedge funds, issuers of collateralised debt obligations and other similar entities have been experiencing funding difficulties and have been forced to sell residential mortgage-backed securities into the secondary market. The price of credit protection on residential mortgage-backed securities through credit derivatives has risen materially. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of residential mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Noteholders.

There exists a significant additional risk for the Issuer and investors as a result of the current crisis. These risks include, among others, (i) the likelihood that the Issuer will find it harder to dispose of the Claims in accordance with the Transaction Documents, (ii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (iii) the increased illiquidity and price volatility of the Notes as there is not at present an active and liquid secondary market for asset-backed securities. These additional risks may affect the returns on the Notes to investors.

### **Certain material interests**

Certain parties to the transaction, such as the Originators, may perform multiple roles. BPB is, in addition to being an Originator, also Master Servicer and a Servicer and an initial subscriber of the Notes and CRO is, in addition to being an Originator, also a Servicer and an initial subscriber of the Notes. J.P. Morgan Securities plc is the EMIR Reporting Agent, while J.P. Morgan AG is the Swap Counterparty.

These parties will have only those duties and responsibilities expressly agreed to by them in the relevant agreement and will not, by virtue of their or any of their affiliates acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each agreement to which they are a party.

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

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

#### **No independent investigation in relation to the Portfolios**

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

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

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

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

#### **Interest rate risk**

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

result, there could be a rate mismatch between interest accruing on the Rated Notes and on the Portfolios and an increase in the level of Three Month Euribor could adversely impact the ability of the Issuer to make payments on the Rated Notes.

To reduce the effect of such interest rate mismatch, the Issuer has entered into six Swap Transactions pursuant to the Swap Agreement, namely two fixed-floating interest rate swap transactions, two Three Month Euribor basis swap transactions and two Three Month Euribor capped basis swap transactions.

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

The notional amount with respect to the fixed-floating interest rate Swap Transactions will be calculated by reference to the Principal Instalments of the Claims accruing interest at a fixed rate. The notional amount with respect to the Three Month Euribor basis Swap Transactions will be calculated with reference to the Principal Instalments of the Claims accruing interest at a floating rate linked to Three Month Euribor. The notional amount with respect to the Three Month Euribor capped basis Swap Transactions will be calculated with reference to the Principal Instalments of the Claims accruing interest at a floating rate linked to Three Month Euribor with a cap.

The notional amount of the Swap Transactions under which the Claims accruing interest at a fixed rate are hedged shall not take into account any Claims for which the applicable interest rate has been renegotiated from a fixed rate to a floating rate (without a cap or with or without a floor), by the Originators (in their capacity as Servicers) in accordance with the Servicing Agreement but shall take into account Claims arising under Loans which have been renegotiated from a floating rate (without a cap or with or without a floor) to a fixed rate.

The notional amount of the Three Month Euribor basis Swap Transactions under which the Claims accruing interest at a floating rate are hedged shall not take into account any Claims where the interest rate has been renegotiated from a floating rate without a cap to a fixed rate.

Similarly the notional amount of the Three Month Euribor capped basis Swap Transactions under which the Claims accruing interest at a floating rate are hedged shall not take into account any Claims where the interest rate has been renegotiated from a floating rate with a cap to a fixed rate or a floating rate without a cap.

Accordingly, the notional amount of each Swap Transaction will be adjusted to include and exclude (as applicable) any renegotiated Claims but subject always to the Scheduled Maximum Notional Amount applicable to such Swap Transaction.

Under the Servicing Agreement, the Servicers, among other things

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

- (a) from fixed rate, or variable interest rate with cap, to a variable interest rate or to a variable interest rate with a floor; or
- (b) from variable interest rate or variable interest rate with cap or variable interest rate with a floor to a fixed rate; or
- (c) by means of reduction of the interest rate or the spread applicable (in case no variation of the nature of the interest rate applicable to the relevant Loan Agreement has been carried out); or
- (d) with specific regard to Loan Agreements with a variable interest rate with a floor, by modifying the applicable floor;

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

- (ii) may enter into renegotiations providing the reduction of the interest rate or the spread applicable to the relevant Loans Agreement (in case no variation of the nature of the interest rate applicable to the relevant Loan Agreement has been carried out);
- (iii) may enter into renegotiations providing for any modification of the amortisation plan of the Loan Agreements permitted by the Servicing Agreement, *provided that* such modification shall not result in a switch to an amortisation plan different from the so called “French amortisation plan”.

In addition clause 10 of the Servicing Agreement sets out certain limits for the power of renegotiations of the Servicers and in particular such clause provides that, in case each of the Servicer intends to enter into the renegotiations under paragraph (i)(b) above, each Servicer shall verify that, for each Collection Period, the sum of the principal amount outstanding of the Loan Agreements subject of such renegotiation does not exceed, in relation to the Swap Transaction pursuant to which the relevant Loan Agreement will be hedged after such renegotiation, an amount equal to the difference between:

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

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

In addition, no hedging arrangement has been entered into by the Issuer in relation to payments received under a subset of the Claims accruing interest at a floating rate without a cap. The interest component in respect of such payments may have no correlation to the Euribor from time to time applicable in respect of the Rated Notes.

## **Benchmark Regulation**

Various interest rate benchmarks (including Euribor) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) No. 2016/1011) (the **Benchmark Regulation**).

Under the Benchmark Regulation, which applies from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including Euribor), the contribution of input data to a benchmark and the use of a benchmark within the European Union.

In particular, the Benchmark Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

Additionally, in March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the **EMMI**) published a position paper referring to certain proposed reforms to Euribor, which reforms aim to clarify the Euribor specification, to develop a transaction-based methodology for Euribor and to align the relevant methodology with the Benchmark Regulation, the IOSCO's proposed Principles for Financial Market Benchmarks (July 2013) (the **IOSCO Principles**) and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current Euribor methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for Euribor.

The Swap Agreement contains provisions whereby the Calculation Agent (as defined in the Swap Agreement) shall make required adjustments as are necessary to ensure the legal and commercial efficacy of the Swap Agreement. Such adjustments may include changing the Floating Rate Option (as defined in the Swap Agreement). There can be no assurance that any such adjustments will result in the Floating Rate Option (as defined in the Swap Agreement) under the Swap Agreement being the same as the modified reference rate for the Notes. In addition, the Calculation Agent shall make a running adjustment to the Spread (as defined in the Swap Agreement) that the Calculation Agent determines is required in order to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one party to the other as a result of any adjustments made to the Swap Agreement in these circumstances. When making any such adjustments, the Calculation Agent shall act in good faith and in a commercially reasonable manner.

If at any time the benchmark rate used to calculate the interest on the Notes is different from the Floating Rate (as defined in the Swap Agreement) then the Issuer is permitted to terminate the Swap Agreement.

Any amendments deemed necessary to change the Screen Rate applicable to the Notes (and any related or consequential amendments thereto) as a direct or indirect result of the Benchmark Regulation will need to be made in accordance with the provisions regarding amendments to the Transaction Documents contained in the Conditions and the Rules of the Organisation of the Noteholders. There can be no assurance however, that any such amendment (if made) would mitigate the interest rate risk or result in an effective replacement methodology for determining the reference rate on the Notes.

These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Generally, any such modification or potential consequence of the discontinuation of Euribor could have a material adverse effect on the value of and return on any of the Notes.



Based on the foregoing, prospective investors should in particular be aware that any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including Euribor) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be.

Under Condition 5.2 (*Interest Rate*), if the Screen Rate is unavailable at the relevant time, then the fall-back rate for the relevant Interest Period will be the arithmetic mean of the rates provided by each of the Reference Banks to the Paying Agent as the rate at which three month Euro deposits in a representative amount are offered by that Reference Bank to leading banks in the Euro-zone inter-bank market at the relevant time on that date. In certain circumstances, where none of the Reference Banks (or any reference banks which have been selected in accordance with Condition 5.2) provides the Paying Agent with an offered quotation, the Rate of Interest for the relevant Interest Period will be the rate in effect for the immediately preceding Interest Period when the Screen Rate was available.

In the event that any such fall back positions become applicable, any of the above described matters or any other significant change to the setting or existence of Euribor could affect the ability of the Issuer to meet its obligations under the Rated Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Rated Notes. Changes in the manner of administration of Euribor could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Rated Notes. No assurance may be provided that relevant changes will not occur with respect to Euribor and/or that such benchmark will continue to exist. Investors should consider these matters when making their investment decision with respect to the Rated Notes.

### **Termination of the Swap Agreement**

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

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

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

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

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

payments to the Noteholders. Where the Swap Counterparty has caused the Swap Agreement to terminate by its own default, any termination payment due to the Swap Counterparty will rank junior to payments of interest and/or principal on the Notes.

The Swap Counterparty is required to have certain ratings. Although contractual remedies are provided in the event of a downgrading of the Swap Counterparty, any replacement arrangement with a third party may not be as favourable as the current Swap Agreement and the Noteholders may be adversely affected.

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

### **Limited Enforcement Rights**

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

The Conditions and the Rules of the Organisation of the Noteholders (attached as Exhibit 1 to the Conditions) limit the ability of individual Noteholders to commence proceedings against the Issuer by conferring on the Meeting of Noteholders the power to resolve on the ability of any Noteholder to commence any such individual action. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless the Meeting has approved such action in accordance with the provisions of the Rules of the Organisation of the Noteholders.

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

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders, with respect to all of its powers, authority, duties and discretion, to regard the interests of the Noteholders of each Class of Notes as if they formed a single Class (except where expressly provided otherwise) but the Conditions also require the Representative of the Noteholders, as regards the exercise and performance of all its powers, authorities, duties and discretion, to have regard to the interests of all Class of Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders (i) there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders; or (ii) there is a conflict between the interests of the holders of different Classes, the Representative of the Noteholders will consider only the interests of the holders of the Most Senior Class of Notes then outstanding; or (iii) there is a conflict between the interests of the Other Issuer Creditors, then the Representative of the Noteholders shall have regard to the interests of whichever of the Other Issuer Creditors ranks higher in the Order of Priority for the payment of the amounts therein specified.

Remedies pursued by the Representative of the Noteholders in such circumstances may be adverse to the interests of the Mezzanine Noteholders or the Junior Noteholders or Other Issuer Creditors, as the case may be.

### **Noteholders’ directions and resolutions following delivery of a Trigger Notice**

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders shall be entitled, pursuant to the Intercreditor Agreement and the Rules of the Organisation of the Noteholders, to direct the sale of the Portfolios (in whole or in part), *provided however that* a sufficient amount shall be realised to allow discharge in full of all amounts owing to the holders of the Most Senior Class of Notes

and amounts ranking in priority thereto or *pari passu* therewith. Accordingly, the proceeds from the disposal of the Portfolios in such circumstances may not be sufficient to redeem (whether in whole or in part) the Classes of Notes other than the Most Senior Class of Notes.

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

### **Resolutions of Noteholders**

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

Prospective investors should note that, for the purposes of the right to vote at any Meeting of Noteholders convened to transact certain Business in relation to which may exist a conflict of interest between, in particular, the holders of the Rated Notes (in such capacity) and the Originators in any other role under the Transaction, those Rated Notes which are for the time being held by the Originators shall (unless and until ceasing to be so held) be deemed not to remain “outstanding”, subject to and in accordance with the rules and the procedures set out for the Meeting of each Class of Notes under the “Rules of the Organisation of the Noteholders” attached to the Conditions. It remains, furthermore, understood that the above restriction on voting rights does not apply in case the then outstanding Rated Notes are entirely held by the Originators and to the Originators as holders of the Junior Notes. For further details, see section entitled “Rules of the Organisation of the Noteholders” (in particular, see Article 4 – “*General*”).

### **Limited nature of credit ratings assigned to the Rated Notes**

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

The ratings do not address the following:

- (a) the likelihood that the principal will be redeemed on the Rated Notes, as expected, on the scheduled redemption dates;
- (b) possibility of the imposition of Italian or European withholding taxes;
- (c) the marketability of the Rated Notes, or any market price for the Rated Notes; or
- (d) whether an investment in the Rated Notes is a suitable investment for a Noteholder.

A rating is not a recommendation to purchase, hold or sell the Rated Notes. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or

withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the sole judgement of the Rating Agencies, the credit quality of the Rated Notes has declined or is in question. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Rated Notes.

The Issuer has not requested a rating of the Rated Notes by any rating agency other than the Rating Agencies. However, credit rating agencies other than the Rating Agencies could seek to rate the Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to “ratings” or “rating” in this Prospectus are to ratings assigned by the specified Rating Agencies only.

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

The CRA Regulation was amended by Regulation (EU) 462/2013 of 21 May 2013 (“**CRA III**”) which entered into force on 20 June 2013. Its provisions increase the regulation and supervision of credit rating agencies by ESMA and impose new obligations on (among others) issuers of securities established in the EU. Under Article 8(b) of the CRA Regulation, the issuer, originator and sponsor of structured finance instruments (“**SFI**”) established in the European Union (which includes the Issuer and the Originators) must jointly publish certain information about those SFI on a specified website set up by ESMA. This includes information on, *inter alia*, (i) the credit quality and performance of the underlying assets of the SFI; (ii) the structure of the securitisation transaction; (iii) the cash flows and any collateral supporting a securitisation exposure; and (iv) any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. On 6 January 2015, Commission Delegated Regulation 2015/3 (the “**Regulation 2015/3**”) on disclosure requirements for SFI was published in the Official Journal of the EU. The Regulation 2015/3 contains regulatory technical standards specifying:

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

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

On 27 April 2016, ESMA published a statement clarifying its position with respect to the application of the securitisation disclosure obligations provided for under article 8(b) of CRA Regulation and its related expectations with respect to compliance. This statement confirmed that: (i) ESMA is unable to establish the new website required under article 8b of CRA Regulation for disclosures (and does not expect to publish corresponding technical specifications for the website); (ii) ESMA does not expect to be in a position to

receive the information related to structured finance instruments from reporting entities from the initial application date of 1 January 2017; and (iii) ESMA expects that new securitisation legislation under the Capital Markets Union (CMU) action plan, which is currently in the legislative process, will provide clarity on future obligation regarding reporting on structured finance instruments. Please note that this statement does not formally repeal article 8(b) of CRA Regulation, but it does provide comfort that ESMA does not expect compliance action to be taken under article 8(b) of CRA Regulation from the application date, thus effectively postponing the application of article 8(b) of CRA Regulation pending the securitisation-related legislative process under the CMU action plan.

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

### **Suitability**

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

Investment in the Notes is only suitable for investors who:

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

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originators or any other party to the Transaction Documents as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

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

## **CONSIDERATIONS RELATING TO THE PORTFOLIOS**

### ***Mutui Fondiari***

The Portfolios comprise certain Loans that are *mutui fondiari*, in relation to which special enforcement and foreclosure provisions apply. Pursuant to Article 40, paragraph 2 of the Consolidated Banking Act, a mortgage lender is entitled to terminate a loan agreement and accelerate the mortgage loan (*diritto di risoluzione contrattuale*) if the debtor has delayed an instalment payment at least seven times whether consecutively or otherwise. For this purpose, a payment is considered delayed if it is made between 30 and 180 days after the payment due date. Accordingly, the commencement of enforcement proceedings in relation to *mutui fondiari* may take longer than usual. See the section headed “*Selected Aspects of Italian Law*”.

## Loans’ Performance

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

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

These factors which can have a significant effect on the length of the proceedings include, *inter alia*, the following: (i) certain courts may take longer than the national average to enforce the Loans and the Mortgages; (ii) obtaining title deeds from land registries which are in the process of digitising their records can take up to 2 (two) or 3 (three) years; and (iii) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the Borrower raises a defence or counterclaim to the proceedings. In the Republic of Italy it takes an average of 6 (six) to 8 (eight) years from the time lawyers commence enforcement proceedings to the time an auction date is set for the forced sale of any Real Estate Asset. In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 (“*Norme in tema di espropriazione forzata e di atti affidabili ai notai*”) (the “**Law No. 302**”) has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 (“*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell’ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*”) extends such activity to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years, although at the date of this Prospectus, the impact which the mentioned laws will have on the Loans comprised in the Portfolios cannot be fully assessed. See the sections headed “*Selected Aspects of Italian Law*” and “*The Portfolios*”.

### **Risk of Losses associated with declining property values**

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

### **Risk of losses associated with Borrowers**

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

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

In this respect, it should be noted that the Securitisation Law, as recently amended, provides that (i) the claw-back provisions set forth in Article 67 of the Italian Bankruptcy Law do not apply to payments made by Borrowers to the Issuer in respect of the securitised Claims and (ii) prepayments made by Borrowers under securitised Claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Italian Bankruptcy Law. For further details, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

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

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

The Law 3/2012, as amended, applies, *inter alios*, to (i) debtors who are not eligible to be adjudicated bankrupt under the Italian Bankruptcy Law; or (ii) to debtors which have not benefited of any procedure set out by Law 3/2012 in the past five years. In any case the debtors must comply with Article 7 of Law 3/2012 in order to benefit from the procedure provided by Law 3/2012.

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

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

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

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

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

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

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

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

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

### **Italian Usury Law**

Italian Law no. 108 of 7 March 1996, amended and supplemented from time to time (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every 3 months on the basis of a decree issued by the Italian Treasury (the last such decree having been issued on 28 March 2018). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are



disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. Any provision in loan agreements imposing interest exceeding the Usury Rates is null and void and no interest will be due in respect of the loan pursuant to Article 1815(2) of the Italian Civil Code.

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

On 29 December 2000, the Italian Government issued law decree No. 394 (*"Interpretazione autentica della legge 7 marzo 1996, n. 108"*) (the **"Decree 394/2000"**), turned into Law No. 24 of 28 February 2001 (*"Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo 1996, n. 108, recante disposizioni in materia di usura"*), which clarified the uncertainty over the interpretation of the Usury Law and provided, inter alia, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rates applicable at the time the relevant loan agreement or such other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (Buoni Tesoro Poliennali) in the period from January 1986 to October 2000. The Italian Constitutional Court (Corte Costituzionale) has rejected, with decision no. 29/2002 (deposited on 25th February 2002), a constitutional exception raised by the Court of Benevento concerning Article 1, paragraph 1, of the Usury Law. In so doing, the Constitutional Court has confirmed the constitutional validity of the provisions of the Usury Law which holds that the interest rates may be deemed to be void due to usury only if they infringe the Usury Law at the time they are agreed upon between the borrower and the lender and not as at the time such rates are actually paid by the borrower.

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

should be taken into account for the purposes of the Usury Rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable Usury Rates against which the former must be compared.

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

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

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

### **Perfection of the sale of the Portfolios**

The sale of the Portfolios by the Originators to the Issuer has been made in accordance with the Securitisation Law. Pursuant to Article 4 of the Securitisation Law, the publication in the Official Gazette of a notice of the sale of each Portfolio by the Originators to the Issuer and the registration of such sales with the competent Register of Enterprises of Treviso-Belluno (such publication and registration were made before the Issue Date) has rendered the assignment of the Portfolios and the proceeds deriving therefrom immune from any attachment or other action under Italian law (other than a claw-back action: see “*Claw-Back of the Sale of the Portfolios*” below), except to the extent that any such attachment or action is intended to protect the rights of the Noteholders and the Other Issuer Creditors. In addition, the publication of such notice means that the sale of the Portfolios cannot be challenged or disregarded by: (i) any third party to whom the Originators may previously have assigned the Portfolios or any part thereof but who has not perfected the assignment prior to the date of publication; (ii) a creditor of the Originators who has a right to enforce its claim on the relevant Originator’s assets; or (iii) a receiver or administrative receiver or a liquidator of any assigned Borrower in the case of the Borrower’s bankruptcy.

### **Claw-back of the sale of the Portfolios**

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

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

### **Commingling Risk**

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

On 24 December 2013, Italian Law Decree 145 came into force introducing certain amendments to the Securitisation Law. In particular, Decree 145 has provided, *inter alia*, that the special purpose vehicles incorporated under the Securitisation Law may open segregated accounts with the servicers for the deposit of the collections received from the debtors and the other amounts paid to the special purpose vehicles under the securitisation transactions; the sums deposited into such accounts will be segregated from the assets of the servicers with which the accounts are held, as well as from those of any other person holding deposits with the servicers, and will be available only to satisfy the obligations of the special purpose vehicles *vis-à-vis* the noteholders and the other creditors in relation to the securitisation transactions. In the event that the servicers become subject to any insolvency proceeding or restructuring agreement, the sums deposited into such accounts will remain outside the servicers’ estate and will not be subject to suspension of payments.

### **Rights of set-off and other rights of Borrowers**

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

### **Article 120-ter of the Consolidated Banking Act**

Article 120-ter of the Consolidated Banking Act provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or restructuring real

estate properties destined to residential purposes or to carry out the borrower's own professional and business activity.

The Italian banking association (“**ABI**”) and the main national consumer associations have reached an agreement (the “**Prepayment Penalty Agreement**”) regarding the equitable renegotiation of prepayment penalties with certain maximum limits calculated on the outstanding amount of the loans (the “**Substitutive Prepayment Penalty**”) containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a “safeguard” equitable clause (the “*Clausola di Salvaguardia*”) in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the *Clausola di Salvaguardia* provides that: (1) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001 the amount of the relevant prepayment penalty shall be reduced by 0.20%; (2) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25% if the agreed amount of the prepayment penalty was equal or higher than 1.25%; or (y) 0.15%, if the agreed amount of the prepayment penalty was lower than 1.25%.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

#### **Article 120-*quater* of the Consolidated Banking Act**

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

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

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

### **Compounding of interest**

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

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

In the decision no. 21095/04, the *Sezioni Unite* of the Italian Supreme Court (*Corte di Cassazione*) have confirmed that the interpretation according to which the capitalisation of accrued interest on a quarterly basis is not to be considered as a customary rule (*uso normativo*) and have moreover expressly stated that such capitalisation is not valid even if made before the above described rulings of the Italian Supreme Court (*Corte di Cassazione*) which first stated the relevant principal in 1999. Consequently, if 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 Loan Agreements may be prejudiced.

With respect to this matter, a ruling dated 29 October 2008 by the Court of Bari declared some mortgage loan agreements (executed in 1988 and 1989) that were based upon the amortisation method known as “French amortisation” (i.e. mortgage loans with fixed instalments, made up of an amount of principal (that progressively increases) and an amount of interest (that decreases as repayments are made) calculated with a compound interest formula, as partially void. In the case at hand, the technical consultancy requested by

the judge showed that the instalments were calculated with a compound interest formula not expressly stated in the agreement, and that from the application of such formula the effective interest was higher than the nominal interest. The borrowers were not able to realise, therefore, at the time of execution of the relevant mortgage loans, the effective high interest to be paid, as the nominal annual interest was that resulting from the agreement while the effective interest could only be inferred from time to time on the basis of the amortisation plan. Considering that the calculation of compound interest is permitted only within the limits of Article 1283 of the Italian civil code, as described above (i.e. the compounding has to follow the maturation of interest and never to precede it, as occurs in such French amortisation), the judge declared that the relevant mortgage loans were partially void and recalculated the amortisation plans with reference to the applicable legal rate, so determining an interest rate lower than to that paid by the borrowers.

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

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

## Historical Information

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

## Suspension of mortgage instalments

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

The 2008 Budget Law provided for the establishment of a fund (“*Fondo di solidarietà per i mutui per l’acquisto della prima casa*”) (the “**Fund**”) created for the purpose of bearing certain costs deriving from

the suspension of payments by the borrowers and referred to an implementing regulation to be issued by the Ministry of the Economy and Finance (“*Ministro dell’economia e delle finanze*”) in conjunction with the Ministry of the Social Solidarity (“*Ministro della solidarietà sociale*”). Pursuant to the decree of the General Director of Treasury Department of the Ministry of Economy and Finance issued on 14 September 2010, CONSAP (“*Concessionaria Servizi Assicurativi S.p.A*”) was selected as managing company of the Fund.

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

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

- (i) termination of an employment contract of indeterminate duration;
- (ii) termination of a fixed term employment contract;
- (iii) termination of one of the employment relationships provided for by Article 409, No. 3) of the Italian civil procedure code; or
- (iv) death or declaration of handicap or disability for at least 80%.

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

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

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

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

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

## **The Families Plan**

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

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

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

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

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

The Suspension applies to:

- 1) loans granted for the purchase of real estate property to be used as the borrower’s main residence (“*abitazione principale*”), only upon the occurrence of the event listed in point 3 (c) of ABI Convention (e.g. suspension of the working relationship or reduction of the working time for a period of at least 30 days); and
- 2) consumer’s loans granted to individuals in accordance with the provision of article 121 of the Consolidated Banking Act, having a duration higher than 24 months and a so-called “French” amortisation plan, regardless of the type of contractual interest rate.

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

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

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



- a) closing down of a permanent employment relationship (*rapporto di lavoro subordinato*), other than in the event of consensual termination (*risoluzione consensuale*) of such employment relationship or in the events in which the termination is due to the bypass of the age limit, with the consequent right to benefit of an old-age pension (*pensione di anzianità*), or in the events of resignation not for “*giusta causa*” or in the events of termination of the employment relationship for “*giusta causa*” or “*giustificato motivo soggettivo*”;
- b) closing down of the employment relationships under article 409, paragraph 3, of the Italian civil procedure code, other than the cases of consensual termination, withdrawal of the employer for “*giusta causa*” or withdrawal of the employee not for “*giusta causa*”;
- c) suspension of the employment relationship or reduction of the working time for a period of at least 30 days, also before the issuing of the relevant measures authorizing an income support (*sostegno al reddito*);
- d) death or cases of loss of self –sufficiency (*condizioni di non autosufficienza*).

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

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

## **TAX CONSIDERATIONS**

### **Tax treatment of the Issuer**

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. In light of the principles arising from the regulations issued by the Bank of Italy on 15 December 2015 (*Istruzioni per la redazione dei bilanci e dei rendiconti degli intermediari finanziari, degli istituti di pagamento, degli istituti di moneta elettronica, delle SGR e delle SIM*), as amended and supplemented, the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Portfolios will be treated as off-balance sheet assets, liabilities, costs and revenues, to be reported in the notes to the financial statements. Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet, earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolios. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by the Italian tax authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

Pursuant to Legislative Decree No. 141/2010 which modified Article 3, paragraph 3, of Securitisation Law, the Issuer is not any longer required to be registered as financial intermediary under Article 106 of the Consolidated Banking Act while it is enrolled in the register for securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy’s regulation dated 7 June 2017. The Italian tax authority (*Agenzia delle Entrate*) has not changed its tax guidelines.

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

A transfer of claims falls within the scope of VAT if it can be characterised as a supply of services rendered by the purchaser. In this respect, a transfer of claims entails a supply of services in the event and to the extent that (i) it has a “financial purpose” pursuant to Article 3, paragraph 2, item 3) of Presidential Decree of 26 October 1972, No. 633 and (ii) it is effected for consideration pursuant to Article 3, paragraph 1 of the above mentioned Presidential Decree. In such a case, the transfer of the claims is subject to VAT at the zero percent. rate (VAT exempt transaction) provided that it could not be qualified as credit recovery (*attività di recupero crediti*) subject to VAT rate of 22 percent. As far as the “financial purpose” is concerned, it must be pointed out that the transfer of the claims related to the securitisation in question takes place in the context of a “financial transaction” because (a) the Originators transfer the claims to the Issuer in order to enable the latter to raise funds (through the issuance of Notes collateralised by the claims) to be advanced to the Originators as transfer price of the claims; (b) the Issuer will effectively be entitled to retain for itself all collection and recoveries proceeds of the claims to the extent necessary to repay the principal amount of the Notes and to pay interest thereon and all costs borne by the Issuer in the context of the Transaction. In this respect, the transfer of claims in the context of a securitisation transaction should not be deemed as credit recovery (*attività di recupero crediti*) subject to a VAT rate of 22 per cent., based on the clarification given by the Italian Tax Authority in Resolution No. 32/E of 11 March 2011. As far as the transfer of claims for a consideration is concerned, it must be pointed out that this matter has been analysed by the EU Court of Justice and by *Agenzia delle Entrate* in cases dealing with the VAT analysis of the transfer of claims within the context of a factoring transaction and without specifically considering a securitisation transaction (among others EU Court of Justice judgment of June 26, 2003 on case C-305/01 and Resolution No. 32/E of 11 March 2011 issued by *Agenzia delle Entrate*). However it is also to be mentioned that since both factoring and securitisation transaction share similar “financial purposes”, the general consensus in the tax doctrine is that the transfer of claims must be treated similarly within the context of both transactions. According to the above mentioned judgments and resolutions, the remuneration of the “financial transaction” executed through the assignment of claims would be represented by any existing positive difference between the face value of the claims and the purchase price paid by the purchaser for the purchase of the same claims (i.e. the so-called “Discount”) as well as by any commission paid by the transferor with the purpose to remunerate the transferee for the payment in advance made before the expiration of the claim, which in substance constitutes a financing. In such a case, the transfer of the claims is subject to VAT at the zero per cent. rate (VAT exempt transaction). In the absence of a remuneration for the financing granted through the transfer of claims, such transfer cannot result in the supply of a “financial transaction” for VAT purposes. In a judgment (Judgment of October 27, 2011 on case C-93/10), the EU Court of Justice took an even more restrictive view on this matter, by stating, with specific reference to non-performing claims, as follows “*an operator who, at his own risk, purchases defaulted debts at a price below their face value does not effect a supply of services for consideration and does not carry out an economic activity falling within the scope of that directive when the difference between the face value of those debts and their purchase price reflects the actual economic value of the debts at the time of their assignment*”. On the basis of a cross interpretation of principles embodied in Resolution No. 32/E of 2011 and EU Court of Justice C-93/10, it can be summarised that, with specific reference to non-performing claims, whenever the amount paid by a purchaser in exchange for the acquisition of the claims reflects the actual economic value of the claims, no “financial service” for VAT purposes would be rendered by the purchaser. According to the above in a context of a securitisation transaction, as the one at stake, if (i) a portfolio of performing claims is not transferred either for a consideration due by the transferor to the transferee or for a discount below the face value of the claims or (ii) a portfolio of non-performing claims is transferred for a price not below the actual economic value of the claims at the time of their assignment, the relevant transfer could be treated not as a “financial

transaction” rendered by the Issuer and therefore the transaction could not qualify for VAT purposes as “*operazione esente*” (VAT exempt subject to VAT at the zero per cent. rate) and could qualify instead as “*operazione fuori campo*” (out of the scope of VAT and not subject to VAT). In this respect, if a transaction does not fall within the scope of VAT, VAT is not due and proportional registration tax will be applicable. Should for any reason the Transfer Agreements be subject, either voluntarily or in case of use or enunciation, to registration, 0.5% registration tax will be payable by the relevant parties thereto on the nominal value of the transferred claims.

### **Substitute tax under the Notes**

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed “*Taxation in the Republic of Italy*” of this Prospectus, be subject to a Law 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class will receive amounts of interest payable on the Notes net of a Law 239 Deduction. Law 239 Deduction, if applicable, is levied at the rate of 26 per cent., or such lower rate as may be applicable under the relevant double taxation treaty.

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

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

## **OTHER CONSIDERATIONS**

### **Euro System Eligibility**

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

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

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

### **Change of Law**

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

### **Projections, Forecasts and Estimates**

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this Prospectus are, necessarily, speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results. Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors should not rely on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate.

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

### **European Market Infrastructure Regulation**

Regulation (EU) no. 648/2012, known as the European Market Infrastructure Regulation (“**EMIR**”) entered into force on 16 August 2012. EMIR provides for certain over-the-counter (“**OTC2**”) derivative contracts to be submitted to central clearing and imposes, *inter alia*, margin posting and other risk mitigation techniques, reporting and record keeping requirements. EMIR is a Level-1 regulation and requires secondary rules for full implementation of all elements. Some (but not all) of these secondary rules have been finalised and certain requirements under EMIR are now in effect.

Under EMIR, OTC derivatives contracts entered into by non-financial counterparties (the “**NFC**”) which are NFC+ and financial counterparties (the **FC**) entities as defined in EMIR (the “**In-scope Counterparties**”) that are not cleared by a central counterparty clearing house (a “**CCP**”) may be subject to margining requirements, unless certain exemptions apply. The regulatory technical standards relating to the collateralisation obligations in respect of OTC derivatives contracts which are not cleared (the “**RTS**”) are now in force and the obligation for In-scope Counterparties to margin uncleared OTC derivatives contracts is being phased in from the first quarter of 2017 with variation margin obligations applying to all transactions entered into by In-scope Counterparties from 1 March 2017. In any event, on the basis that the Issuer is an NFC-, as defined in EMIR, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer’s counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

Further, OTC derivatives contracts that are not cleared by a CCP are also subject to certain other risk mitigation techniques, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these risk-mitigation techniques, the Issuer includes appropriate provisions in the Swap Agreement. In addition, under

EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA. Accordingly the Issuer has entered into an EMIR Reporting Agreement pursuant to which the EMIR Reporting Agent has agreed to carry out certain reporting obligations under EMIR on behalf of the Issuer.

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

Prospective investors should also note that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In particular, whilst the Securitisation Regulation (described below) contemplates that OTC derivative contracts entered into by special purpose vehicles similar to the Issuer should not be subject to the clearing obligation provided that certain conditions are met, a proposal published by the European Commission on 4 May 2017 to amend EMIR (the “**Proposal**”), suggests that special purpose vehicles similar to the Issuer should be reclassified as FCs for the purposes of EMIR.

At this time, the extent to which such Proposal will be reflected in an amended version of EMIR, remains unclear. The text of the Proposal will be negotiated between the European Commission, the Parliament and the Council before being finalised, so the final text may be quite different from the text of the Proposal. In particular, it should be noted that the Council published in December 2017 its compromise text relating to the Proposal, in which it has adopted the position that securitisation special purpose vehicles would not be classified as FCs. However, the position on this issue will only become clear once the final text of the Proposal is agreed between the EC, the Presidency and the Council.

In addition, the compliance position under any adopted amended framework of swap transactions entered into prior to application is uncertain. No assurances can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above. Noteholders should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR in making any investment decision in respect of the Notes.

## **Regulatory Capital Framework**

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

The Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio “backstop” for financial institutions and certain minimum liquidity standards. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “**Liquidity Coverage Ratio**” and the “**Net Stable Funding Ratio**”). Basel III set an

implementation deadline on member countries to implement the new capital standards from January 2014, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and, in particular, the European Commission has implemented the changes through the CRD IV (as defined below) and the CRR. The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

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

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

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise. There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future changes to the Basel II Framework (including the Basel III changes described above). The Issuer is not responsible for informing Noteholders of the effects of the changes which will result for investors from revisions to the Basel II Framework. Significant uncertainty remains around the implementation of these initiatives. In general, prospective investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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

In Europe, the U.S. and elsewhere there is an increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originators or any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alios*, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds, credit institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able

to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. Such requirements are provided, *inter alia*, by the following EU regulations (without prejudice to any other applicable EU regulations):

(a) The CRR

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

The main role of CRD IV and CRR is to implement in the EU the key Basel III reforms agreed in December 2010. These include, *inter alia*, amendments to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements. In particular, in the context of this new European regulatory capital framework, the provisions of Article 122-*bis* of Directive 2006/48/EC, as amended by Directive 2009/111/EC have been re-cast by the new provisions of Articles 404 to 409 of CRR (which includes, *inter alia*, the extension of the applications of the requirements also to regulated investment firms). In addition, the current guidelines on the abovementioned Article 122-*bis* have been replaced by regulatory technical standards (“**RTS**”) and implementing technical standards (“**ITS**”) on the convergence of supervisory practices related to the implementation of additional risk weights in the case of non-compliance with the retention rules consultation paper. These RTS and ITS have been developed respectively in accordance with Article 410(2) and 410(3) of the CRR. In this respect, it has to be noted that (i) with respect to RTS, on 13 June 2014, it has been published in the Official Journal of the European Union the Commission Delegated Regulation (EU) No. 625/2014 (which has entered into force the twentieth day following the date of such publication), supplementing the CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk; and (ii) with respect to ITS, on 5 June 2014, it has been published in the Official Journal of the European Union, the Commission Delegated Regulation (EU) No. 602/2014 (which has entered into force the twentieth day following the date of such publication), laying down implementing technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weights according to the CRR. No assurance can be *provided that* any changes made or that will be made in connection with CRD IV and/or CRR (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

In particular, in Europe, investors should be aware that the Capital Requirements Regulation restricts an institution (credit institution, investment firm or other financial institution) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has

explicitly disclosed to such institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 (five) per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 405 of the CRR. In addition, Article 406 of the CRR requires an EU regulated credit institution, before becoming exposed to the risks of a securitisation, and as appropriate thereafter, to be able to demonstrate to the competent authorities, for each of its securitisation transaction, that it has a comprehensive and thorough understanding of the key terms and risks of the transaction and it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis.

Pursuant to Article 407 of the CRR, where an institution does not meet the requirements in Articles 405, 406 or 409 of the CRR in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250% of the risk weight (capped at 1250%) which shall apply to the relevant securitisation positions in the manner specified in the CRR.

It should be noted that on 30 September 2015, the European Commission published legislative proposals for two new regulations related to securitisation. On 26 October 2017 the European Parliament voted on and approved such legislative proposals and on 20 November 2017 these were formally adopted also by the Council of the EU as Regulation (EU) 2017/2401 and Regulation (EU) 2017/2402. Amongst other things, Regulation (EU) 2017/2401 includes provisions intended to implement the revised securitisation framework developed by the Basel Committee (the CRR Amendment Regulation) whilst Regulation (EU) 2017/2402 includes provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors (the Securitisation Regulation).

Both the CRR Amendment Regulation and the Securitisation Regulation entered into force in January 2018 and will apply to new securitisation issued on and from 1 January 2019.

The Securitisation Regulation will, firstly, create a single set of common rules for European regulated banks, investment firms, insurance and reinsurance undertakings, alternative investment fund managers and UCITS management companies and secondly, provide criteria and other conditions under which securitisation transactions can be designated (and related investors qualifying as CRR institutions may on that basis thereafter be allowed to apply more beneficial risk weightings) for simple, transparent and standardised securitisations or so-called STS Securitisations.

Further, the Securitisation Regulation provides new common rules for inter alia (i) risk retention requirements, under which the originator, sponsor or original lender retains (on an ongoing basis) a material net economic interest in the securitisation of not less than 5%, (ii) due diligence, (iii) transparency, (iv) underwriting criteria for loans to be comprised in securitisation pools and (v) a ban on re-securitisation. Such common rules deviate from the existing provisions in CRR, Solvency II Directive (including Solvency II Regulation) and the AIFMD and introduce rules for UCITS management companies as regulated by the UCITS Directive.

In particular, the European Systemic Risk Board is being given the power to issue recommendations and to continuously monitor developments in the securitisation markets which may ultimately result in increased risk retention rates.

As described above, the CRR Amendment Regulation provides inter alia for (i) a new hierarchy of approaches for calculating regulatory capital, (ii) a re-calibration of risk weights for securitisation positions



including additional requirements relating to benefit from STS Securitisation risk weights and (iii) amended criteria to achieve a significant risk transfer to a third party in a securitisation transaction.

As a result, the Securitisation Regulation and the CRR Amendment Regulation may inter alia result in higher risk weights for investors becoming applicable to securitisations positions held by such investors compared to the risk weights that are applicable under the current CRR. This will in particular be the case for so-called Non-STS Securitisations, which in contrast to so-called STS Securitisations will be treated as a less favourable investment from a regulatory perspective.

Notably, certain provisions in the CRR Amendment Regulation provide that investors qualifying as CRR institutions are allowed to grandfather (i.e. continue to apply current CRR risk weights to) all outstanding securitisation positions that they hold on the application date of the CRR Amendment Regulation regarding transactions issued prior to such application date for a period up until 31 December 2019 and will only be required to apply new risk weights after such date.

Even if the Transaction was, if at all possible, amended and designated as a qualifying STS Securitisation in the future, there can be no assurance that related applicable risk weights would not exceed the risk weights under the current CRR or result in other material effects for regulated investors.

No assurance can be given that (i) the Securitisation Regulation and the CRR Amendment Regulation will not affect the compliance requirements related to previously structured transactions and issued securities (including the Notes) or (ii) that the Transaction described in this Prospectus can be amended and designated as a qualifying STS Securitisation under the Securitisation Regulation at any point in the future. No assurance can therefore be given that the Notes will obtain the preferential capital requirement treatment related to so-called STS Securitisations.

(b) The AIFM

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

Legislative Decree no. 44 of 4 March 2014 implementing AIFM Regulation has been published in the Official Gazette of the Republic of Italy on 25 March 2014. Two further regulations implementing AIFM Regulation in Italy have been published on 19 January 2015: (i) a first regulation issued by the Bank of

Italy (“*Regolamento sulla gestione collettiva del risparmio*”) and (ii) a second regulation issued by the Bank of Italy in conjunction with CONSOB amending the existing legislation with regard to investment intermediaries (“*Regolamento congiunto in materia di organizzazione e procedure degli intermediari del 29 ottobre 2007*”) and as amended for time. These two regulations entered into force on 3 April 2015;

(c) The Solvency II Directive

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

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

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

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

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any and all relevant requirements applicable to it and none of the Issuer, the Originators, the Servicers or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

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

(d) U.S. risk retention requirements

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

Each of the Originators, as sponsor, does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the securitization transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to herein as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer is organised under U.S. law, is a branch organized under U.S. law, or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer that is organised or located in the United States.

The Issuer and the Originators have made representations and warranties as to satisfaction of the requirements of the exemptions set forth in Section 20 of the U.S. Risk Retention Rules.

Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;<sup>1</sup>
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

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<sup>1</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.<sup>2</sup>

Consequently, the Notes may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Each holder of a Senior Note or a beneficial interest therein, by its acquisition of a Senior Note or a beneficial interest in a Senior Note, will be deemed to represent to the Issuer and the Originators that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not the account or benefit of a Risk Retention U.S. Person and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The Originators and the Issuer are relying on the deemed representations made by purchasers of the Notes and may not be able to determine the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and neither the Originators nor the Issuer nor any director, officer, employee, agent or affiliate of them accepts any liability or responsibility whatsoever for any such determination or characterisation.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure on the part of the Originators to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Originators which may adversely affect the Notes and the ability of the Seller to perform its obligations under the Transaction Documents. Furthermore, a failure by the Originators to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

None of the Issuer nor any of the other transaction parties or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transaction described in this Prospectus complies with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

## **Bank Recovery and Resolution Directive**

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<sup>2</sup> The comparable provision from Regulation S “(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.”.

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (collectively with secondary and implementing EU rules, and national implementing legislation, the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) established a framework for the recovery and resolution of credit institutions and investment firms. The aim of the BRRD is to provide national authorities in EU Member States (the “**Resolution Authorities**”) with common tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The BRRD applies, *inter alia*, to credit institutions, investment firms and financial institutions that are established in the European Union (when the financial institution is a subsidiary of a credit institution or investment firm and is covered by the supervision of the parent undertaking on a consolidated basis) (collectively, the “**relevant institutions**”). The BRRD entered into force on 2 July 2014 and had to be transposed by the Member States of the European Union into national law by 31 December 2014. The Republic of Italy has implemented the BRRD by Legislative Decrees no. 180 and no. 181 of 16 November 2015.

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

In addition to the above, it should be noted that due to the fact that any of BPB and CRO is a credit institution established in the European Union, it is subject to the BRRD. Therefore, in case of failure by BPB or CRO to comply with the prudential requirements applicable to it, or upon occurrence of certain other circumstances set forth in the BRRD, it may be subject to the BRRD resolution procedure. In such circumstances, BPB or CRO may not be in a position to meet its obligations under the Transaction Documents, including its obligations as Servicer and as indemnity provider under the Warranty and Indemnity Agreement.

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

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

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

Based on the state of emergency declared by the Italian Council of Ministers on 25 August 2016, the Italian Prime Minister Office - Department of Civil Protection adopted on 26 August 2016 the order

(ordinanza) No. 388 of 26 August 2016 headed “*Primi interventi urgenti di protezione civile conseguenti all’eccezionale evento sismico che ha colpito il territorio delle Regioni Lazio, Marche, Umbria e Abruzzo il 24 agosto 2016*” published in the Official Gazette No. 201 of 29 August 2016 (the “**Order No. 388**”).

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

Moreover, the Italian Government has also enacted Law Decree No. 189 of 17 October 2016 headed “*Interventi urgenti in favore delle popolazioni colpite dal sisma del 24 agosto 2016*”, published in the Official Gazette No. 244 of 18 October 2016, as subsequently converted with modifications into Law No. 229 of 15 December 2016 (the “**Decree No. 189**”). Article 48, paragraph 1, letter (g) of Decree No. 189 has provided for the suspension, until 31 December 2016, of payment of instalments arising under loan agreements of whatever nature (not only residential mortgage agreement) granted in favour of (i) individuals having their place of residence and (ii) enterprises having their registered office or carrying out their activities in the areas affected by the earthquake, being those 62 municipalities listed in the schedule 1, and 69 municipalities listed in the schedule 2 (included by Law No. 229 of 15 December 2016 after the below mentioned earthquakes occurred on 26 October 2016 and 30 October 2016) both attached to the Decree No. 189. Article 48, paragraph 1, letter (g) of the Decree No. 189 has been amended by article 14, paragraph 6, of Law Decree No. 244 of 30 December 2016, as subsequently converted with modifications into Law No. 19 of 27 February 2017 (the “**Decree No. 244**”), which has extended the suspension originally provided under the Decree No. 189 (i.e., 31 December 2016) until 31 December 2017 only in respect of, *inter alia*, mortgage loans entered into for main residences (*abitazioni principali*) and business activities. Subsequently, the Italian Government has enacted Law Decree No. 148 of 16 October 2017 headed “*Disposizioni urgenti in materia finanziaria e per esigenze indifferibili*”, published in the Official Gazette No. 242 of 16 October 2017, as subsequently converted with modifications into Law No. 172 of 4 December 2017 (the “**Decree No. 148**”). Article 2-bis, paragraph 21 of the Decree No. 148 has modified article 14, paragraph 6, of Decree No. 244 providing for: (i) the extension until 31 December 2018 of the suspension period originally provided under the Decree No. 189 (i.e., 31 December 2016), already extended until 31 December 2017 by Decree No. 244, without prejudice to the limits provided for by the Decree No. 244 (i.e., only in respect of, *inter alia*, mortgage loans entered into for main residences (*abitazioni principali*) and business activities) (the “**Suspension Period**”); and (ii) the extension until 31 December 2020 of the Suspension Period only in respect of mortgage loans entered into for the purchase of the primary residential property (*acquisto prima casa*) and business activities, destroyed or declared unsafe, which are located in an area (*zona rossa*) set up by a municipality’s major specific order during the period from 24 August 2016 and the date on which the Decree 148 has entered into force (being 16 October 2016).

Following two other earthquakes occurred on 26 October 2016 and 30 October 2016 in the central Italy area (i.e., certain municipalities located in the regions of Abruzzo, Lazio, Marche and Umbria), the Italian Government has enacted the Law Decree No. 205 of 11 November 2016 headed “*Nuovi interventi urgenti in favore delle popolazioni e dei territori interessati dagli eventi sismici del 2016*”, published in the Official Gazette of 11 November 2016 (the “**Decree No. 205**”), providing the extension of the measures under the the Decree No. 189 to individuals having their place of residence and enterprises having their registered office or carrying out their activities in the area affected by such second earthquake. The Decree No. 205 has been repealed by Law No. 229 of 15 December 2016 but without prejudice for the effects and legal relationships deriving from the Decree No. 205. Law No. 229 of 15 December 2016 has added the schedule

2 to Decree 189 including the list of 69 municipalities affected by the earthquakes and to which Article 48, paragraph 1, letter (g) of the Decree No. 189 applies.

Moreover, in the central Italy area, (i) another earthquake occurred on 18 January 2017 and (ii) exceptional weather events occurred during the second half of January 2017, so that the Italian Council of Ministers, by means of resolution dated 20 January 2017 headed “*Estensione degli effetti della dichiarazione dello stato di emergenza adottato con la delibera del 25 agosto 2016 in conseguenza degli ulteriori eventi sismici che il giorno 18 gennaio 2017 hanno colpito nuovamente il territorio delle Regioni Abruzzo, Lazio, Marche e Umbria, nonché degli eccezionali fenomeni meteorologici che hanno interessato i territori delle medesime Regioni a partire dalla seconda decade dello stesso mese*” published in the Official Gazette of 30 January 2017, has extended the provisions of Order No. 388 to people and entities affected by such third earthquake, which have their place of residence or their registered/operating office in the area hit by the earthquake.

As of the date of this Prospectus it cannot be excluded that additional measures may be adopted by the Italian Government or any other competent authority in the future to provide support in respect of, and deal with, the earthquakes occurred in August 2016, October 2016 and January 2017 and the exceptional weather events occurred during the second half of January 2017.

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

### **Risks related to legal proceedings**

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

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

As at 31 December 2017, the provision for risks and charges for legal disputes amounted to € 37.74 million. However there can be no assurance that legal proceedings not included in these provisions would not in the future give rise to additional liabilities, or that the amounts already set aside in these provisions will be sufficient to cover in full possible losses deriving from these proceedings. In this respect, it has to be noted that such legal proceedings do not refer to any of the Receivables assigned by the Originators under the Securitisation.

### **Risks connected with regulatory inspections**

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

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

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

The inspection has been completed on 29 April 2013, and on 31 July 2013 the report, detailing the 'findings and observations' identified by the regulator, has been delivered to the appropriate bodies of BPB. Overall, those findings and observations refer to a small number of operating areas, all of which concern aspects on which BPB was already taking action.

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

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

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

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

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

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

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

During this inspection, the Inspection Unit also conducted investigations requested by CONSOB in terms of compliance with regulations on investment services, particularly with reference to the financial instruments issued by BPB. Moreover, BPB's concerned departments provided the support and collaboration required so as to ensure the effective performance of activities. BPB also fully collaborated,



with resolutions passed even before the completion of the audit, both the greater doubtful outcomes/status reclassifications highlighted in the course of discussions with the inspectors and - with respect to compliance with prudential instructions connected to the recent share capital increases and the outcome of the large-scale assessment conducted - the instructions provided by the Supervisory Authority with respect to the correction of own funds.

On 21 April 2017, the Bank of Italy delivered the report with the ‘findings and observations’ arising from the inspection, with reference to the directly pertinent areas. On 8 May 2017, BPB submitted its counterclaims. BPB, acknowledging the information highlighted by the Supervisory Authority (the financial and economic impacts, as noted, were already incorporated within the financial statements closed as at 31 December 2016), launched specific action plans to re-establish full compliance with the rules and practices highlighted by the Supervisory Authority.

As regards the investigations carried out by the Bank of Italy on behalf of Consob, on 29 November 2017 Consob notified BPB its decision to open a sanctioning procedure pursuant to art. 190, 190-bis and 195 of TUF referred to the period 1 January 2013 – 4 November 2016. The investigation findings raised by Consob relate to alleged violation of the rules that govern the evaluation of investments’ adequacy and appropriateness, the shares sell orders’ processing and the shares’ price definition process. In March 2018, BPB prepared and sent its counter-arguments with its remarks.

As of 2 January 2018, Consob notified to BPB the opening of a further sanctioning procedure pursuant to art. 191 and 195 of TUF. This procedure relates to alleged omission of information in the prospectus prepared in connection with the last two capital increases (2014 and 2015). As of 31 May 2018 BPB prepared and sent its counter-arguments with its remarks.

As of 22 March 2018, Consob notified to BPB two new objections pursuant to art. 193 and 195 of TUF referred to alleged missing disclosure to the public of information related to its issued financial instruments. As of 31 May 2018, also for this procedure, BPB is preparing its counter-arguments with its remarks.

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

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

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

### **Mortgage Credit Directive**

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

- (i) standard information in advertising, and standard pre-contractual information;
- (ii) adequate explanations to the borrower on the proposed credit agreement and any ancillary service;
- (iii) calculation of the annual percentage rate of charge in accordance with a prescribed formula;
- (iv) assessment of creditworthiness of the borrower;
- (v) a right of the borrower to make early repayment of the credit agreement; and
- (vi) prudential and supervisory requirements for credit intermediaries and non-bank lenders.

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

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

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

Given the novelty of this new legislation and the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus. No assurance can be given that the implementation of the Mortgage Legislative Decree will not adversely affect the ability of the Issuer to make payments under the Notes.

### **Risks arising from the sovereign debt crisis**

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

at such time. It should be noted that the risk that certain EU Member States could exit from European Union and consequently from the single currency has become more consistent at the beginning of 2015, in particular with reference to Greece.

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

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

### **“Brexit” risk**

On 23 June 2016, the United Kingdom held a referendum on the country's membership of the European Union (Brexit). On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the European Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the European Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019. The consequences of Brexit are uncertain, with respect to the European Union integration process, the relationship between the United Kingdom and the European Union, and the impact on economies and European businesses.

### **U.S. Foreign Account Tax Compliance Act Withholding**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”) generally impose a new reporting regime and potentially a 30.00 per cent U.S. withholding tax with respect to certain payments to certain non-U.S. financial institutions (including entities such as the Issuer) that do not (i) enter into and comply with an agreement with the U.S. Internal Revenue Service (“**IRS**”) to provide certain information about the holders of its debt or equity or (ii) comply with legislation implementing an intergovernmental agreement, if any, between the United States and the applicable residence jurisdiction (an “**IGA**”). The FATCA rules may also affect other non-U.S. entities that are not considered financial institutions for these purposes, but in this case different rules apply. The new withholding regime currently applies with respect to certain U.S. source payments, but FATCA withholding on debt obligations generating non-U.S. source interest (such as the Rated Notes) will not begin to apply until 2019. Furthermore, in accordance with a grandfathering rule, even if the payments on the Rated Notes are otherwise potentially subject to FATCA withholding, the Rated Notes, so long as they are characterised as indebtedness for U.S. federal income tax purposes, should only become subject to the FATCA regime if the Rated Notes are issued (or materially modified) after the date that is six months after the date final regulations defining the term “foreign passthru payment” are published. No such final regulations have been published yet. In particular, a FATCA withholding tax may be triggered if (i) the issuer is a foreign

financial institution (“**FFI**”) (as defined by FATCA), which enters into and complies with an agreement with the IRS to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the issuer a “participating FFI”), (ii) any payment by the issuer is considered to be attributable to any U.S. source “withholdable payment” to the issuer, and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of such issuer, or (b) any FFI through which payment on the notes or other payments are made is not a participating FFI.

The United States has entered into IGAs to implement FATCA with a number of jurisdictions. Different rules than those described above may apply if the Issuer or an investor is resident in a jurisdiction that has entered into an IGA. Italy and the United States have entered into a so-called Model 1 IGA under which information regarding certain direct and indirect holders of the Notes may be provided to the Italian tax authorities, which will provide such information to the U.S. tax authorities. Under the Italian IGA, the Issuer will not be required to enter into an agreement with the IRS or withhold under FATCA from payments it makes on the Rated Notes if it complies with the terms of the Italian IGA. However if (i) the placement of the Rated Notes is not performed by a Reporting Italian Financial Institution (“**RIFI**”), or (ii) the Rated Notes are not sold by the Issuer to a RIFI, or (iii) the Rated Notes are not subscribed for by the Issuer and are held among its assets (“*mantenute nel proprio attivo dello stato patrimoniale*”), the Issuer may be required to register with the IRS and comply with legislation implemented to give effect to such IGA.

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

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

## **Volcker Rule**

Under the Notes Subscription Agreement, the Issuer has represented that (i) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be an “investment company” as such term is defined in the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), as a result of its reliance on the exemption from the definition of “investment company” set forth in Section 3(c)(5)(C) of the Investment Company Act. As a result, it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be a “covered fund” within the meaning of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (such statutory provision together with such implementing regulations, the “**Volcker Rule**”). The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies

and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (or by 21 July 2017 in respects of investments in and relationships with covered funds that were in place prior to 31 December 2013). Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a “covered fund” does not include an issuer that may rely on an exclusion or exemption from the definition of “investment company” under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Any prospective investor, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

No assurance can be given as to the availability of the relevant exemption under the Volcker Rule and investors should consult their own legal and regulatory advisors with respect to such matters and assess for themselves the availability of this or other exemptions or exclusions and the legality of their investment in the Notes.

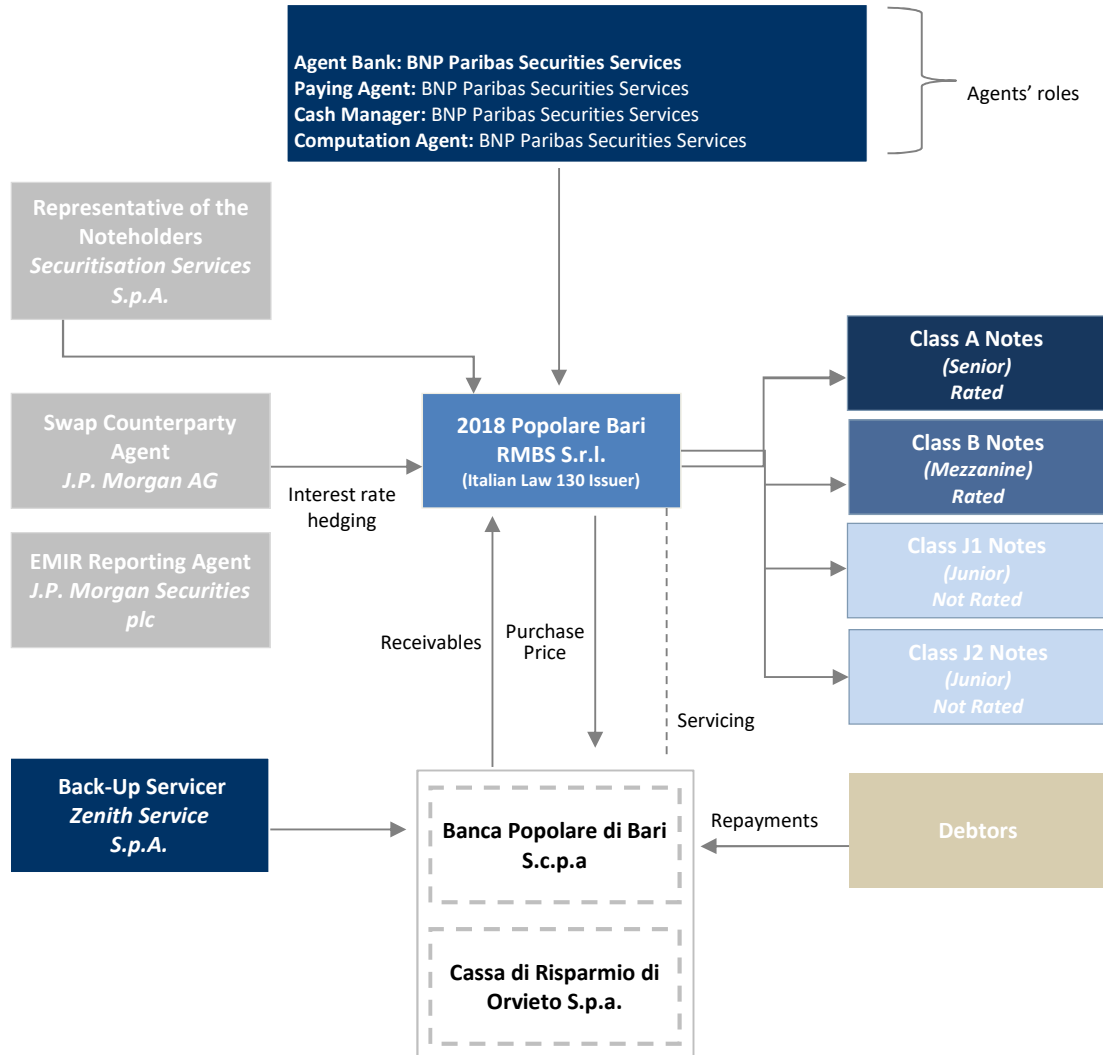
### **Swap Regulations under Dodd-Frank**

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”), the Commodity Futures Trading Commission and certain other regulators have promulgated a range of new regulatory requirements (the “**Dodd-Frank Regulations**”) relating to swaps. Under the regulations and guidance currently in effect, the Dodd-Frank Regulations generally should not apply to the Swap Agreement. However, because the Dodd-Frank Regulations remain, in certain respects, new, untested, and in the process of implementation, the Swap Agreement could become subject to such requirements in the future. Such requirements may have unforeseen legal consequences on the Issuer or have other material adverse effects on the Issuer or the Noteholders.

*The Issuer believes that the risks described above are the principal risks inherent in the Transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay principal on the Rated Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Rated Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Rated Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Rated Notes of any Class of interest or principal on such Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.*

## TRANSACTION DIAGRAM

*The following is a diagram showing the structure of the Transaction as at the Issue Date. It is intended to illustrate to prospective noteholders a scheme of the principal transactions contemplated in the context of the Transaction on the Issue Date.*



## TRANSACTION OVERVIEW

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

### 1. THE PRINCIPAL PARTIES

#### Issuer

**2018 Popolare Bari RMBS S.r.l.**, a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata* with sole quotaholder, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, quota capital of euro 10,000.00 fully paid up, fiscal code, VAT number and enrolment with the companies register of Treviso-Belluno under number 04942710262, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to article 4 of the regulation issued by the Bank of Italy on 7 June 2017 (“*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*”) under No 35457.1 and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law (the “**Issuer**”).

#### Originators

**BANCA POPOLARE DI BARI S.C.P.A.**, a bank incorporated in Italy as a *società cooperativa per azioni*, whose registered office is at Corso Cavour, 19, 70122, Bari, share capital fully paid up equal to Euro 800,981,345.00, Fiscal Code, VAT number and registration with the Companies Register in Bari No. 00254030729, holding of the banking group “Banca Popolare di Bari” enrolled with the register of banks held by the Bank of Italy pursuant to Article 13 of the Italian Banking Act with No. 4616 (“**BPB**” or an “**Originator**”).

**CASSA DI RISPARMIO DI ORVIETO S.P.A.**, a bank incorporated in Italy as a *società per azioni*, whose registered office is at Orvieto (TR), Piazza della Repubblica n. 21, share capital fully paid up equal to Euro 45,615,730.00, Fiscal Code and registration with the Companies Register in Terni No. 00063960553, belonging to the banking group “Banca Popolare di Bari” subject to the coordination and direction of “Banca Popolare di Bari”, enrolled with the register of banks held by the Bank of Italy pursuant to Article 13 of the Italian Banking Act with No. 5123 (“**CRO**” or an “**Originator**” and together with BPB, the “**Originators**”).

#### Agent Bank

**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, a bank incorporated under the laws of the Republic of France as a *société en commandite par actions*, having its registered office at 3, Rue d’Antin, 75002 Paris, France, acting through its Milan Branch, with offices in Piazza Lina Bo Bardi, 3, 20124 Milan, Italy, fiscal code and enrolment in the companies’ register of Milan number 13449250151, enrolled under number 5483 in the register of banks held by the Bank of Italy pursuant to article

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                          | 13 of the Consolidated Banking Act (“ <b>BNP Paribas Securities Services, Milan Branch</b> ”), acting as agent bank pursuant to the Cash Administration and Agency Agreement or any person from time to time acting as agent bank (the “ <b>Agent Bank</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Transaction Bank</b>                  | <b>BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH</b> , acting as transaction bank pursuant to the Cash Administration and Agency Agreement or any person from time to time acting as transaction bank (the “ <b>Transaction Bank</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Principal Paying Agent</b>            | <b>BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH</b> , acting as principal paying agent pursuant to the Cash Administration and Agency Agreement or any person from time to time acting as principal paying agent (the “ <b>Principal Paying Agent</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Representative of the Noteholders</b> | <b>SECURITISATION SERVICES S.P.A.</b> , a company with a sole shareholder incorporated as a “società per azioni”, having its registered office at Via Alfieri, 1, Conegliano (TV), Italy, share capital of Euro 2,000,000.00 fully paid up, fiscal code and enrolment in the companies’ register of Treviso-Belluno under the number 03546510268, currently enrolled under number 50 in the register of the Intermediari Finanziari held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as “Gruppo Banca Finanziaria Internazionale”, registered with the register of the banking group held by the Bank of Italy, company subject to the activity of direction and coordination (soggetta all’attività di direzione e coordinamento) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A. (“ <b>Securitisation Services</b> ”), acting as representative of the noteholders pursuant to the Notes Subscription Agreement and the Intercreditor Agreement or any person from time to time acting as representative of the noteholders (the “ <b>Representative of the Noteholders</b> ”). |
| <b>Servicers</b>                         | <b>BPB</b> and <b>CRO</b> , acting as servicers pursuant to the Servicing Agreement or any person from time to time acting as servicer (each a “ <b>Servicer</b> ” and together the “ <b>Servicers</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Master Servicer</b>                   | <b>BPB</b> acting as the master servicer pursuant to the Servicing Agreement or any person from time to time acting as master servicer (the “ <b>Master Servicer</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Corporate Services Provider</b>       | <b>SECURITISATION SERVICES S.P.A.</b> , acting as the corporate services provider pursuant to the Corporate Services Agreement or any person from time to time acting as corporate services provider (the “ <b>Corporate Servicer</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Quotaholder</b>                       | <b>Stichting Capuleti</b> , a foundation ( <i>Stichting</i> ) organized under the laws of The Netherlands having its registered office at Barbara Strozziilaan 101, 1083HN Amsterdam, The Netherlands, enrolled with the companies register of Amsterdam under No. 71062505 (“ <b>Stichting</b> ” and the “ <b>Quotaholder</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



|                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stichting Corporate Services Provider</b> | <b>WILMINGTON TRUST SP SERVICES (LONDON) LIMITED</b> , acting as the Stichting corporate services provider pursuant to the Stichting Corporate Services Agreement, with registered office at Third Floor, 1 King’s Arms Yard, London EC2R 7AF, United Kingdom (the “ <b>Stichting Corporate Services Provider</b> ”).                                                                                                                                                                                                                               |
| <b>Cash Manager</b>                          | <b>BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH</b> , acting as the cash manager pursuant to the Cash Administration and Agency Agreement or any person from time to time acting as cash manager (the “ <b>Cash Manager</b> ”).                                                                                                                                                                                                                                                                                                                    |
| <b>Computation Agent</b>                     | <b>SECURITISATION SERVICES S.P.A.</b> , acting as the computation agent pursuant to the Cash Administration and Agency Agreement or any person from time to time acting as computation agent (the “ <b>Computation Agent</b> ”).                                                                                                                                                                                                                                                                                                                    |
| <b>Back-up Servicer</b>                      | <b>ZENITH SERVICE S.P.A.</b> , a company incorporated under the laws of Italy as a <i>società per azioni</i> , share capital of euro 2,000,000 fully paid-up, having its registered office in Rome and its administrative office in Via A. Pestalozza, 12/14, 20131 Milan, fiscal code and enrolment in the companies register of Rome number 02200990980 (“ <b>Zenith</b> ”), acting as back-up servicer pursuant to the Back-up Servicing Agreement or any person from time to time acting as back-up servicer (the “ <b>Back-up Servicer</b> ”). |
| <b>Listing Agent</b>                         | <b>BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH</b> , a bank incorporated under the laws of the Republic of France as a <i>société en commandite par actions</i> , having its registered office at 3, Rue d’Antin, 75002 Paris, France, acting through its Luxembourg Branch, with offices at 60 avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (the “ <b>Listing Agent</b> ”).                                                                                                                                            |
| <b>Swap Counterparty</b>                     | <b>J.P. MORGAN AG</b> , having its registered office at TaunusTurm, Taunustor 1, 60310 Frankfurt am Main, Germany (the “ <b>Swap Counterparty</b> ”).                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>EMIR Reporting Agent</b>                  | <b>J.P. MORGAN SECURITIES PLC</b> , a company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, registered in England & Wales under registration number 02711006, whose registered office is at 25 Bank Street, Canary Wharf, London E14 5JP, or any other person from time to time acting as EMIR reporting agent under the EMIR Reporting Agreement (“ <b>J.P. Morgan</b> ” or the “ <b>EMIR Reporting Agent</b> ”).                                    |
| <b>Security Trustee</b>                      | <b>SECURITISATION SERVICES S.P.A.</b> , acting as security trustee pursuant to the Deed of Charge (the “ <b>Security Trustee</b> ”).                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Initial Subscribers</b>                   | BPB and CRO.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## 2. THE PRINCIPAL FEATURES OF THE NOTES

### The Notes

The Notes will be issued by the Issuer on the Issue Date in the following Classes:

(i) Euro 684,237,000.00 Class A Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class A Notes**”) or the “**Senior Notes**”);

(ii) Euro 48,299,000.00 Class B Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class B Notes**” or the “**Mezzanine Notes**” and, together with the Senior Notes, the “**Rated Notes**”);

(iii) Euro 77,534,000.00 Class J1 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J1 Notes**”); and

(iv) Euro 16,911,000.00 Class J2 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J2 Notes**” and together with the Class J1 Notes, the “**Class J Notes**” or the “**Junior Notes**”).

The Class A Notes, the Class B Notes and the Class J Notes, together the “**Notes**”.

### Issue price

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

| <i>Class</i> | <i>Issue Price</i> |
|--------------|--------------------|
| Class A      | 100 per cent       |
| Class B      | 100 per cent       |
| Class J1     | 100 per cent       |
| Class J2     | 100 per cent       |

## Interest on the Notes

The rate of interest applicable from time to time in respect of the Notes (the “**Interest Rate**”) will be Euribor for 3 month deposits in Euro (the “**Three Month Euribor**”) (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 3 months and 6 months deposits in Euro), as determined and defined in accordance with Condition 5 (*Interest*) plus the following relevant margin:

- a) Class A Notes 0.40% *per annum*;
- b) Class B Notes 0.70% *per annum*;
- c) Class J1 Notes 0% *per annum*;
- d) Class J2 Notes 0% *per annum*,

*provided that* the Interest Rate (being the Three Month Euribor plus the relevant margin) applicable on each of the Class B Notes shall not be higher than 4.00% *per annum*. In any case the Interest Rate (being the Three Month Euribor plus the relevant margin) applicable to the Notes shall not be negative.

The Euribor applicable to the Notes for each Interest Period will be determined on the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period (except in respect of the Initial Interest Period, where the applicable Euribor will be determined two Business Days prior to the Issue Date).

In addition, a Class J1 Notes Additional Return and a Class J2 Notes Additional Return (each as defined below) may or may not be payable on the Class J Notes on each Payment Date in accordance with the Conditions.

## Payment Date

Interest on the Notes will accrue on a daily basis and will be payable quarterly in arrear in Euro, in accordance with the applicable Order of Priority, on the last calendar day of January, April, July and October in each year or, if such date is not a Business Day, on the following Business Day (each such date a “**Payment Date**”). The first Payment Date will fall on 31 October 2018 (the “**First Payment Date**”).

## Class J Additional Return

Means, (i) on each Payment Date on which the Pre-Acceleration Order of Priority applies, an amount payable on the Class J Notes equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Fourteenth* (included) of the Pre-Acceleration Order of Priority; or (ii) on each Payment Date on which the Acceleration Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Twelfth* (included) of the Acceleration Order of Priority; plus, for the avoidance of doubt, (iii) on the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date, any surplus remaining on the balance of the Accounts (other than Quota Capital Account and the Collateral Account), as well as any other residual amount collected by the Issuer

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | <p>in respect of the Transaction in proportion to the Outstanding Principal Amount of the Claims comprised in the relevant Portfolio as at the Effective Date. The Class J Notes Additional Return will be paid (i) on the Class J1 Notes in an amount equal to the Class J1 Notes Additional Return; and (ii) on the Class J2 Notes in an amount equal to the Class J2 Notes Additional Return.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Class J1 Notes Additional Return</b>   | <p>Means the Class J Notes Additional Return payable in respect of the Class J1 Notes, in the amount determined in accordance with item <i>Seventeenth</i> of the Relevant Single Portfolio Priority of Payment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Class J2 Notes Additional Return</b>   | <p>Means the Class J Notes Additional Return payable in respect of the Class J2 Notes, in the amount determined in accordance with item <i>Seventeenth</i> of the Relevant Single Portfolio Priority of Payment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Unpaid interest</b>                    | <p>Without prejudice to Condition 9(a)(i) (<i>Non-payment</i>), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable), for the payment of interest on the Notes on such Payment Date are not sufficient to pay in full the relevant Interest Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of the Conditions as if it were, Interest Amount payable on the Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.</p>                                                                                    |
| <b>Withholding on the Notes</b>           | <p>As at the date of this Prospectus, payments of interest, Class J1 Notes Additional Return, Class J2 Notes Additional Return and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.</p>                                                                                                                                                                                                                                                                                                                         |
| <b>Form and denomination of the Notes</b> | <p>The denomination of the Rated Notes will be €100,000 and multiples of €1,000; the denomination of the Junior Notes will be €50,000 and multiples of €1,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-<i>bis</i> of the Consolidated Financial Act and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.</p> |

### 3. ACCOUNTS AND DESCRIPTION OF CASH FLOWS

**ACCOUNTS HELD WITH  
BANCA MONTE DEI PASCHI  
DI SIENA S.P.A.**

Pursuant to separate agreements entered into on or before the Issue Date, the Issuer has established with Banca Monte dei Paschi di Siena S.p.A., the following accounts as separate accounts in the name of the Issuer:

**Quota Capital Account**

A Euro denominated account (the “**Quota Capital Account**”) (*Conto Capitale Sociale*) into which all sums contributed by the Quotaholder as quota capital of the Issuer and any interest thereon shall be credited.

**Expenses Account**

A Euro denominated account (the “**Expenses Account**”) (*Conto Spese*):

- a) into which (i) on the Issue Date the Retention Amount shall be credited from the Payments Account; and (ii) on each Payment Date an amount shall be paid from the Payments Account in accordance with the applicable Order of Priority so that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount; and
- b) out of which (i) any taxes due and payable on behalf of the Issuer and any fees, costs and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing and comply with applicable legislation and regulations or to fulfil payment obligations of the Issuer to third parties (other than the Noteholders and the Other Issuer Creditors) incurred in relation to the Transaction will be paid on any Business Day; and (ii) on the Business Day immediately preceding the earlier of (a) the Payment Date on which the Notes will be redeemed in full or cancelled and (b) the Final Maturity Date, any amount standing to the credit of the Expenses Account shall be transferred to the Payments Account.

**ACCOUNTS HELD WITH  
THE TRANSACTION BANK**

Pursuant to the terms and conditions of the Cash Administration and Agency Agreement, the Issuer has directed the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

**Collection Accounts**

a Euro denominated account (the “**BPB Collection Account**”):

- a) into which: (i) all amounts received or recovered by the Issuer or by the relevant Servicer on behalf of the Issuer in respect of the BPB Portfolio shall be credited by 18:00 (Italian time) on the Business Day following the day on which the relevant Servicer has received or recovered the relevant amounts (except for the amounts received or recovered by the relevant Servicer in respect of the BPB Portfolio from the Effective Date (included) until two Business Days preceding the Issue Date which shall be credited not later than the Business Day preceding the Issue Date); (ii) any amount due by the relevant Servicer in

respect of the BPB Portfolio to the Issuer as indemnity for the renegotiation of the BPB Claims pursuant to the Servicing Agreement shall be credited; and (iii) all amounts due by the relevant Originator to the Issuer under the terms of the Warranty and Indemnity Agreement shall be credited; and

- b) out of which: any amount standing to the credit of the BPB Collection Account will be transferred, by close of business on the same Business Day, into the Investment Account.

A Euro denominated account (the “**CRO Collection Account**” and together with the BPB Collection Account, the “**Collection Accounts**”):

- a) into which: (i) all amounts received or recovered by the Issuer or by the relevant Servicer on behalf of the Issuer in respect of the CRO Portfolio shall be credited by 18:00 (Italian time) on the Business Day following the day on which the relevant Servicer has received or recovered the relevant amounts (except for the amounts received or recovered by the relevant Servicer in respect of the CRO Portfolio from the Effective Date (included) until two Business Days preceding the Issue Date which shall be credited not later than the Business Day preceding the Issue Date); (ii) any amount due by the relevant Servicer in respect of the CRO Portfolio to the Issuer as indemnity for the renegotiation of the CRO Claims pursuant to the Servicing Agreement shall be credited; and (iii) all amounts due by the relevant Originator to the Issuer under the terms of the Warranty and Indemnity Agreement shall be credited; and
- b) out of which: any amount standing to the credit of the CRO Collection Account will be transferred, by close of business on the same Business Day, into the Investment Account.

## **Payments Account**

A Euro denominated account (the “**Payments Account**”):

- a) into which (i) all amounts standing to the credit of the Investment Account and in general any sums arising from the liquidation, disposal or maturity of the Eligible Investments (including any profit generated thereby or interest matured thereon) shall be credited 2 (two) Business Days prior to each Payment Date; (ii) all amounts received from the sale of all or part of the Portfolios (other than amounts due by either Originator to the Issuer under the terms of the Warranty and Indemnity Agreement), should such sale occur, shall be credited; (iii) on the Business Day immediately preceding the earlier of (a) the Payment Date on which the Notes will be redeemed in full or cancelled and (b) the Final Maturity Date, the residual amount standing to

the credit of the Expenses Account shall be transferred; (iv) on the Issue Date the subscription price of the Notes (net of any set off agreed in the Notes Subscription Agreement) shall be credited; (v) any net amount due from the Swap Counterparty under the Swap Agreement will be paid two Business Days before each Payment Date, but which shall, for the avoidance of doubt, exclude any collateral transferred under the Swap Agreement with respect to which reference is made in the description of the Collateral Account below; and (vi) any Swap Collateral Account Surplus shall be credited in accordance with the Collateral Account Priority of Payments; and

- b) out of which (i) on each Payment Date all payments of interest and principal on the Notes and any payments to the Other Issuer Creditors and any third party creditors of the Transaction and any other payment or transfer set forth under the relevant Order of Priority shall be made in accordance with the Intercreditor Agreement, the applicable Order of Priority and the relevant Payments Report; (ii) any amount standing to the credit thereof will be transferred to the Investment Account 1 (one) Business Day after each Payment Date (other than the Payment Date on which the Notes will be redeemed in full or cancelled and the Final Maturity Date); and (iii) on the Issue Date (1) the Retention Amount shall be transferred to the Expenses Account; and (2) the Liquidity Reserve Amount shall be transferred to the Investment Account.

#### **Liquidity Reserve Account**

A Euro denominated account (the “**Liquidity Reserve Account**”):

- a) into which on each Payment Date prior to the delivery of a Trigger Notice, all sums payable under item *Sixth* of the Pre-Acceleration Order of Priority shall be credited; and
- b) out of which on the Business Day following each Payment Date the amount standing to the credit of the Liquidity Reserve Account will be transferred into the Investment Account.

#### **Investment Account**

A Euro denominated account (the “**Investment Account**”):

- a) into which (i) any amounts standing to the credit of the Collection Accounts on each Business Day will be transferred by close of business on the same Business Day; (ii) all sums arising from the Portfolios and all other sums which are not directly attributable to the Portfolios, collected or received by the Issuer under any Transaction Document to which the Issuer is a party shall be credited promptly upon receipt, if not credited to other accounts pursuant to the Transaction Documents; (iii) any amount credited into the Liquidity Reserve Account on each Payment Date in accordance with the Pre-Acceleration

Order of Priority will be transferred on the Business Day following such date; (iv) any amounts standing to the credit of the Payments Account on the Business Day immediately following each Payment Date (other than the Payment Date on which the Notes are redeemed in full or cancelled and the Final Maturity Date) shall be credited on such Business Day; (v) on the Issue Date, the Liquidity Reserve Amount will be transferred from the Payments Account; (vi) any proceeds upon maturity or any sums deriving from the disposal of the Eligible Investments purchased through the funds standing to the credit of such account and any profit generated thereby or interest accrued thereon, shall be credited; and

- b) out of which (i) any amounts standing to the credit thereof 2 (two) Business Days before each Payment Date shall be credited on such date to the Payments Account; and (ii) amounts standing to the credit thereof will be applied by the Cash Manager upon specific written instructions of BPB as Master Servicer or the Issuer, for the settlement of Eligible Investments, provided that in no case shall Eligible Investments be purchased in the 2 (two) preceding Business Days prior to each Payment Date.

#### **Securities Account**

A securities custody account (the “**Securities Account**”) for the deposit of the Issuer’s entitlement to Eligible Investments, which may be purchased with the monies standing to the credit of the Investment Account.

#### **Collateral Account**

A Euro denominated cash account (the “**Collateral Account**”), into which shall be credited:

- a) any collateral received from the Swap Counterparty pursuant to the Swap Agreement;
- b) any interest or distributions on, and any liquidation or other proceeds of, such collateral;
- c) any Replacement Swap Premium received by the Issuer from a replacement swap counterparty; and
- d) any termination payment received by the Issuer from the outgoing Swap Counterparty pursuant to the Swap Agreement and out of which amounts shall be paid in accordance with the Collateral Account Priority of Payments.

“**Accounts**” means collectively the Expenses Account, the Quota Capital Account, the Payments Account, the Collection Accounts, the Investment Account, the Securities Account, the Collateral Account and the Liquidity Reserve Account; and “**Account**” means any of them.



**“BPB Claims”** means the monetary receivables and connected rights arising under the Loans and the relevant Insurance Policies, as assigned by BPB to the Issuer pursuant to the BPB Transfer Agreement.

**“BPB Portfolio”** means the portfolio of BPB Claims and connected rights arising under the Loans which are sold to the Issuer by BPB pursuant to the BPB Transfer Agreement.

**“CRO Claims”** means the monetary receivables and connected rights arising under the Loans and the relevant Insurance Policies, as assigned by CRO to the Issuer pursuant to the CRO Transfer Agreement and together with the BPB Portfolio, the **“Portfolios”** and each a **“Portfolio”**.

**“CRO Portfolio”** means the portfolio of CRO Claims and connected rights arising under the Loans which are sold to the Issuer by CRO pursuant to the CRO Transfer Agreement.

**“Claims”** means the monetary receivables and connected rights arising under the Loans and the relevant Insurance Policies, and made up by the BPB Claims and the CRO Claims.

**“Replacement Swap Premium”** means the amount payable by the Issuer to a replacement swap counterparty or by a replacement swap counterparty to the Issuer (as the case may be) in order to enter into a replacement swap agreement on substantially the same terms as the Swap Agreement to replace or novate the Swap Agreement.

#### **4. ISSUER AVAILABLE FUNDS**

##### **Issuer Available Funds**

On each Calculation Date and in respect of the immediately following Payment Date, the aggregate of (without duplication):

- a) all the sums received or recovered by the Issuer from or in respect of the Claims during the Collection Period immediately preceding such Payment Date;
- b) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer in respect of the Portfolios pursuant to the Transfer Agreements, the Warranty and Indemnity Agreement and any other Transaction Documents during the Collection Period immediately preceding such Payment Date;
- c) any profit generated by, or interest accrued and paid on, the Eligible Investments (net of any withholding or deduction on account of tax) made out of the Investment Account in respect of the Collection Period immediately preceding such Payment Date;

- d) all the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date, after application of the Pre-Acceleration Order of Priority on such Payment Date (or, in respect of the First Payment Date, all the amounts standing to the credit of the Liquidity Reserve Account on the Issue Date);
- e) interest (if any) accrued on and credited (net of any withholding or deduction on account of tax) to the Accounts (except for the Expenses Account, the Collateral Account and the Quota Capital Account) in the Collection Period immediately preceding such Payment Date;
- f) all amounts received from the sale of the Portfolios or individual Claims, should such sale occur, during the Collection Period immediately preceding such Payment Date;
- g) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full or cancelled, the residual amount standing to the credit of the Accounts (except for the Quota Capital Account and the Collateral Account);
- h) any other amount, not included in the foregoing items, received by the Issuer and standing to the credit of the Accounts (except for the Quota Capital Account) on the Collection Date immediately preceding such Payment Date;
- i) without duplication of the above, all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid directly to the Swap Counterparty when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); and
- j) without duplication of the above, any Swap Collateral Account Surplus paid into the Payments Account in accordance with the Collateral Account Priority of Payments.

**“Collateral Amount”** means any amounts standing to the credit of the Collateral Account, being amounts paid into such account by the Swap Counterparty in accordance with the Credit Support Annex, together with interest and other amounts accrued thereon.

**“Senior Swap Counterparty Termination Payment”** means any termination payment, other than a Subordinated Swap Counterparty

Termination Payment, required to be made by the Issuer to the Swap Counterparty upon a termination of the Swap Transactions pursuant to the Swap Agreement.

**“Subordinated Swap Counterparty Termination Payment”** means any termination payment required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement upon a termination of the Swap Transactions in respect of which the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement) following the occurrence of a Swap Counterparty Rating Event or is the Defaulting Party (as defined in the Swap Agreement) to the extent not already paid pursuant to item *fourth* of the Orders of Priority.

**“Swap Tax Credit Amount”** means any amount received by the Issuer and attributable to a Tax Credit (as defined in the Swap Agreement) which is payable by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

**Single Portfolio Available Funds**

Means, with reference to each Portfolio and with reference to each Calculation Date and in respect of the immediately following Payment Date prior to the delivery of a Trigger Notice, the aggregate of (without duplication):

- a) all the sums received or recovered by the Issuer from or in respect of such Portfolio during the Collection Period immediately preceding such Payment Date;
- b) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer in respect of such Portfolio pursuant to the relevant Transfer Agreement, the Warranty and Indemnity Agreement and any other Transaction Documents during the Collection Period immediately preceding such Payment Date;
- c) the relevant Outstanding Notes Ratio of any profit generated by, or interest accrued and paid on, the Eligible Investments made out of the relevant Investment Account in respect of the Collection Period immediately preceding such Payment Date;
- d) with reference to the First Payment Date only, the relevant Single Portfolio Liquidity Reserve Initial Amount, and (b) on each Payment Date falling thereafter, all the amounts relating to such Portfolio standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date after application of the Relevant Single Portfolio Priority of Payment on such Payment Date;
- e) the relevant Outstanding Notes Ratio of the interest (if any) accrued on and credited to the relevant Accounts (except for the Expenses Account and the Quota Capital

Account) in the Collection Period immediately preceding such Payment Date;

- f) the amounts received from the sale of such Portfolio or individual Claims included in such Portfolio, should such sale occur;
- g) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full or cancelled, the relevant Outstanding Notes Ratio of the residual amount standing to the credit of the Accounts (except for the Quota Capital Account);
- h) the relevant Outstanding Notes Ratio of any other amount, not included in the foregoing items, received by the Issuer and standing to the credit of the relevant Accounts (except for the Quota Capital Account) on the Collection Date immediately preceding such Payment Date;
- i) any amount allocated from the Single Portfolio Available Funds relating to the other Portfolio under item *Fourteenth* of the Relevant Single Portfolio Priority of Payments as repayment of any surplus made available by the relevant Portfolio under item *Thirteenth* of the Relevant Single Portfolio Priority of Payments on the Calculation Date immediately preceding such Payment Date;
- j) the relevant Outstanding Notes Ratio of all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid directly to the Swap Counterparty when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); and
- k) the relevant Outstanding Notes Ratio of any Swap Collateral Account Surplus paid into the Payments Account in accordance with the Collateral Account Priority of Payments.

## **5. ORDER OF PRIORITY**

### **Pre-Acceleration Order of Priority**

Prior to (i) the service of a Trigger Notice, (ii) a Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*) or (iii) an Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*) or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making or providing for the following payments, in the following order of

priority (the “**Pre-Acceleration Order of Priority**”) (in each case, only if and to the extent that payments of a higher priority have been made in full):

- a) *First*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by using the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the ratings of the Rated Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- b) *Second*, to pay in the following order (i) the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (ii) into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;
- c) *Third*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) the fees, expenses and all other amounts due and payable to the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider; (ii) the Master Servicer Fees to the Master Servicer and the Servicing Fees due to each Servicer; and (iii) the fees and costs due to the Back-up Servicer as successor of the Servicers and/or the Master Servicer pursuant to clause 3.2(ii)(a) of the Back-Up Servicing Agreement;
- d) *Fourth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement (which, with respect to periodic payments and payments of *premia*, shall include amounts due and payable in respect of the relevant Swap Transactions) other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account Priority of Payments, and (3) any Subordinated Swap Counterparty Termination Payment provided that any Senior Swap Counterparty Termination Payment due to the Swap

Counterparty shall be payable pursuant to this item only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full the Senior Swap Counterparty Termination Payment due to the Swap Counterparty;

- e) *Fifth*, to pay (*pari passu* and *pro rata*) interest due and payable on the Principal Amount Outstanding of the Class A Notes;
- f) *Sixth*, to credit the Liquidity Reserve Account with the Liquidity Reserve Amount due on such Payment Date;
- g) *Seventh*, prior to the occurrence of a Class B Notes Interest Subordination Event, to pay, *pari passu* and *pro rata*, interest due and payable on the Principal Amount Outstanding of the Class B Notes;
- h) *Eighth*, towards payment (*pari passu* and *pro rata*) of the Principal Amount Outstanding of the Class A Notes;
- i) *Ninth*, following the occurrence of a Class B Notes Interest Subordination Event, to pay, *pari passu* and *pro rata*, interest due and payable on the Class B Notes;
- j) *Tenth*, to repay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class B Notes;
- k) *Eleventh*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full any Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty;
- l) *Twelfth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof), any other amount due and payable to each of the Originators, pursuant to the relevant Transfer Agreement (including costs and expenses and the insurance *premia* advanced under the Insurance Policies) and the Warranty and Indemnity Agreement; to the Master Servicer and the Servicers pursuant to the Servicing Agreement, to the extent not already paid under other items of this Order of Priority; and to the Back-up Servicer as successor of the Servicers and/or the Master Servicer, as agreed between the Back-up Servicer and the Issuer pursuant to clause 3.2(ii)(b) of the Back-Up Servicing Agreement;
- m) *Thirteenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) interest due and payable respectively on the Class J1 Notes and the Class J2 Notes (other than the Class J1 Notes Additional Return and the Class J2 Notes Additional Return) in accordance with the Relevant Single Portfolio Priority of Payments;

- n) *Fourteenth*, following redemption in full or cancellation of the Class B Notes, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) the Principal Amount Outstanding of the Class J1 Notes and the Class J2 Notes in accordance with the Relevant Single Portfolio Priority of Payments, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
- o) *Fifteenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) the Class J1 Notes Additional Return and the Class J2 Notes Additional Return in accordance with the Relevant Single Portfolio Priority of Payments,

*provided, however, that* should the Computation Agent not receive the Quarterly Servicing Report within 2 (two) Business Days prior to the Calculation Date (or should it receive the Quarterly Servicing Report in respect of one Portfolio only),

- (i) it shall prepare the Payments Report by applying the Issuer Available Funds in an amount not higher than:
  - a) the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date (after application of the Pre-Acceleration Order of Priority on such Payment Date); *plus*
  - b) the aggregate amount transferred from the Collection Account to the Investment Account in the immediately preceding Collection Period (as promptly indicated by the Transaction Bank upon request of the Computation Agent); *plus*
  - c) all amounts due and payable to the Issuer on the immediately following Payment Date under the terms of the Swap Agreement, other than any Collateral Amount, any termination payment required to be made under the Swap Agreement and any collateral payable or transferable (as the case may be) under the Credit Support Annex,

towards payment only of items from *First* to *Sixth* (but excluding the Master Servicer Fees to the Master Servicer under item *Third*) of the Pre-Acceleration Order of Priority; and

- (ii) any amount that would otherwise have been payable under items from *Seventh* to *Fifteenth* of the Pre-Acceleration

### Single Portfolio Priority of Payment

Order of Priority will not be included in the relevant Payments Report and shall not be payable on the relevant Payment Date and shall be payable (together with the relevant Master Servicer Fees) in accordance with the applicable Order of Priority on the first following Payment Date on which there are enough Issuer Available Funds and on which details for the relevant calculations will be timely provided to the Computation Agent.

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

- (i) *First*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the relevant Outstanding Notes Ratio of (a) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by using the amount standing to the credit of the Expenses Account, (b) all costs and taxes required to be paid to maintain the ratings of the Rated Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- (ii) *Second*, to register the payment in the following order (a) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (b) into the Expenses Account the relevant Outstanding Notes Ratio of the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;
- (iii) *Third*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the relevant Outstanding Notes Ratio (i) of the fees, expenses and all other amounts due and payable to the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider; (ii) of the Master Servicer Fees to the Master Servicer and the



Servicing Fees to the Servicers; and (iii) of the fees and costs due to the Back-up Servicer as successor of the Servicers and/or the Master Servicer pursuant to clause 3.2(ii)(a) of the Back-Up Servicing Agreement;

- (iv) *Fourth*, to register the payment of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement (which, with respect to periodic payments and payments of *premia*, shall include amounts due and payable in respect of the relevant Swap Transactions) other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account Priority of Payments, and (3) any Subordinated Swap Counterparty Termination Payment, provided that any Senior Swap Counterparty Termination Payment due to the Swap Counterparty shall be payable pursuant to this item only (a) to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full the Senior Swap Counterparty Termination Payment due to the Swap Counterparty, and (b) in an amount equal to the Outstanding Notes Ratio of such amount;
- (v) *Fifth*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class A Notes Principal Amount Outstanding;
- (vi) *Sixth*, to register the credit into the Liquidity Reserve Account of an amount equal to the relevant Single Portfolio Liquidity Reserve Amount due on such Payment Date;
- (vii) *Seventh*, prior to the occurrence of a Class B Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class B Notes Principal Amount Outstanding;
- (viii) *Eighth*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the Single Portfolio Class A Notes Principal Amount Outstanding;
- (ix) *Ninth*, following the occurrence of a Class B Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the Single Portfolio Class B Notes Principal Amount Outstanding;
- (x) *Tenth*, following redemption in full of the Class A Notes, to register the payment (*pari passu* and *pro rata* to the

extent of the respective amounts thereof) of the Single Portfolio Class B Notes Principal Amount Outstanding;

- (xi) *Eleventh*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full any Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty, to register payment the Outstanding Notes Ratio of any due but unpaid Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty;
- (xii) *Twelfth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof), of any other amount due and payable with respect to the BPB Portfolio or the CRO Portfolio, as the case may be to each of the Originators, pursuant to the relevant Transfer Agreement (including costs and expenses and the insurance *premium* advanced under the relevant Insurance Policies) and the Warranty and Indemnity Agreement; to the Master Servicer and the Servicers pursuant to the Servicing Agreement, to the extent not already paid under other items of this Order of Priority; and to the Back-up Servicer as successor of the Servicers and/or the Master Servicer, with respect to the BPB Portfolio or the CRO Portfolio, as the case may be, as agreed between the Back-up Servicer and the Issuer pursuant to clause 3.2(ii)(b) of the Back-Up Servicing Agreement;
- (xiii) *Thirteenth*, up to (and including) the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full or cancelled, to the extent, as the case may be, the Single Portfolio Class A Notes Principal Amount Outstanding or the Single Portfolio Class B Notes Principal Amount Outstanding relating to a Portfolio is reduced to zero while, as the case may be, the Single Portfolio Class A Notes Principal Amount Outstanding or the Single Portfolio Class B Notes Principal Amount Outstanding relating to the other Portfolio is higher than zero, to register the allocation of any surplus to the Single Portfolio Available Funds relating to the other Portfolio in an amount necessary to pay any shortfall under the other Single Portfolio Priority of Payments up to reduction of, as the case may be, the relevant Single Portfolio Class A Notes Principal Amount Outstanding or the relevant Single Portfolio Class B Notes Principal Amount Outstanding to zero;
- (xiv) *Fourteenth*, following redemption in full or cancellation of the Most Senior Class of Notes, to register the repayment of any amount allocated in any preceding Payment Date under item *Thirteenth* above to the Single Portfolio Available Funds relating to the relevant Portfolio from which such amount has been borrowed (deducting any

amount already paid under this item in any preceding Payment Date);

- (xv) *Fifteenth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of interest due and payable on the Principal Amount Outstanding of the relevant Class J Notes (other than the Class J1 Notes Additional Return and the Class J2 Notes Additional Return);
- (xvi) *Sixteenth*, following redemption in full or cancellation of the Class A Notes and the Class B Notes, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of the Principal Amount Outstanding of the relevant Class J Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
- (xvii) *Seventeenth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of the Class J1 Notes Additional Return and the Class J2 Notes Additional Return, as the case may be on the relevant Class J Notes.

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

It is also understood that, following redemption in full or cancellation of the Senior Notes and the Mezzanine Notes, the Issuer Available Funds shall be applied to make payments under items from *Thirteenth* to *Fifteenth* (both included) of the Pre-Acceleration Priority of Payments on the basis of the amounts registered under items from *Fifteenth* to *Seventeenth* (both included) of the Single Portfolio Priority of Payments in order to settle credits and debts resulting from the different contribution (if any) of each Portfolio.

**“Single Portfolio Priority of Payments”** means the order of priority pursuant to which the Single Portfolio Available Funds shall be applied on each Payment Date prior to the delivery of a Trigger Notice, in accordance with Condition 4.2 (*Single Portfolio Priority of Payments*) and the term **“Relevant”** when applied to the term Single Portfolio Priority of Payments means the order of priority applicable with respect to the BPB Portfolio or the CRO Portfolio, as the case may be.

### **Acceleration Order of Priority**

(a) Following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*), or (b) in the event that the Issuer opts for the Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*), or for the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*) or (c) on the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof), (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid in connection with any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- (ii) *Second*, to pay in the following order (i) the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (ii) into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;
- (iii) *Third*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) fees, expenses and all other amounts due and payable to the Master Servicer, the Servicer, the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider;
- (iv) *Fourth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account

- Priority of Payments and (3) any Subordinated Swap Counterparty Termination Payment, provided that only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to this item;
- (v) *Fifth*, to pay interest due and payable on the Class A Notes;
  - (vi) *Sixth*, to pay the Principal Amount Outstanding of the Class A Notes;
  - (vii) *Seventh*, to pay interest due and payable on the Class B Notes;
  - (viii) *Eighth*, to pay the Principal Amount Outstanding of the Class B Notes;
  - (ix) *Ninth*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;
  - (x) *Tenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) any amount due and payable to the Originators pursuant to any of the Transfer Agreement (including costs and expenses and the insurance *premia* advanced under the Insurance Policies) and the Warranty and Indemnity Agreement;
  - (xi) *Eleventh*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class J1 Notes and on the Class J2 Notes (other than the Class J Notes Additional Return);
  - (xii) *Twelfth*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding of the Class J Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
  - (xiii) *Thirteenth*, to pay the Class J Notes Additional Return (*pari passu* and *pro rata* to the Principal Amount Outstanding of each relevant Class as at the immediately preceding Payment Date).

**Collateral Account Priority of Payments**

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

- (i) prior to the occurrence or designation of an Early Termination Date in respect of the Swap Agreement, solely in or towards payment or transfer of:
  - (a) any Return Amounts (as defined in the Credit Support Annex);
  - (b) any Interest Amounts and Distributions (each as defined in the Credit Support Annex); and
  - (c) any return of collateral to the Swap Counterparty upon a novation of such Swap Counterparty's obligations under the Swap Agreement to a replacement swap counterparty,

on any day (whether or not such day is a Payment Date), directly to the Swap Counterparty in accordance with the terms of the Credit Support Annex;

- (ii) upon or immediately following the occurrence or designation of an Early Termination Date (as defined in the Swap Agreement) in respect of the Swap Agreement where (A) such Early Termination Date (as defined in the Swap Agreement) has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B) the Issuer enters into a replacement swap agreement in respect of such Swap Agreement on or around the Early Termination Date of such Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on which the Replacement Swap Premium (if any) payable to the Issuer has been received (in each case, whether or not such day is a Payment Date), in the following order of priority:
  - A. first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being novated or terminated;
  - B. second, in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and

- C. third, the surplus (if any) (a “**Swap Collateral Account Surplus**”) on such day to be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap Collateral Account Surplus and deemed to form Issuer Available Funds;
- (iii) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B) the Issuer is unable to or elects not to enter into a replacement swap agreement on or around the Early Termination Date of such Swap Agreement, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement;
- (iv) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (ii) and (iii) above, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and
- (v) following payment of any amounts due pursuant to (iii) and (iv) above, if amounts remain standing to the credit of the Collateral Account, such amounts may be applied on any day (whether or not such day is a Payment Date) only in accordance with the following provisions:
  - A. first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated; and
  - B. second, the surplus (if any) (a “**Swap Collateral Account Surplus**”) remaining after payment of such Replacement Swap Premium to be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap

Collateral Account Surplus and deemed to form Issuer Available Funds,

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

- A. the day that is 10 (ten) Business Days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of a Trigger Event pursuant to Condition 9 (*Trigger Events*)); or
- B. the day on which a Trigger Notice is given pursuant to Condition 9 (*Trigger Events*),

then the Collateral Amount on such day shall be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap Collateral Account Surplus and deemed to form Issuer Available Funds.

**Outstanding Notes Ratio**

Means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding; and (y) the Principal Amount Outstanding of all the Notes.

**Principal Amount Outstanding**

Means, in respect of a Note, on any date, the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid prior to such date.

**Single Portfolio Notes Principal Amount Outstanding**

Means with respect to each Payment Date:

- (i) with respect to the BPB Portfolio, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class J1 Notes;
- (ii) with respect to the CRO Portfolio, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the relevant Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class J2 Notes;

in each case as at the immediately preceding Collection Date.

**Single Portfolio Class A Notes Principal Amount Outstanding**

Means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class A Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds



|                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                            | registered in respect of the Class A Notes on the preceding Payment Dates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Single Portfolio Initial Class A Notes Principal Amount Outstanding</b> | Means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Issue Date of 82.09% of the Class A Notes, equal to Euro 561,720,000; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Issue Date of 17.91% of the Class A Notes, equal to Euro 122,517,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Single Portfolio Class B Notes Principal Amount Outstanding</b>         | Means, on any Payment Date and with respect to the relevant Portfolio, (i) the relevant Single Portfolio Initial Class B Notes Principal Amount Outstanding, less (ii) the repayments of principal out of the relevant Single Portfolio Available Funds registered in respect of the Class B Notes on the preceding Payment Dates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Single Portfolio Initial Class B Notes Principal Amount Outstanding</b> | Means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Issue Date of 82.09% of the Class B Notes, equal to Euro 39,651,000; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Issue Date of 17.91% of the Class B Notes, equal to Euro 8,648,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Trigger Events</b>                                                      | <p>If any of the following events (each a “<b>Trigger Event</b>”) occurs:</p> <ul style="list-style-type: none"> <li>(i) <i>Non-payment</i> <ul style="list-style-type: none"> <li>(a) the Interest Amount on the Class A Notes (and only after the repayment in full of the Rated Notes, on the Class J Notes) on a Payment Date is not paid in full on the due date or within a period of three Business Days; or</li> <li>(b) the Class A Notes or the Class B Notes or the Junior Notes are not redeemed in full on the Final Maturity Date; or</li> <li>(c) the Interest Amount (plus any Interest Amount in respect of previous Interest Periods which has remained unpaid) on the Class B Notes is not paid in full on the Final Maturity Date;</li> </ul> </li> <li>(i) <i>Breach of other obligations</i> <p>The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes (other than any obligation under paragraph (i) above) or any of the Transaction Documents to which it is a party and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) days after the Representative of the</p> </li> </ul> |

Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole and absolute opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders and requiring the same to be remedied; or

(ii) *Breach of representation and warranties*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect, in the sole and absolute opinion of the Representative of the Noteholders, when made or deemed to be made; or

(iii) *Insolvency*

- (a) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*concordato preventivo*”, “*piani di risanamento*” and “*accordi di ristrutturazione*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a “*pignoramento*” or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being not disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under point (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders, the commencement of such

proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (c) an application for the commencement of any of the proceedings under point (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
  - (d) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Noteholders and the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (iv) *Winding up etc.*
- an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer; or
- (v) *Unlawfulness*

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

then the Representative of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (i) above;
- (ii) shall, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, in the case of the Trigger Events set out under points (ii) and (iii) above;

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

give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to the Servicer, the Rating Agencies, the Swap Counterparty and the Master Servicer) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with interest accrued and unpaid thereon and that thereafter the Acceleration Order of Priority shall apply.

“**Most Senior Class of Notes**” means the Class A Notes or, upon redemption in full or cancellation of the Class A Notes, the Class B Notes or, upon redemption in full or cancellation of the Class B Notes, the Class J Notes.

In the following circumstances:

- (i) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or
- (ii) in the case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*); or
- (iii) if, after a Trigger Notice has been served on the Issuer, an Extraordinary Resolution of the holders of the Most Senior Class of Notes resolve to request the Issuer to sell all (or part only) of the Portfolios to one or more third parties,

the Issuer will be authorised to search for potential purchasers of all (or part only) of the Portfolios.

In addition, following the delivery of a Trigger Notice (a) without any further action or formality, all payments of principal, interest and any other amounts due with respect to the Notes, the Other Issuer Creditors and any other creditor of the Issuer under the Transaction shall be made in accordance with the Acceleration Order of Priority and (b) provided that any bankruptcy or similar proceeding has not been commenced towards the Issuer (including, without limitation, “*fallimento*”, “*concordato preventivo*”, “*piani di risanamento*” and “*liquidazione coatta amministrativa*”, in accordance with the meaning ascribed to those expressions by Italian law) and in any case if not prevented by, and in compliance with, any applicable law, the Representative of the Noteholders shall be entitled, in the name and on behalf of the Issuer, to sell the Portfolios.

#### **Representative of the Noteholders**

The terms of the appointment of the Representative of the Noteholders (which are set out in the Intercreditor Agreement, the Notes Subscription Agreement and the Rules of the Organisation of the Noteholders) contain provisions governing the responsibility

(and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking proceedings unless indemnified to its satisfaction and providing for the Representative of the Noteholders to be indemnified in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

## **Liquidity Reserve**

On the Issue Date, the Issuer will establish a reserve fund out of the net proceeds of the issue of the Class J Notes.

On each Payment Date, the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date, after application of the Pre-Acceleration Order of Priority on such Payment Date (or, in respect of the First Payment Date, an amount equal to the Liquidity Reserve Amount on the Issue Date) will form part of the Issuer Available Funds and will be available to the Issuer, together with the other Issuer Available Funds, to pay amounts due under the applicable Order of Priority.

The Issuer will, on each Payment Date on which the Pre-Acceleration Order of Priority applies and in accordance thereto, credit into the Liquidity Reserve Account an amount equal to the Liquidity Reserve Amount due and payable in respect of such Payment Date.

**“Liquidity Reserve Amount”** means (A) on the Issue Date, an amount equal to Euro 21,976,080; (B) on each Payment Date (in which the Pre-Acceleration Order of Priority is applied) falling before (and excluding) the earlier of (i) the Payment Date on which the Principal Amount Outstanding of the Senior Notes is lower than the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items *First* to *Fifth* of the Pre-Acceleration Order of Priority having been made, (ii) the Payment Date falling immediately after the Final Redemption Date and (iii) the Final Maturity Date, an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Acceleration Order of Priority on that date (or, in respect of the First Payment Date, on the Issue Date) and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date, and (C) on each Payment Date thereafter, zero.

On each Payment Date, the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date, after application of the Pre-Acceleration Order of Priority on such Payment Date (or, in respect of the First Payment Date, an amount equal to the Liquidity Reserve Amount on the Issue Date) will be made available to meet payments under items *First* to *Fifth* of the Pre-Acceleration Order of Priority. In addition the Liquidity

Reserve Amount available following payment in full of items from *First to Fifth* of the Pre-Acceleration Order of Priority shall be used in full towards redemption of the Senior Notes, on the Payment Date on which, by doing so, the Senior Notes can be redeemed in full.

**“Single Portfolio Liquidity Reserve Initial Amount”** means (i) with respect to the BPB Portfolio, an amount equal to Euro 18,041,119.23 and (ii) with respect to the CRO Portfolio, an amount equal to Euro 3,934,960.77.

**“Single Portfolio Liquidity Reserve Amount”** means (i) with respect to the BPB Portfolio, an amount equal to Euro 18,041,119.23 and (ii) with respect to the CRO Portfolio, an amount equal to Euro 3,934,960.77.

### **Final redemption**

Unless previously redeemed in full or cancelled, the Notes will be redeemed in full at their Principal Amount Outstanding on the Payment Date falling in April 2059 (the **“Final Maturity Date”**).

**“Final Redemption Date”** means the earlier of: (i) the date when any amount payable on the Claims of each Portfolio will have been paid and the Master Servicer has confirmed that no further recoveries and amounts shall be realised thereunder, and (ii) the date when all the Claims of each Portfolio then outstanding will have been entirely written off or sold by the Issuer.

### **Mandatory redemption**

The Notes will be subject to mandatory redemption in full or in part:

- A. on each Payment Date, in a maximum amount equal to the relevant Principal Amount Outstanding with respect to such Payment Date in accordance with the Pre-Acceleration Order of Priority;
- B. (i) on any date following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); and (ii) on the relevant Payment Date in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*) or in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding and in accordance with the Acceleration Order of Priority,

if, on each immediately preceding Calculation Date, it is determined that there will be sufficient Issuer Available Funds which may be applied for this purpose in accordance with the Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable.

### **Optional Redemption**

The Issuer may at its option, on any Payment Date falling on or after the Initial Clean Up Option Date (prior to the delivery of a Trigger Notice) (each an **“Optional Redemption Date”**), redeem:

- (i) the Notes in whole (but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date; or
- (ii) with the prior consent of the Junior Noteholders, the Rated Notes only (or the Rated Notes in whole and the Junior Notes in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Such optional redemption shall be effected by the Issuer giving not more than 45 (forty-five) nor fewer than 15 (fifteen) days' prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Swap Counterparty, the holders of the Senior Notes in accordance with Condition 12 (*Notices*) and to the Rating Agencies and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders and to the Rating Agencies, has produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the relevant Notes (to be redeemed) and any amounts required under the Acceleration Order of Priority to be paid in priority to or *pari passu* with such Notes and any amount due to the Swap Counterparty (including any termination payment) subordinated to the Rated Notes. In order to finance the redemption of the relevant Notes in the circumstances described above, the Issuer (or the Representative of the Noteholders, acting in the name and on behalf of the Issuer), is entitled to dispose of the Portfolios.

**“Initial Clean Up Option Date”** means the first Payment Date immediately succeeding the earlier of (i) April 2029, and (ii) the Collection Date on which the aggregate principal outstanding amount of both the Portfolios is equal to or less than 10% (ten per cent.) of the Initial Principal Portfolio.

**“Initial Principal Portfolio”** means the aggregate principal outstanding amount of the Portfolios as of the Effective Date, being Euro 802,929,213.03.

## Redemption for taxation

If the Issuer:

1. has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer; and
2. has given not more than 45 (forty-five) nor less than 15 (fifteen) calendar days' prior written notice to the Representative of the Noteholders, the Swap Counterparty

and the Noteholders, in accordance with Condition 12 (*Notices*),

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

- (a) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative subdivision thereof or any authority thereof or therein or by any applicable authority having jurisdiction; or
  - (b) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Noteholders or the Issuer's assets in respect of the Transaction;
3. in each case the Issuer shall have produced evidence reasonably acceptable to the Representative of the Noteholders that it has the necessary funds (not subject to the interests of any other Person) to discharge all of its outstanding liabilities with respect to the Rated Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Rated Notes,

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

## **Listing**

Application has been made to the Luxembourg Stock Exchange for the Senior Notes and the Mezzanine Notes to be admitted to the Official List and trading on its regulated market. No application has been made to list the Class J Notes on the Luxembourg Stock Exchange or on any other stock exchange.



## **Ratings**

The Senior Notes are expected to be assigned, on issue, the following ratings: “AA(sf)” by DBRS Ratings Limited and “Aa2 (sf)” by Moody's Investors Service Ltd.

The Mezzanine Notes are expected to be assigned, on issue, the following ratings: “A(high)(sf)” by DBRS Ratings Limited and “A3 (sf)” by Moody's Investors Service Ltd.

As of the date of this Prospectus, each of Moody's Investors Service Ltd and DBRS Ratings Limited is established in the European Union and registered in accordance with Regulation (EC) number 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) number 513/2011 of the CRA Regulation and included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

No ratings will be assigned to the Class J Notes.

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

## **Segregation of Issuer's Rights**

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Portfolios, any monetary claim of the Issuer under the Transaction Documents, all cash-flows deriving from both of them and any Eligible Investments purchased therewith (together, the “**Segregated Assets**”) are segregated by operation of law from the Issuer's other assets. Both before and after a winding up of the Issuer, amounts deriving from the Portfolios and the other Segregated Assets will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Transaction.

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

## **The Organisation of the Noteholders and the Representative of the Noteholders**

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as an Exhibit), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the

Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of issue of the Notes, who is appointed in the Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

**Selling restrictions**

There will be restrictions on the sale of the Notes and on the distribution of information in respect thereof.

**Governing Law**

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

## REGULATORY CAPITAL REQUIREMENTS

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

- a. retain at the origination and maintain (on an ongoing basis) a material net economic interest of at least 5% in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolio transferred by it to the Issuer) in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation (or any permitted alternative method thereafter). As at the Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes);
- b. disclose that it continues to fulfil the obligation to maintain the material net economic interest in the Transaction in accordance with the option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation and give relevant information to the Noteholders and prospective investors in this respect on a quarterly basis through the Investors' Report;
- c. ensure that Noteholders and prospective investors have readily available access to all information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil their monitoring and due diligence duties under Articles from 405 to 410 of the CRR, which does not form part of this Prospectus as at the Issue Date but may be of assistance to certain categories of prospective investors before investing; and
- d. notify to the Noteholders any change to the manner in which the material net economic interest set out above is held.

In particular, in accordance with the Intercreditor Agreement each of the Originators has undertaken that any of such information:

- (a) on the Issue Date will be included in this Prospectus; and
- (b) following the Issue Date, on a quarterly basis, will:
  - (i) on each Investors' Report Date, be included in the Investors' Report issued by the Computation Agent, which will (a) contain, inter alia, (i) statistics on prepayments, the Delinquent Claims, the Delinquent 60 Claims, the Delinquent 90 Claims; (ii) details relating to repurchases of Claims by the Servicers pursuant to the terms of the Servicing Agreement, (iii) information on the renegotiation transactions carried out by each Servicer and the Master Servicer pursuant to the Servicing Agreement, (iv) the aggregate amount of the Collections related to the Claims collected during the preceding Collection Period, (v) a description, by aggregate amounts, of the Portfolios during the relevant Collection Period and (vi) information on the material net economic interest (of at least 5%) in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolios which have been transferred to the Issuer) maintained by the Originators in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation (or any permitted alternative method thereafter); (b) be generally available to the Noteholders and prospective investors at the offices of the Computation Agent and on the Computation Agent's web site currently located at [www.securitisation-services.com](http://www.securitisation-services.com);
  - (ii) with reference to loan by loan information regarding each Loan included in the Portfolios, be made available, by each of the Originators, upon request;

- (iii) with reference to the further information which from time to time may be deemed necessary under articles 405 to 409 of the CRR in accordance with the market practice and not covered under points (i) and (ii) above, will be provided, upon request, by each of the Originators.

Under the Intercreditor Agreement each of the Originators has undertaken that the retention requirement is not to be subject to any credit risk mitigation, any short position or any other hedge, as and to extent required by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation.

*Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFM Regulation (including article 51) and Chapter VIII of the Solvency II Regulation (including article 254) and any corresponding national measure which may be relevant and none of the Issuer, the Originators, the Servicers or any other party to the Transaction Documents or any other person makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.*

## THE PORTFOLIOS

The Portfolios purchased by the Issuer comprise debt obligations arising out of mortgage loans classified as performing by the relevant Originator. It is not provided for in the Transaction Documents the possibility to assign further portfolios of loans to the Issuer.

All Claims comprised in the Portfolios purchased by the Issuer from each Originator have been selected on the basis of the Criteria listed in the relevant Transfer Agreement and repeated in this Prospectus (see “*The Criteria*”, below).

The Claims do not and may not consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives.

As at the Effective Date, the aggregate of the Outstanding Principal of all Claims comprised in the Portfolios amounted to Euro 802,929,213.03.

The information relating to the Portfolios contained in this Prospectus is, unless otherwise specified, a description of the Portfolios as at the Valuation Date.

### The Criteria

The Claims included in the Portfolios have been selected on the basis of the following objective criteria (the “**Criteria**”) as at the Valuation Date (or the different date specified in respect of the relevant criterion), in order to ensure that the Claims have the same legal and financial characteristics.

#### In respect of the BPB Portfolio

- (i) Loans whose Borrowers, according to the classification criteria set forth by the determination of Bank of Italy No 140 dated 11 February 1991, as subsequently amended and modified (“Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica”), belong to one of the following economic activity sector (“*settore di attività economica*”-“SAE”): n. 600 (“*Famiglie Consumatrici*”), n.614 (“*Artigiani*”), n. 615 (“*Altre famiglie produttrici*”);
- (ii) Loans denominated in Euro;
- (iii) Loans deriving from Loan Agreements (i) executed between the relevant Originator (or other entities subsequently taken over by the relevant Originator) and the relevant Borrower and (ii) governed by Italian Law;
- (iv) Loans secured by Mortgages on Real Estate Assets destined to residential purposes that are located in Italy;
- (v) Loans granted to individuals resident in Italy;
- (vi) Loans with reference to which, as at 28 February 2018, there are not more than two due and unpaid instalments;
- (vii) Loans with reference to which, as at the Valuation Date, there is not any due and unpaid Instalment;

- (viii) Loans fully disbursed, for which there is no obligation to, neither is possible to, disburse any further amount (for the avoidance of doubt, with exclusion of any Loan which as at the Valuation Date provides for further draw down on the basis of the progress of the construction or refurbishment (the so-called “SAL”) of the Real Estate Assets);
- (ix) Loans having a final maturity date falling between 1 June 2018 (included) and 31 December 2048 (included);
- (x) Loans in relation to which, as at the Valuation Date, at least one instalment (also in respect to the pre-amortisation period or whose interest component or both interest component and principal component, including cases of early repayment) has been paid;
- (xi) Loans secured by a first economic Mortgage priority (meaning: (i) a first legal mortgage priority, or (ii) mortgages having a priority subsequent to first legal priority provided that all obligations, secured by mortgage/mortgages with prevailing priority, have been fully satisfied) in favour of the relevant Originator and for which the ratio between the (a) disbursed amount and (b) the Real Estate Assets value resulting from the assessment made by a qualified appraiser on the mortgaged Real Estate Assets, does not exceed, at the time of the disbursement, the 100% (included) ;
- (xii) Loans disbursed between 8 October 1998 (included) and 28 February 2018 (included);
- (xiii) Loans whose outstanding principal amount is equal to or lower than € 4,200,000.00;
- (xiv) Loans deriving from Loan Agreements which if at the Valuation Date a floating rate is applicable (including floating rate with a floor or floating rate with a cap (therefore excluding only Loans with a fixed rate applicable for the entire duration of the Loan)), such floating rate is exclusively indexed to (a) 1 month Euribor, 3 month Euribor, 6 month Euribor, 12 month Euribor; or (b) the ECB interest rate;
- (xv) Loans with reference to which the amortisation plan provides for monthly, bi-monthly, quarterly, half-yearly or yearly payments of the instalments;
- (xvi) Loans providing the repayment method of the principal component according to an amortisation plan:
  - (a) “alla francese” (meaning the progressive amortisation method by which each instalment is divided into a principal amount which increases over time intended to repay the Loan and into a variable interest amount); and
  - (b) “italiano” (meaning the amortisation method by which each instalment is divided into a principal amount which is constant over time and into an interest amount);
  - (c) “personalizzato” (meaning the amortization method by which the principal amount is reimbursed on the basis of a personalized amortization plan).

the following are expressly excluded:

- (a) loans granted to persons qualified as directors and/or employees of the relevant Originator (or other entities subsequently taken over by the relevant Originator);

- (b) loans deriving from agreements that, pursuant to any Italian law provisions, take advantage of any contributions, profits or facilities of whatever kind (the so-called “Mutui agevolati” and “Mutui convenzionati”) on principal and/or interest account, granted by a third party in favour of the relevant Borrower, save for the public contribution provided by article 2 of law decree 29 November 2008, No 185, as converted into law by law 28 January 2009, No 2;
- (c) loans associated with an ancillary bank account pursuant to the provision of the Italian law decree 27 May 2008, No 93 (the so called “Tremonti Decree”), as converted with modifications into Italian law 24 July 2008, No 126;
- (d) loans disbursed pursuant to agreements entered into between the relevant Originator and the anti-usury funds or guaranteed by such anti-usury funds provided for under Italian Law 7 March 1996, n. 108 (*Usury Law*);
- (e) loans secured by a guarantee issued by a *Confidi* whose guarantee agreement does not allow the transfer in the event of assignment of the secured claim;
- (f) loans which, as at the Valuation Date, are guaranteed by the FEI guarantee (SME Initiative);
- (g) loans with mixed or modular interest rate (“*tasso d’interesse misto o modulare*”), which provide for (i) the switch into a floating interest rate, after an initial period during which the interest rate is calculated with respect to a fixed interest rate, or (ii) the option for the relevant debtor to choose either a fixed or a floating interest rate, after an initial period during which the interest rate is calculated with respect to a fixed interest rate;
- (h) loans that benefit of the suspension (in full or only in part) of the payment obligations of the instalments contractually agreed;
- (i) loans deriving from Loan Agreements identified by identification number of the Borrower (specified in the relevant Loan Agreements), composed by the identification number of the branch who granted the disbursement and the number of the Loan as listed in the following web page: <http://www.popolarebari.it/content/bpb/it/il-gruppo/investor-relations/informative.html> and filed by the Issuer in the companies’ register of Treviso-Belluno.

#### **In respect of the CRO Portfolio**

- (i) Loans whose Borrowers, according to the classification criteria set forth by the determination of Bank of Italy No 140 dated 11 February 1991, as subsequently amended and modified (“Istruzioni relative alla classificazione della clientela per settori e gruppi di attività economica”), belong to one of the following economic activity sector (“*settore di attività economica*”-“SAE”): n. 600 (“*Famiglie Consumatrici*”), n.614 (“*Artigiani*”), n. 615 (“*Altre famiglie produttrici*”);
- (ii) Loans denominated in Euro;
- (iii) Loans deriving from Loan Agreements (i) executed between the relevant Originator (or other entities subsequently taken over by the relevant Originator) and the relevant Borrower and (ii) governed by Italian Law;

- (iv) Loans secured by Mortgages on Real Estate Assets destined to residential purposes that are located in Italy;
- (v) Loans granted to individuals resident in Italy;
- (vi) Loans with reference to which, as at 28 February 2018, there are not more than two due and unpaid instalments;
- (vii) Loans with reference to which, as at the Valuation Date, there is not any due and unpaid Instalment;
- (viii) Loans fully disbursed, for which there is no obligation to, neither is possible to, disburse any further amount (for the avoidance of doubt, with exclusion of any Loan which as at the Valuation Date provides for further draw down on the basis of the progress of the construction or refurbishment (the so-called “SAL”) of the Real Estate Assets);
- (ix) Loans having a final maturity date falling between 1 June 2018 (included) and 31 December 2048 (included);
- (x) Loans in relation to which, as at the Valuation Date, at least one instalment (also in respect to the pre-amortisation period or whose interest component or both interest component and principal component, including cases of early repayment) has been paid;
- (xi) Loans secured by a first economic Mortgage priority (meaning: (i) a first legal mortgage priority, or (ii) mortgages having a priority subsequent to first legal priority provided that all obligations, secured by mortgage/mortgages with prevailing priority, have been fully satisfied) in favour of the relevant Originator and for which the ratio between the (a) disbursed amount and (b) the Real Estate Assets value resulting from the assessment made by a qualified appraiser on the mortgaged Real Estate Assets, does not exceed, at the time of the disbursement, the 100% (included) ;
- (xii) Loans disbursed between 8 October 1998 (included) and 28 February 2018 (included);
- (xiii) Loans whose outstanding principal amount is equal to or lower than € 4,200,000.00;
- (xiv) Loans deriving from Loan Agreements which if at the Valuation Date a floating rate is applicable (including floating rate with a floor or floating rate with a cap (therefore excluding only Loans with a fixed rate applicable for the entire duration of the Loan)), such floating rate is exclusively indexed to (a) 1 month Euribor, 3 month Euribor, 6 month Euribor, 12 month Euribor; or (b) the ECB interest rate;
- (xv) Loans with reference to which the amortisation plan provides for monthly, bi-monthly, quarterly, half-yearly or yearly payments of the instalments;
- (xvi) Loans providing the repayment method of the principal component according to an amortisation plan:
  - (a) “alla francese” (meaning the progressive amortisation method by which each instalment is divided into a principal amount which increases over time intended to repay the Loan and into a variable interest amount); and



- (b) “italiano” (meaning the amortisation method by which each instalment is divided into a principal amount which is constant over time and into an interest amount);
- (c) “personalizzato” (meaning the amortization method by which the principal amount is reimbursed on the basis of a personalized amortization plan).

the following are expressly excluded:

- (a) loans granted to persons qualified as directors and/or employees of the relevant Originator (or other entities subsequently taken over by the relevant Originator);
- (b) loans deriving from agreements that, pursuant to any Italian law provisions, take advantage of any contributions, profits or facilities of whatever kind (the so-called “Mutui agevolati” and “Mutui convenzionati”) on principal and/or interest account, granted by a third party in favour of the relevant Borrower, save for the public contribution provided by article 2 of law decree 29 November 2008, No 185, as converted into law by law 28 January 2009, No 2;
- (c) loans associated with an ancillary bank account pursuant to the provision of the Italian law decree 27 May 2008, No 93 (the so called “Tremonti Decree”), as converted with modifications into Italian law 24 July 2008, No 126;
- (d) loans disbursed pursuant to agreements entered into between the relevant Originator and the anti-usury funds or guaranteed by such anti-usury funds provided for under Italian Law 7 March 1996, n. 108 (*Usury Law*);
- (e) loans secured by a guarantee issued by a *Confidi*, whose guarantee agreement does not allow the transfer in the event of assignment of the secured claim;
- (f) loans which, as at the Valuation Date, are guaranteed by the FEI guarantee (SME Initiative);
- (g) loans with mixed or modular interest rate (“*tasso d’interesse misto o modulare*”), which provide for (i) the switch into a floating interest rate, after an initial period during which the interest rate is calculated with respect to a fixed interest rate, or (ii) the option for the relevant debtor to choose either a fixed or a floating interest rate, after an initial period during which the interest rate is calculated with respect to a fixed interest rate;
- (h) loans that benefit of the suspension (in full or only in part) of the payment obligations of the instalments contractually agreed;
- (i) loans deriving from Loan Agreements identified by identification number of the Borrower (specified in the relevant Loan Agreements), composed by the identification number of the branch who granted the disbursement and the number of the Loan as listed in the following web page: <http://www.popolarebari.it/content/bpb/it/il-gruppo/investor-relations/informative.html> and filed by the Issuer in the companies’ register of Treviso-Belluno.

## Characteristics of the Portfolios

The Claims included in the Portfolios have the characteristics that demonstrate capacity to produce funds to serve payments due and payable on the Notes. However, neither the Originators nor the Issuer warrant the solvency (credit standing) of any or all of the Borrower(s).

The Claims deriving from the Loan Agreements included in the Portfolios have the characteristics illustrated in the following tables. For the purpose of the following tables and by reference to the calculation of the loan-to-value ratios set out therein, the valuation of the Real Estate Assets which has been taken into account is the valuation as at the date of disbursement of the relevant Loan.

### Summary of the Portfolio

#### Securitised Pool as of 30 April 2018

|                                                                    | Overall portfolio |
|--------------------------------------------------------------------|-------------------|
| Current Principal Balance (Euro)                                   | 803,140,947.91    |
| Number of Loans                                                    | 11,396.00         |
| Number of Borrowers                                                | 11,239.00         |
| Average Current Principal Balance (Euro)                           | 70,475.69         |
| Max Current Principal Balance (Euro)                               | 4,200,000.00      |
| Min Current Principal Balance (Euro)                               | 315.45            |
| Original Principal Balance (Euro)                                  | 1,168,751,535.83  |
| Average Original Principal Balance (Euro)                          | 102,558.05        |
| Max Original Principal Balance (Euro)                              | 4,200,000.00      |
| Min Original Principal Balance (Euro)                              | 900.00            |
| Weighted Average Seasoning (years)                                 | 5.23              |
| Weighted Average Remaining Term (years)                            | 16.86             |
| Weighted Average Maturity (years)                                  | 22.09             |
| Weighted Average Coupon Only for Currently Fixed Rate Loans (%)    | 3.55%             |
| Weighted Average Spread Only for Currently Floating Rate Loans (%) | 1.85%             |
| Weighted Average Original Loan to Value (OLTV)                     | 60.88%            |
| Weighted Average Current Loan to Value (CLTV)                      | 48.23%            |
| Top 1 Borrower (%)                                                 | 0.52%             |
| Top 10 Borrower (%)                                                | 1.48%             |
| Top 20 Borrower (%)                                                | 2.22%             |

| <b>Seller</b>                    | <b>Current<br/>Principal Balance<br/>(€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|----------------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Banca Popolare di Bari           | 659,386,628.16                               | 82.10%                                     | 9,000                      | 78.98%            |
| Cassa di Risparmio di<br>Orvieto | 143,754,319.75                               | 17.90%                                     | 2,396                      | 21.02%            |
| <b>Grand Total</b>               | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Current<br/>Principal Balance<br/>(€)</b> | <b>Current Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-------------------------------------------------|------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| 0-100,000                                       | 418,507,162.77                           | 52.11%                                     | 8,900                      | 78.10%            |
| 100,000-200,000                                 | 288,581,565.11                           | 35.93%                                     | 2,187                      | 19.19%            |
| 200,000-300,000                                 | 48,828,724.24                            | 6.08%                                      | 210                        | 1.84%             |
| 300,000-400,000                                 | 19,485,250.91                            | 2.43%                                      | 57                         | 0.50%             |
| 400,000-500,000                                 | 7,550,987.86                             | 0.94%                                      | 17                         | 0.15%             |
| 500,000-600,000                                 | 6,175,985.72                             | 0.77%                                      | 11                         | 0.10%             |
| 600,000-700,000                                 | 5,184,731.78                             | 0.65%                                      | 8                          | 0.07%             |
| 700,000-800,000                                 | 1,479,325.17                             | 0.18%                                      | 2                          | 0.02%             |
| 800,000-900,000                                 | 847,003.05                               | 0.11%                                      | 1                          | 0.01%             |
| 900,000-1,000,000                               | 969,787.10                               | 0.12%                                      | 1                          | 0.01%             |
| 1,000,000-1,500,000                             | 1,330,424.20                             | 0.17%                                      | 1                          | 0.01%             |
| 1,500,000-2,000,000                             | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 2,000,000-2,500,000                             | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 2,500,000-3,000,000                             | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 3,000,000-3,500,000                             | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 3,500,000-4,000,000                             | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 4,000,000-4,500,000                             | 4,200,000.00                             | 0.52%                                      | 1                          | 0.01%             |
| <b>Grand Total</b>                              | <b>803,140,947.91</b>                    | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

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

| <b>By Original<br/>Principal Balance<br/>(€)</b> | <b>Current Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|--------------------------------------------------|------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| 0-100,000                                        | 266,282,113.77                           | 33.16%                                     | 6,590                      | 57.83%            |
| 100,000-200,000                                  | 375,913,113.78                           | 46.81%                                     | 4,023                      | 35.30%            |
| 200,000-300,000                                  | 95,213,532.26                            | 11.86%                                     | 594                        | 5.21%             |
| 300,000-400,000                                  | 21,810,444.54                            | 2.72%                                      | 88                         | 0.77%             |
| 400,000-500,000                                  | 14,641,709.14                            | 1.82%                                      | 48                         | 0.42%             |
| 500,000-600,000                                  | 7,939,002.33                             | 0.99%                                      | 21                         | 0.18%             |
| 600,000-700,000                                  | 7,001,094.84                             | 0.87%                                      | 14                         | 0.12%             |
| 700,000-800,000                                  | 3,648,634.15                             | 0.45%                                      | 7                          | 0.06%             |
| 800,000-900,000                                  | 2,242,449.20                             | 0.28%                                      | 4                          | 0.04%             |
| 900,000-1,000,000                                | 762,110.80                               | 0.09%                                      | 1                          | 0.01%             |
| 1,000,000-1,500,000                              | 2,155,289.01                             | 0.27%                                      | 3                          | 0.03%             |
| 1,500,000-2,000,000                              | 1,331,454.09                             | 0.17%                                      | 2                          | 0.02%             |
| 2,000,000-2,500,000                              | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 2,500,000-3,000,000                              | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 3,000,000-3,500,000                              | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 3,500,000-4,000,000                              | 0.00                                     | 0.00%                                      | 0                          | 0.00%             |
| 4,000,000-4,500,000                              | 4,200,000.00                             | 0.52%                                      | 1                          | 0.01%             |
| <b>Grand Total</b>                               | <b>803,140,947.91</b>                    | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

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

| <b>By Origination Year</b> | <b>Current Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|----------------------------|------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| 1998                       | 89,188.89                                | 0.01%                                      | 4                          | 0.04%             |
| 1999                       | 142,048.85                               | 0.02%                                      | 19                         | 0.17%             |
| 2000                       | 760,411.38                               | 0.09%                                      | 52                         | 0.46%             |
| 2001                       | 990,157.35                               | 0.12%                                      | 55                         | 0.48%             |
| 2002                       | 2,245,173.21                             | 0.28%                                      | 88                         | 0.77%             |
| 2003                       | 4,911,978.47                             | 0.61%                                      | 257                        | 2.26%             |
| 2004                       | 10,730,897.30                            | 1.34%                                      | 402                        | 3.53%             |
| 2005                       | 14,902,259.39                            | 1.86%                                      | 448                        | 3.93%             |
| 2006                       | 25,058,138.14                            | 3.12%                                      | 529                        | 4.64%             |
| 2007                       | 25,670,254.69                            | 3.20%                                      | 481                        | 4.22%             |
| 2008                       | 23,040,804.80                            | 2.87%                                      | 404                        | 3.55%             |
| 2009                       | 82,468,504.63                            | 10.27%                                     | 1,296                      | 11.37%            |
| 2010                       | 103,644,794.88                           | 12.90%                                     | 1,497                      | 13.14%            |
| 2011                       | 85,853,401.61                            | 10.69%                                     | 1,130                      | 9.92%             |
| 2012                       | 44,972,547.38                            | 5.60%                                      | 581                        | 5.10%             |
| 2013                       | 34,096,267.16                            | 4.25%                                      | 447                        | 3.92%             |
| 2014                       | 8,682,119.21                             | 1.08%                                      | 98                         | 0.86%             |
| 2015                       | 25,135,723.59                            | 3.13%                                      | 318                        | 2.79%             |
| 2016                       | 51,890,207.76                            | 6.46%                                      | 617                        | 5.41%             |
| 2017                       | 229,183,912.42                           | 28.54%                                     | 2,393                      | 21.00%            |
| 2018                       | 28,672,156.80                            | 3.57%                                      | 280                        | 2.46%             |
| <b>Grand Total</b>         | <b>803,140,947.91</b>                    | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| By Seasoning (in years) | Current Principal Balance (€) | % Current Principal Balance | Number of loans | % of loans     |
|-------------------------|-------------------------------|-----------------------------|-----------------|----------------|
| 0-1                     | 212,201,365.56                | 26.42%                      | 2,180           | 19.13%         |
| 1-2                     | 83,771,046.00                 | 10.43%                      | 932             | 8.18%          |
| 2-3                     | 35,156,000.85                 | 4.38%                       | 455             | 3.99%          |
| 3-4                     | 9,759,925.51                  | 1.22%                       | 109             | 0.96%          |
| 4-5                     | 24,493,778.98                 | 3.05%                       | 304             | 2.67%          |
| 5-6                     | 37,375,006.66                 | 4.65%                       | 504             | 4.42%          |
| 6-7                     | 81,793,271.45                 | 10.18%                      | 1,053           | 9.24%          |
| 7-8                     | 94,991,039.96                 | 11.83%                      | 1,349           | 11.84%         |
| 8-9                     | 99,172,712.91                 | 12.35%                      | 1,498           | 13.14%         |
| 9-10                    | 33,596,809.51                 | 4.18%                       | 590             | 5.18%          |
| 10-11                   | 22,905,652.18                 | 2.85%                       | 378             | 3.32%          |
| 11-12                   | 26,787,589.51                 | 3.34%                       | 563             | 4.94%          |
| 12-13                   | 17,676,018.70                 | 2.20%                       | 483             | 4.24%          |
| 13-14                   | 11,252,378.50                 | 1.40%                       | 399             | 3.50%          |
| 14-15                   | 6,796,175.95                  | 0.85%                       | 338             | 2.97%          |
| >15                     | 5,412,175.68                  | 0.67%                       | 261             | 2.29%          |
| <b>Grand Total</b>      | <b>803,140,947.91</b>         | <b>100.00%</b>              | <b>11,396</b>   | <b>100.00%</b> |

Weight. Av. Seasoning  
(in years)

5.23

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

| By Remaining terms (in years) | Current Principal Balance (€) | % Current Principal Balance | Number of loans | % of loans     |
|-------------------------------|-------------------------------|-----------------------------|-----------------|----------------|
| 0-5                           | 38,979,343.06                 | 4.85%                       | 2,213           | 19.42%         |
| 5-10                          | 137,346,848.03                | 17.10%                      | 2,762           | 24.24%         |
| 10-15                         | 186,314,270.59                | 23.20%                      | 2,417           | 21.21%         |
| 15-20                         | 159,766,669.56                | 19.89%                      | 1,668           | 14.64%         |
| 20-25                         | 164,297,571.88                | 20.46%                      | 1,385           | 12.15%         |
| 25-30                         | 114,992,494.79                | 14.32%                      | 940             | 8.25%          |
| 30-35                         | 1,443,750.00                  | 0.18%                       | 11              | 0.10%          |
| <b>Grand Total</b>            | <b>803,140,947.91</b>         | <b>100.00%</b>              | <b>11,396</b>   | <b>100.00%</b> |

Weight. Av. Remaining  
Terms (in years)

16.86

| <b>By SAE (Settore<br/>Attività Economica)</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|------------------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| 600                                            | 779,067,880.69                               | 97.00%                                     | 11,120                     | 97.58%            |
| 615                                            | 20,042,883.66                                | 2.50%                                      | 223                        | 1.96%             |
| 614                                            | 4,030,183.56                                 | 0.50%                                      | 53                         | 0.47%             |
| <b>Grand Total</b>                             | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Frequency</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|---------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Monthly             | 755,872,759.51                               | 94.11%                                     | 10,602                     | 93.03%            |
| Bi-monthly          | 22,994.76                                    | 0.00%                                      | 1                          | 0.01%             |
| Quarterly           | 9,194,851.46                                 | 1.14%                                      | 138                        | 1.21%             |
| Semi annually       | 37,637,995.04                                | 4.69%                                      | 652                        | 5.72%             |
| Annual              | 412,347.14                                   | 0.05%                                      | 3                          | 0.03%             |
| <b>Grand Total</b>  | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Amortisation plan</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-----------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| French Amortisation         | 802,469,360.53                               | 99.92%                                     | 11,378                     | 99.84%            |
| Interest only               | 213,843.60                                   | 0.03%                                      | 3                          | 0.03%             |
| Personalised                | 457,743.78                                   | 0.06%                                      | 15                         | 0.13%             |
| <b>Grand Total</b>          | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Origination channel</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-------------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Branch                        | 796,157,205.81                               | 99.13%                                     | 11,306                     | 99.21%            |
| Broker                        | 6,983,742.10                                 | 0.87%                                      | 90                         | 0.79%             |
| <b>Grand Total</b>            | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Loan purpose</b>            | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-----------------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Purchase                          | 665,810,373.31                               | 82.90%                                     | 9,201                      | 80.74%            |
| Construction                      | 8,980,194.51                                 | 1.12%                                      | 87                         | 0.76%             |
| Refurbishment                     | 40,681,941.09                                | 5.07%                                      | 803                        | 7.05%             |
| Other / Liquidity                 | 87,668,439.00                                | 10.92%                                     | 1,305                      | 11.45%            |
| <b>Grand Total</b>                | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |
| <b>By Employment status</b>       | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
| Employed                          | 585,044,633.55                               | 72.84%                                     | 8,255                      | 72.44%            |
| Protected life-time<br>employment | 11,368,492.89                                | 1.42%                                      | 138                        | 1.21%             |
| Self-employed                     | 86,742,630.68                                | 10.80%                                     | 957                        | 8.40%             |
| Unemployed                        | 14,576,824.66                                | 1.81%                                      | 222                        | 1.95%             |
| Student                           | 347,377.31                                   | 0.04%                                      | 7                          | 0.06%             |
| Pensioner                         | 28,840,666.89                                | 3.59%                                      | 670                        | 5.88%             |
| Other                             | 53,822,514.28                                | 6.70%                                      | 790                        | 6.93%             |
| ND                                | 22,397,807.65                                | 2.79%                                      | 357                        | 3.13%             |
| <b>Grand Total</b>                | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |
| <b>By Borrower region</b>         | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
| Abruzzo                           | 90,370,532.74                                | 11.25%                                     | 1,332                      | 11.69%            |
| Basilicata                        | 43,369,038.26                                | 5.40%                                      | 771                        | 6.77%             |
| Calabria                          | 17,554,875.64                                | 2.19%                                      | 318                        | 2.79%             |
| Campania                          | 109,060,809.48                               | 13.58%                                     | 1,548                      | 13.58%            |
| Emilia Romagna                    | 5,943,943.07                                 | 0.74%                                      | 52                         | 0.46%             |
| Friuli Venezia Giulia             | 128,672.34                                   | 0.02%                                      | 2                          | 0.02%             |
| Lazio                             | 94,938,398.02                                | 11.82%                                     | 1,128                      | 9.90%             |
| Liguria                           | 182,591.50                                   | 0.02%                                      | 2                          | 0.02%             |
| Lombardia                         | 26,948,881.23                                | 3.36%                                      | 247                        | 2.17%             |
| Marche                            | 15,844,492.50                                | 1.97%                                      | 212                        | 1.86%             |
| Molise                            | 6,456,281.02                                 | 0.80%                                      | 89                         | 0.78%             |
| Piemonte                          | 535,514.81                                   | 0.07%                                      | 9                          | 0.08%             |
| Puglia                            | 305,378,414.97                               | 38.02%                                     | 4,093                      | 35.92%            |
| Sardegna                          | 175,209.93                                   | 0.02%                                      | 5                          | 0.04%             |
| Sicilia                           | 401,631.98                                   | 0.05%                                      | 4                          | 0.04%             |
| Toscana                           | 13,840,190.58                                | 1.72%                                      | 201                        | 1.76%             |
| Trentino Alto Adige               | 124,623.02                                   | 0.02%                                      | 1                          | 0.01%             |
| Umbria                            | 67,490,773.46                                | 8.40%                                      | 1,333                      | 11.70%            |
| Valle D Aosta                     | 0.00                                         | 0.00%                                      | 0                          | 0.00%             |
| Veneto                            | 4,396,073.36                                 | 0.55%                                      | 49                         | 0.43%             |
| <b>Grand Total</b>                | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Borrower area</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Northern Italy          | 38,260,299.33                                | 4.76%                                      | 362                        | 3.18%             |
| Central Italy           | 192,113,854.56                               | 23.92%                                     | 2,874                      | 25.22%            |
| South and Islands       | 572,766,794.02                               | 71.32%                                     | 8,160                      | 71.60%            |
| <b>Grand Total</b>      | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Borrower<br/>nationality</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Italian                            | 789,364,705.67                               | 98.28%                                     | 11,193                     | 98.22%            |
| Not Italian                        | 13,776,242.24                                | 1.72%                                      | 203                        | 1.78%             |
| <b>Grand Total</b>                 | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |

| <b>By Property region</b> | <b>Current<br/>Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|---------------------------|----------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| Abruzzo                   | 93,067,791.82                                | 11.59%                                     | 1,381                      | 12.12%            |
| Basilicata                | 41,479,187.72                                | 5.16%                                      | 761                        | 6.68%             |
| Calabria                  | 17,901,919.69                                | 2.23%                                      | 327                        | 2.87%             |
| Campania                  | 105,026,761.07                               | 13.08%                                     | 1,507                      | 13.22%            |
| Emilia Romagna            | 5,934,953.95                                 | 0.74%                                      | 50                         | 0.44%             |
| Friuli Venezia Giulia     | 0.00                                         | 0.00%                                      | 0                          | 0.00%             |
| Lazio                     | 95,963,803.94                                | 11.95%                                     | 1,123                      | 9.85%             |
| Liguria                   | 82,025.01                                    | 0.01%                                      | 1                          | 0.01%             |
| Lombardia                 | 28,792,494.88                                | 3.58%                                      | 265                        | 2.33%             |
| Marche                    | 15,321,103.86                                | 1.91%                                      | 209                        | 1.83%             |
| Molise                    | 6,196,473.88                                 | 0.77%                                      | 88                         | 0.77%             |
| Piemonte                  | 822,336.83                                   | 0.10%                                      | 10                         | 0.09%             |
| Puglia                    | 304,833,859.35                               | 37.96%                                     | 4,073                      | 35.74%            |
| Sardegna                  | 695,551.87                                   | 0.09%                                      | 13                         | 0.11%             |
| Sicilia                   | 748,253.73                                   | 0.09%                                      | 6                          | 0.05%             |
| Toscana                   | 14,289,085.90                                | 1.78%                                      | 201                        | 1.76%             |
| Trentino Alto Adige       | 3,110.77                                     | 0.00%                                      | 1                          | 0.01%             |
| Umbria                    | 67,712,584.99                                | 8.43%                                      | 1,336                      | 11.72%            |
| Valle D Aosta             | 0.00                                         | 0.00%                                      | 0                          | 0.00%             |
| Veneto                    | 4,269,648.65                                 | 0.53%                                      | 44                         | 0.39%             |
| <b>Grand Total</b>        | <b>803,140,947.91</b>                        | <b>100.00%</b>                             | <b>11,396</b>              | <b>100.00%</b>    |



| <b>By Property area</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|-------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| Northern Italy          | 39,904,570.09                        | 4.97%                              | 371                    | 3.26%             |
| Central Italy           | 193,286,578.69                       | 24.07%                             | 2,869                  | 25.18%            |
| South and Islands       | 569,949,799.13                       | 70.97%                             | 8,156                  | 71.57%            |
| <b>Grand Total</b>      | <b>803,140,947.91</b>                | <b>100.00%</b>                     | <b>11,396</b>          | <b>100.00%</b>    |

| <b>By Current Loan to Value</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|---------------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| 0%-10%                          | 16,977,786.56                        | 2.11%                              | 1,302                  | 11.43%            |
| 10%-20%                         | 53,914,178.75                        | 6.71%                              | 1,608                  | 14.11%            |
| 20%-30%                         | 90,784,649.54                        | 11.30%                             | 1,719                  | 15.08%            |
| 30%-40%                         | 123,822,385.13                       | 15.42%                             | 1,754                  | 15.39%            |
| 40%-50%                         | 125,388,463.29                       | 15.61%                             | 1,429                  | 12.54%            |
| 50%-60%                         | 131,015,849.08                       | 16.31%                             | 1,319                  | 11.57%            |
| 60%-70%                         | 138,877,568.18                       | 17.29%                             | 1,235                  | 10.84%            |
| 70%-80%                         | 109,308,390.27                       | 13.61%                             | 944                    | 8.28%             |
| 80%-90%                         | 9,763,673.71                         | 1.22%                              | 67                     | 0.59%             |
| 90%-100%                        | 3,288,003.40                         | 0.41%                              | 19                     | 0.17%             |
| <b>Grand Total</b>              | <b>803,140,947.91</b>                | <b>100.00%</b>                     | <b>11,396</b>          | <b>100.00%</b>    |

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

| <b>By Original Loan to Value</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|----------------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| 0%-10%                           | 790,113.07                           | 0.10%                              | 29                     | 0.25%             |
| 10%-20%                          | 14,510,349.98                        | 1.81%                              | 413                    | 3.62%             |
| 20%-30%                          | 39,839,028.16                        | 4.96%                              | 940                    | 8.25%             |
| 30%-40%                          | 80,402,183.11                        | 10.01%                             | 1,493                  | 13.10%            |
| 40%-50%                          | 104,024,561.94                       | 12.95%                             | 1,652                  | 14.50%            |
| 50%-60%                          | 105,543,148.26                       | 13.14%                             | 1,464                  | 12.85%            |
| 60%-70%                          | 139,776,920.26                       | 17.40%                             | 1,889                  | 16.58%            |
| 70%-80%                          | 251,202,120.73                       | 31.28%                             | 2,808                  | 24.64%            |
| 80%-90%                          | 42,679,833.02                        | 5.31%                              | 443                    | 3.89%             |
| 90%-100%                         | 24,372,689.38                        | 3.03%                              | 265                    | 2.33%             |
| <b>Grand Total</b>               | <b>803,140,947.91</b>                | <b>100.00%</b>                     | <b>11,396</b>          | <b>100.00%</b>    |

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

| By Unpaid installment | Current Principal Balance (€) | % Current Principal Balance | Number of loans | % of loans     |
|-----------------------|-------------------------------|-----------------------------|-----------------|----------------|
| 0                     | 803,140,947.91                | 100.00%                     | 11,396          | 100.00%        |
| <b>Grand Total</b>    | <b>803,140,947.91</b>         | <b>100.00%</b>              | <b>11,396</b>   | <b>100.00%</b> |

| Interest rate type            | Current Interest Rate Type | Reference Index | Current Principal Balance (Euro) | Current Principal Balance (%) | Number of loans | % of loans     |
|-------------------------------|----------------------------|-----------------|----------------------------------|-------------------------------|-----------------|----------------|
| <b>Floating rate</b>          | Floating                   | Euribor 1m      | 23,113,171.63                    | 2.88%                         | 574             | 5.04%          |
|                               |                            | Euribor 3m      | 345,209,164.86                   | 42.98%                        | 3,850           | 33.78%         |
|                               |                            | Euribor 6m      | 92,522,846.81                    | 11.52%                        | 1,462           | 12.83%         |
|                               |                            | Euribor 12m     | 194,475.09                       | 0.02%                         | 1               | 0.01%          |
|                               |                            | ECB Rate        | 58,161,943.64                    | 7.24%                         | 718             | 6.30%          |
| <b>Fixed rate</b>             |                            |                 | 250,375,814.20                   | 31.17%                        | 4,182           | 36.70%         |
| <b>Floating rate with cap</b> | Floating                   | Euribor 1m      | 382,674.59                       | 0.05%                         | 9               | 0.08%          |
|                               |                            | Euribor 3m      | 19,853,371.83                    | 2.47%                         | 246             | 2.16%          |
|                               |                            | Euribor 6m      | 9,558,332.18                     | 1.19%                         | 312             | 2.74%          |
|                               |                            | ECB Rate        | 3,769,153.08                     | 0.47%                         | 42              | 0.37%          |
| <b>Grand Total</b>            |                            |                 | <b>803,140,947.91</b>            | <b>100.00%</b>                | <b>11,396</b>   | <b>100.00%</b> |

| By Interest rate type | Current Principal Balance (€) | % Current Principal Balance | Number of loans | % of loans     |
|-----------------------|-------------------------------|-----------------------------|-----------------|----------------|
| Floating              | 552,765,133.71                | 68.83%                      | 7,214           | 63.30%         |
| Fixed                 | 250,375,814.20                | 31.17%                      | 4,182           | 36.70%         |
| <b>Grand Total</b>    | <b>803,140,947.91</b>         | <b>100.00%</b>              | <b>11,396</b>   | <b>100.00%</b> |

| <b>By Interest rate coupon (fixed rate loans only)</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|--------------------------------------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| 0-1                                                    | 15,836,584.37                        | 6.33%                              | 177                    | 4.23%             |
| 1-2                                                    | 9,844,904.68                         | 3.93%                              | 158                    | 3.78%             |
| 2-3                                                    | 78,347,910.53                        | 31.29%                             | 941                    | 22.50%            |
| 3-4                                                    | 52,549,042.81                        | 20.99%                             | 692                    | 16.55%            |
| 4-5                                                    | 42,629,857.10                        | 17.03%                             | 973                    | 23.27%            |
| 5-6                                                    | 40,216,484.24                        | 16.06%                             | 983                    | 23.51%            |
| 6-7                                                    | 10,406,892.86                        | 4.16%                              | 243                    | 5.81%             |
| 7-8                                                    | 544,137.61                           | 0.22%                              | 15                     | 0.36%             |
| <b>Grand Total</b>                                     | <b>250,375,814.20</b>                | <b>100.00%</b>                     | <b>4,182</b>           | <b>100.00%</b>    |

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

| <b>By margin (floating rate loans only)</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|---------------------------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| 0                                           | 5,653,474.71                         | 1.02%                              | 97                     | 1.34%             |
| 0-1                                         | 48,425,588.84                        | 8.76%                              | 671                    | 9.30%             |
| 1-2                                         | 365,012,566.79                       | 66.03%                             | 4,827                  | 66.91%            |
| 2-3                                         | 64,432,197.59                        | 11.66%                             | 734                    | 10.17%            |
| 3-4                                         | 57,964,969.32                        | 10.49%                             | 728                    | 10.09%            |
| 4-5                                         | 10,335,860.14                        | 1.87%                              | 146                    | 2.02%             |
| 5-6                                         | 940,476.32                           | 0.17%                              | 11                     | 0.15%             |
| <b>Grand Total</b>                          | <b>552,765,133.71</b>                | <b>100.00%</b>                     | <b>7,214</b>           | <b>100.00%</b>    |

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

| <b>By Interest rate floor</b> | <b>Current Principal Balance (€)</b> | <b>% Current Principal Balance</b> | <b>Number of loans</b> | <b>% of loans</b> |
|-------------------------------|--------------------------------------|------------------------------------|------------------------|-------------------|
| 0-1                           | 61,015,531.82                        | 12.66%                             | 663                    | 11.46%            |
| 1-2                           | 295,582,717.55                       | 61.32%                             | 3,347                  | 57.85%            |
| 2-3                           | 58,017,410.63                        | 12.04%                             | 883                    | 15.26%            |
| 3-4                           | 45,336,652.04                        | 9.40%                              | 570                    | 9.85%             |
| 4-5                           | 20,963,850.29                        | 4.35%                              | 311                    | 5.38%             |
| 5-6                           | 1,079,158.26                         | 0.22%                              | 11                     | 0.19%             |
| 6-7                           | 63,519.86                            | 0.01%                              | 1                      | 0.02%             |
| <b>Grand Total</b>            | <b>482,058,840.45</b>                | <b>100.00%</b>                     | <b>5,786</b>           | <b>100.00%</b>    |

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

| <b>By Interest rate cap</b> | <b>Current Principal<br/>Balance (€)</b> | <b>% Current<br/>Principal<br/>Balance</b> | <b>Number of<br/>loans</b> | <b>% of loans</b> |
|-----------------------------|------------------------------------------|--------------------------------------------|----------------------------|-------------------|
| 2-3                         | 334,728.92                               | 1.00%                                      | 1                          | 0.16%             |
| 3-4                         | 253,910.96                               | 0.76%                                      | 3                          | 0.49%             |
| 4-5                         | 441,844.54                               | 1.32%                                      | 5                          | 0.82%             |
| 5-6                         | 14,832,759.99                            | 44.19%                                     | 182                        | 29.89%            |
| 6-7                         | 7,906,337.00                             | 23.56%                                     | 121                        | 19.87%            |
| 7-8                         | 3,769,987.32                             | 11.23%                                     | 151                        | 24.79%            |
| 8-9                         | 4,395,819.91                             | 13.10%                                     | 100                        | 16.42%            |
| 9-10                        | 1,211,099.76                             | 3.61%                                      | 36                         | 5.91%             |
| 10-11                       | 324,530.58                               | 0.97%                                      | 9                          | 1.48%             |
| 11-12                       | 92,512.70                                | 0.28%                                      | 1                          | 0.16%             |
| <b>Grand Total</b>          | <b>33,563,531.68</b>                     | <b>100.00%</b>                             | <b>609</b>                 | <b>100.00%</b>    |

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

## THE ORIGINATORS, THE MASTER SERVICER AND THE SERVICERS

### Banca Popolare di Bari S.c.p.A.

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



\* 26.43% «Fondazione  
Cassa di Risparmio di  
Orvieto»

\*\* other private  
shareholders

BPB plays a key role among financial institutions in the southern Italian regions, in particular in Puglia, but also in Abruzzo, Campania and Basilicata. During the first 40 years from its foundation, occurred in 1960, BPB has carried out solely small local acquisitions.

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

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

In 2009 BPB strengthened even more its presence in central Italy by acquiring the majority stake of Cassa di Risparmio di Orvieto, a local bank deeply rooted in Umbria and Northern Lazio regions. At the end of

2014, BPB consolidated its position by acquiring the former Tercas Group (143 branches mainly concentrated in Abruzzo).

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

As of December 2017 the Banca Popolare di Bari Group has about 570,000 clients, 3,062 employees, € 14,9 billion of global funding (both direct and indirect) and € 10,6 billion of loans.

### **Ownership and Share Capital**

As at December 2017, the number of shareholders of BPB amounted to 69,073.

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

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

### **Transformation into a joint stock company (*società per azioni*)**

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

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

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

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

Then, on 23 December 2016, BPB received an order whereby the Court of Bari prohibited the planned extraordinary shareholders’ meeting from taking place in light of the appeal of several shareholders

submitted pursuant to article 700 of the Civil Procedure Code. The Board of Directors then also cancelled the extraordinary shareholders' meeting scheduled for 26 or 27 December 2016.

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

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

On 21 March 2018, the Italian Constitutional Court rejected all the appeals against the reform of cooperative banks and totally confirmed the legitimacy of the bank reform. In its pronouncement, the Constitutional Court considered groundless and unfounded all the issues raised by the appellants and in particular the Court confirmed that: (i) the conditions of necessity and urgency of the Law Decree 3/2015 existed; (ii) the limitation of the withdrawal right does not affect the ownership right on the shares of each shareholder, since the provided limitations constitute a reasonable balance between the safeguard of the withdrawing shareholder and the general interest to the stability of the financial system; (iii) the regulatory powers entrusted to the Bank of Italy with reference to the limitation of the right of withdrawal are within the limits allowed by the Italian Constitution.

In consideration of a finally defined legal framework, the Council of State will meet in order to implement the instruction of the Constitutional Court and define the new timing for the transformation into a joint stock company. In this perspective, as represented during the last shareholders' meeting held on 29 April 2018, BPB is already executing all preliminary activities in order to be ready for the transformation once the new deadline will be decided.

In this regard, BPB's transformation into a joint-stock company and the associated capital strengthening project through the acquisition of new financial resources constitute the essential conditions for meeting economic and long-term objectives, for the achievement of a balance in operating policies and strategic market positioning, for the coverage of derisking activities, the improvement of BPB efficiency plan and in order to boost the business model innovation.

The transformation into a joint-stock company (to be executed in order to comply with regulatory provisions) is particularly important for BPB since it could allow the bank to have a legal form more coherent with its current size, thus enabling BPB to give more decision-making power to current shareholders and also to potentially attract new investors. In fact, the joint-stock company is the corporation form which could better allow potential investments of institutional and industrial partners and, in general, of new investors able to contribute capital resources and their industrial view as shareholders.

### **Extension of preliminary investigations to several members of the senior management**

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

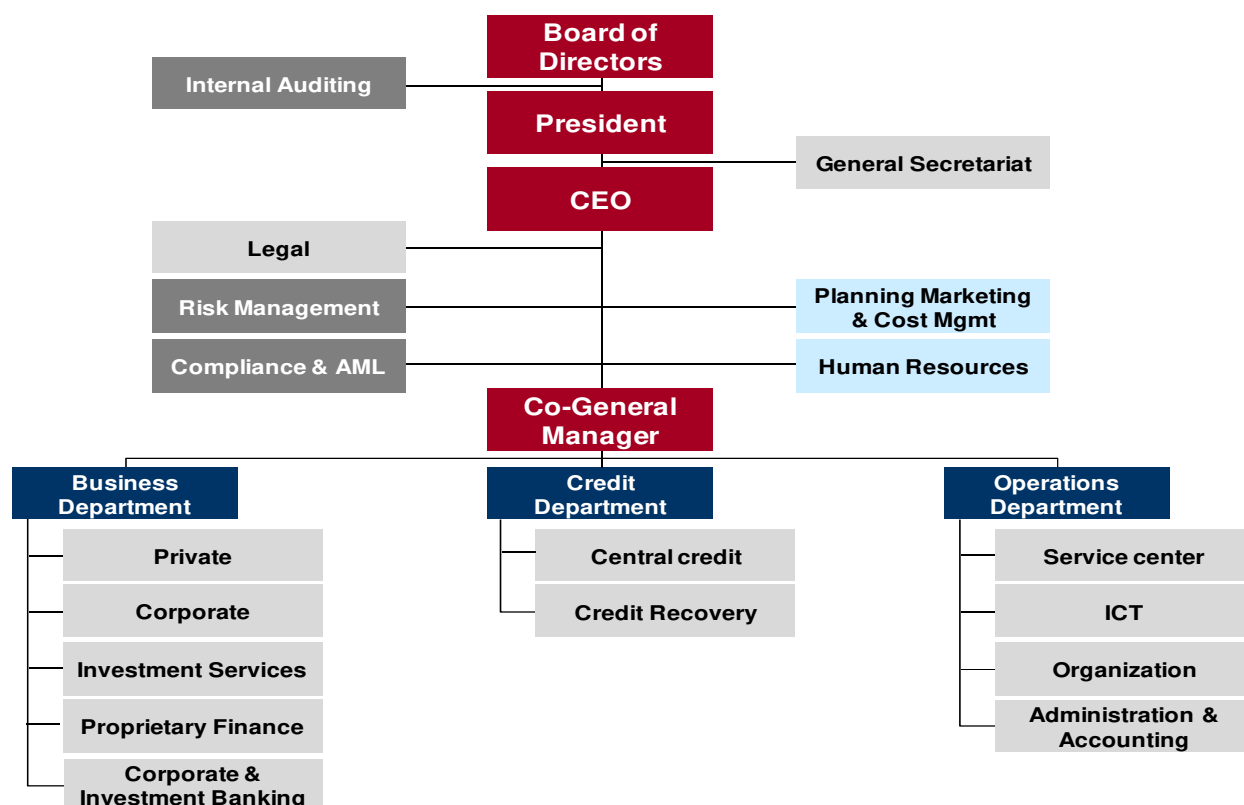
As this was a required notice due to the extension of investigations, this deed from the public prosecutor's office is in "bare" form in that the offences abstractly indicated do not refer to charges of specific acts; as

a result, they are not known to the recipients of the deed, and likewise the “notitia criminis” and, therefore, the origin of the investigations, cannot be inferred from it.

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

On 15 March 2018, the judge in charge for preliminary investigation discontinued the procedure with specific regard to the offences ex. Art 416 c.p. The decision was taken after the request from the Deputy Prosecutor of the public prosecutor’s office of Bari, according to which “there were no identifiable elements that could ascertain the accusation configurability of the organisation-related crime, even in an abstract way”.

## ORGANIZATIONAL STRUCTURE



## FINANCIAL HIGHLIGHTS OF BPB

The table below set out the profit and losses and the assets of BPB over the past 5 years:



| In Eur millions     | 2013    | 2014    | 2015     | 2016     | 2017     |
|---------------------|---------|---------|----------|----------|----------|
| Total Loans         | 6,035.3 | 6,179.9 | 6,259.0  | 9,347.4* | 9,678.2* |
| % annual growth     | 10.0%   | 7.9%    | 10.0%    | 49.3%    | 3.5%     |
| Total asset         | 9,336.4 | 9,329.6 | 10,105.0 | 12,590.7 | 13,458.3 |
| % annual growth     | 8.7%    | -0.1%   | 8.3%     | 24.6%    | 6.9%     |
| Net income          | 17.0    | 21.3    | -295.2   | 4.6      | 0.0      |
| % annual growth     | n.s.    | 25.3%   | n.s.     | n.s.     | n.s.     |
| Shareholders equity | 919.6   | 1,367.5 | 1,063.8  | 1,069.1  | 1,073.4  |
| % annual growth     | 16.8%   | 48.7%   | -22.2%   | 1.0%     | 0.4%     |

(\*) During 2016, BPB incorporated the subsidiaries Banca Terca and Banca Caripe.

## FINANCIAL RATIOS

|                                                | 2013   | 2014   | 2015   | 2016   | 2017   |
|------------------------------------------------|--------|--------|--------|--------|--------|
| <b>Regulatory ratios</b>                       |        |        |        |        |        |
| Total capital ratio                            | 18.47% | 25.04% | 22.52% | 14.22% | 13.99% |
| Tier One ratio / CET1 ratio                    | 14.16% | 20.03% | 17.31% | 10.85% | 11.21% |
| <b>Credit quality ratios</b>                   |        |        |        |        |        |
| Net non performing loans/loans to customer     | 3.70%  | 4.29%  | 4.23%  | 5.23%  | 4.52%  |
| Net watch list & Restructure/Loans to customer | 4.60%  | 4.97%  |        |        |        |
| Unlikely to Pay/ Loans to customer             |        |        | 5.47%  | 8.10%  | 8.09%  |
| Past Due/ Loans to customer                    | 2.65%  | 2.41%  | 2.78%  | 2.10%  | 2.08%  |

*The information contained in this section of this Prospectus relates to and has been obtained from the Originators. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Originators since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.*

## COLLECTION POLICY AND RECOVERY PROCEDURES

### **Recovery Policies of BPB**

#### **1. CREDIT REVIEW, SUPERVISION AND PRECAUTIONARY ACTIONS**

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

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

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

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

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

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

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

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

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

## 2. Procedures and Indices for Detecting Irregular Positions

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

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

## 3. Classification and Management of Irregular Positions in the Next Phase

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

- i. Past due exposures and/or impaired or over the limit (automatic status);
- ii. Unlikely to pay;
- iii. Non-performing loans;
- iv. Forborne exposures (Forbearance).

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

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

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

- a.** the average of the past due and/or over the limit portions of the entire exposure measured on a daily basis over the latest previous quarter;
- b.** past due and/or over the limit portion of the entire exposure with regard to the reporting reference date.

For the purpose of calculating the materiality threshold:

- a.** without prejudice to the requirement of a past due and/or over the limit position needing to persist for more than 90 days, the numerator also takes into consideration any portions which are overdue by less than 90 days on other exposures;
- b.** the numerator does not take into consideration any default interest requested from the customer;
- c.** the denominator is calculated taking into consideration the cash exposure.

**ii. Unlikely to pay**

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

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

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

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

**iii. Non-performing loans**

This category includes cash exposures with regard to parties that pay in a state of insolvency or in essentially comparable situations. Reaching the non-performing status usually takes place when the negative development of the process of decline is also accompanied by administrative events that denote irreversible financial difficulties such as the cessation of activity, the decision to dissolve the company and place it in liquidation, the launch of executive and precautionary measures by third parties, the presence of non-performing loans in the system, etc., so that the crisis of the borrower does not allow them to permanently deal with the commitments undertaken. The move to non-performing status is formulated by the operators or central functions which take part in the credit risk management process. Verification of the prerequisites for the transfer to Non-Performing and the related classification is the responsibility of the Credit Manager and/or the Credit Committee and/or the Board of Directors depending on the powers delegated to them.

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

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

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

### **4. Recovery Procedures: Management of Instalments in Arrears**

#### *Management of positions with outstanding instalments*

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

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

- (i) 1st reminder. Sent automatically 7 days after the instalment is due.
- (ii) 2nd reminder. Sent automatically 40 days after the instalment is due, irrespective of the frequency, in which the customer is asked to settle the position within 5 days. The communications are produced, not based on the number of unpaid instalments, but on the number of days' delay.
- (iii) When the deadline in the 2nd reminder expires, a 3rd reminder is sent which warns the defaulting debtor that the bank will take legal action without further warning over the overdue instalments and the remaining credit still due.

### **5. Recovery Procedures**

In order to improve and make the administration of anomalous loans more efficient, the Bank decided to enter a ten year agreement for the bad loans management with Cerved Group, a leading Italian player in the credit management. According to this industrial partnership with a specialized servicer, the Bank has

already outsourced an existing portfolio composed by unlikely to pay (UTP) and non-performing positions to Credit Management S.r.l. (a dedicated Cerved Group company) and will transfer on a monthly basis to the same company part of the new flows of unlikely to pay and non-performing positions. In particular, the Bank decided to be internally more focused on positions in excess of 1,5 euro mln and outsource the management of positions up to 1,5 euro mln. According to the agreement with Cerved Group, the Bank will transfer to the external servicer 75% of future flows of non performing loans and 55% of unlikely to pay exposures which will be generated by the banking group.

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

#### *Internal Management UTP Positions Office*

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

#### *Internal Management Non-Performing Loans Office*

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

#### *Outsourced Positions Office*

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

#### *Desk and Support Office*

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

### **Cassa di Risparmio di Orvieto S.p.A. Recovery Policies**

#### **1. Credit Review, Supervision and Precautionary Actions**

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

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

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

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

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

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

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

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

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

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

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

## 2. Procedures and Indices for Detecting Irregular Positions

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

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

## 3. Classification and Management of Irregular Positions in the Next Phase

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

- i. Past due exposures and/or impaired or over the limit (automatic status);
  - ii. Unlikely to pay;
  - iii. Non-performing loans;
  - iv. Forborne exposures (Forbearance).
- i. **Past due exposures and/or impaired and over the limit (automatic status)**

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

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



- a. the average of the past due and/or over the limit portions of the entire exposure measured on a daily basis over the latest previous quarter;
- b. past due and/or over the limit portion of the entire exposure with regard to the reporting reference date.

For the purpose of calculating the materiality threshold:

- a. without prejudice to the requirement of a past due and/or over the limit position needing to persist for more than 90 days, the numerator also takes into consideration any portions which are overdue by less than 90 days on other exposures;
- b. the numerator does not take into consideration any default interest requested from the customer;
- c. the denominator is calculated taking into consideration the cash exposure.

**ii. Unlikely to pay**

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

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

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

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

**iii. Non-performing loans**

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

financial difficulties such as the cessation of activity, the decision to dissolve the company and place it in liquidation, the launch of executive and precautionary measures by third parties, the presence of non-performing loans in the system, etc., so that the crisis of the borrower does not allow them to permanently deal with the commitments undertaken. The move to non-performing status is formulated by the operators or central functions which take part in the credit risk management process. The verification of the prerequisites for the transfer to Non-Performing and the related classification is the responsibility of the Credit Service Manager or their deputies and the Manager of the Risks and Control Office who make decisions directly for amounts up to €100,000 and require the approval of the General Manager for higher amounts which are regularly referred to the Board of Directors.

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

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

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

### **4. Recovery Procedures: Management of Instalments in Arrears**

#### *Management of positions with outstanding instalments*

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

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

- (i) 1st reminder. Sent automatically 7 days after the instalment is due.
- (ii) 2nd reminder. Sent automatically 40 days after the instalment is due, irrespective of the frequency, in which the customer is asked to settle the position within 5 days. The communications are produced, not based on the number of unpaid instalments, but on the number of days' delay.
- (iii) When the deadline in the 2nd reminder expires, a 3rd reminder is sent which warns the defaulting debtor that the bank will take legal action without further warning over the overdue instalments and the remaining credit still due.

### **5. Recovery Procedures**

In order to improve and make the administration of anomalous loans more efficient, the Bank decided to enter a ten year agreement for the bad loans management with Cerved Group, a leading Italian player in the credit management. According to this industrial partnership with a specialized servicer, the Bank has already outsourced an existing portfolio composed by unlikely to pay (UTP) and non-performing positions

to Credit Management S.r.l. (a dedicated Cerved Group company) and will transfer on a monthly basis to the same company part of the new flows of unlikely to pay and non-performing positions. In particular, the Bank decided to be internally more focused on positions in excess of 1,5 euro mln and outsource the management of positions up to 1,5 euro mln. According to the agreement with Cerved Group, the Bank will transfer to the external servicer 75% of future flows of non performing loans and 55% of unlikely to pay exposures which will be generated by the banking group.

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

#### *Risks and Control Office*

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

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

#### *Internal Management Non-Performing Loans Office (Parent Company's Office)*

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

#### *Outsourced Positions Office (Parent Company's Office)*

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

#### *Desk and Support Office (Parent Company's Office)*

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

## THE ISSUER

### Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to article 3 of the Securitisation Law, as a *società a responsabilità limitata* on 10 April 2018 under the name 2018 Popolare Bari RMBS S.r.l., with fiscal code and VAT number 04942710262. The Issuer is enrolled with the companies' register of Treviso-Belluno under number 04942710262 and in the register of special purpose vehicle held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017 ("*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*") under No 35457.1.

Since the date of its incorporation, the Issuer has not engaged in any business not related with the purchase of the Portfolios, no dividends have been declared or paid, other than: (i) the authorisation and the execution of this Prospectus and the other Transaction Documents to which it is a party; (ii) the activities incidental to any registration under the laws of the Republic of Italy; (iii) the activities referred to or contemplated in this Prospectus and in the Transaction Documents; and (iv) the authorisation by it of the Notes.

The Issuer has no employees. The authorised and issued capital of the Issuer is Euro 10,000.00 fully paid up as of the date of this Prospectus. The quotaholder of the Issuer is Stichting Capuleti, which holds the entire quota capital (the "**Quotaholder**"). The duration of the Issuer is until 31 December 2100. To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from its Quotaholder. Under the Quotaholder Agreement, the Quotaholder has undertaken to exercise its voting rights in such a way as not prejudice the interest of the Noteholders, the ratings of the Senior Notes, the Mezzanine Notes and the Transaction.

### Principal Activities

The sole corporate object of the Issuer as set out in article 3 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*) and issue asset backed securities.

The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by quotaholder's resolutions of the Issuer which took place on 11 May 2018 and 6 June 2018. So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolios, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital. The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in the Conditions.

### Directors and registered office

The sole director of the Issuer is Federico Dal Cin, appointed by the Quotaholder from the date of incorporation until the date of resignation or revocation, being an employee of Securitisation Services S.p.A. The domicile of Federico Dal Cin, in his capacity of Sole Director of the Issuer, is at Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy.

The Issuer's registered office is located at Via Vittorio Alfieri, 1, 31015, Conegliano (Treviso) (telephone number: +39 0438 360926; fax number: +39 0438 360962).

### **Capitalisation and indebtedness statement**

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes, is as follows:

|                                                                                               |                    |
|-----------------------------------------------------------------------------------------------|--------------------|
| <b>Quota Capital</b>                                                                          | <b>Euro</b>        |
| Issued and fully paid up                                                                      | 10,000.00          |
| <b>Loan capital (Securitisation)</b>                                                          | <b>Euro</b>        |
| Class A Residential Mortgage Backed Floating Rate Notes due April 2059                        | 684,237,000.00     |
| Class B Residential Mortgage Backed Floating Rate Notes due April 2059                        | 48,299,000.00      |
| Class J1 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 | 77,534,000.00      |
| Class J2 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 | 16,911,000.00      |
| <b>Total loan capital (Euro)</b>                                                              | <b>826,981,000</b> |
| <b>Total capitalisation and indebtedness</b>                                                  | <b>826,991,000</b> |

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

### **Financial statements and auditors' report**

The Issuer's accounting reference date is 31 December in each year. As at the date of this Prospectus, no financial statements are available and no auditors have been appointed.

## **THE COMPUTATION AGENT, THE REPRESENTATIVE OF THE NOTEHOLDERS, THE CORPORATE SERVICES PROVIDER AND THE SECURITY TRUSTEE**

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

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

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

***The information contained in this section of this Prospectus relates to and has been obtained from Securitisation Services. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Securitisation Services since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.***

**THE AGENT BANK, THE TRANSACTION BANK, THE PRINCIPAL PAYING AGENT, THE CASH MANAGER AND THE LISTING AGENT**

BNP Paribas Securities Services, a wholly-owned subsidiary of the BNP Paribas Group, is a leading global custodian and securities services provider backed by a strong universal bank. It provides integrated solutions to all participants in the investment cycle including the buy-side, sell-side, corporates and issuers.

BNP Paribas Securities Services has a local presence in 36 countries across five continents, effecting global coverage of more than 100 markets.

At 31 December 2017 BNP Paribas Securities Services has USD 11,317 billion of assets under custody, USD 2,774 billion assets under administration. BNP Paribas Securities Services has 10,959 administered funds and more than 10,000 employees.

BNP Paribas Securities Services currently has long-term senior debt ratings of “A” (stable) from S&P’s, “Aa3” (stable) from Moody’s and “A+” (stable) from Fitch.

| <b>Fitch</b>             | <b>Moody’s</b>            | <b>S&amp;P</b>          |
|--------------------------|---------------------------|-------------------------|
| Short term F1            | Short term Prime-1        | Short-term A-1          |
| Long term senior debt A+ | Long term senior debt Aa3 | Long term senior debt A |
| Outlook Stable           | Outlook Stable            | Outlook Stable          |

*The information contained in this section of this Prospectus relates to and has been obtained from BNP Paribas Securities Services. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the BNP Paribas Securities Services since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.*

## THE BACK-UP SERVICER

Zenith Service S.p.A. is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office at Via Guidubaldo del Monte 61, 00197 - Rome, Italy and administrative offices at Via A. Pestalozza 12/14, 20131 Milan, Italy, fully paid share capital of Euro 2.000.000, fiscal code and enrolment with the companies register of Rome number 02200990980, enrolled in the register of financial intermediaries held by Bank of Italy pursuant to articles 106 of the Consolidated Banking Act, ABI Code 32590.2.

Zenith Service S.p.A. is a professional Italian player focusing in managing and monitoring securitisation transactions. In particular, it acts as servicer, master and back-up servicer, back-up servicer facilitator, corporate servicer, calculation agent, cash manager and representative of the noteholders in several structured finance transactions.

In the context of the Transaction, Zenith Service S.p.A. acts as Back-Up Servicer.

***The information contained in this section of this Prospectus relates to and has been obtained from the Back-up Servicer. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Back-up Servicer since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.***



## **THE SWAP COUNTERPARTY**

### **Name**

J.P. Morgan AG

### **Address**

The business address of J.P. Morgan AG is TaunusTurm, Taunustor 1, 60310 Frankfurt am Main, Germany.

### **Country of incorporation**

Germany

### **Nature of business**

J.P. Morgan AG is an indirect wholly owned subsidiary of JPMorgan Chase & Co. J.P. Morgan AG has a full banking licence pursuant to Section 1 (1) of the Kreditwesengesetz (German Banking Act) (Nos. 1 to 5 and 7 to 9) and conducts banking business with institutional clients, banks, corporate clients and clients from the public sector.

### **Admission to trading of securities**

J.P. Morgan AG does not have securities admitted to trading on a regulated market or an equivalent market.

*The information contained in this section of this Prospectus relates to and has been obtained from the Swap Counterparty. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Swap Counterparty since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.*

## **USE OF PROCEEDS**

The total proceeds of the issue of the Notes equal to Euro 826,981,000.00 will be applied by the Issuer to pay to the Originators the Purchase Price for the Portfolios in accordance with the Transfer Agreements, to credit the Liquidity Reserve Amount to the Liquidity Reserve Account and the Retention Amount to the Expenses Account.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of each of the Representative of the Noteholders and the Principal Paying Agent.*

### THE TRANSFER AGREEMENTS

Pursuant to two transfer agreements, each entered into between the Issuer and the relevant Originator on 17 May 2018 (the “**Transfer Agreements**”), each of the Originators sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims (each a “**Portfolio**”) and connected rights arising out of the relevant mortgage loans (the “**Claims**” and “**Loans**” respectively) granted by the Originators to their customers (the “**Borrowers**”) with economic effect as of the Effective Date.

As consideration for the acquisition of the Claims pursuant to the Transfer Agreements, the Issuer has undertaken to pay to each Originator a purchase price calculated as the aggregate of the Individual Purchase Price *plus* the Accrued Interest, the Suspended Interest and the interest component, default interest component and charges relating to the Installments due and unpaid after the Valuation Date of each Claim comprised in the relevant Portfolio, equal to Euro 660,846,994.84 for BPB Portfolio and Euro 144,137,786.88 for the CRO Portfolio (the “**Purchase Price**”).

Pursuant to the relevant Transfer Agreement, each of the Originators has represented and warranted that the Claims have been selected on the basis of objective criteria (the “**Criteria**”) in order to ensure that the Claims have the same legal and financial characteristics. See “The Portfolio”.

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

- A. In the case of a Claim which does not meet the Criteria, the relevant Originator or the Issuer, as the case may be, shall communicate such circumstance to the other party, and the relevant Originator, following to such communication, will pay to the Issuer, by crediting on the Collection Account, an amount equal to:
- (i) the Purchase Price which has been paid for such Claim; *plus*
  - (ii) any accrued and accruing interest on such amount from the Issue Date (included) until the date of payment of the Purchase Price (excluded), calculated at the interest rate applied to such Claim; *plus*
  - (iii) any expense and documented cost (including legal costs) which have been borne by the Issuer in relation to such Claim after the Transfer Date; *less*

- (iv) the aggregate of all sums recovered and collected by the Issuer in respect of such Claim after the execution of the Transfer Agreements, *provided that*, in case the communication above indicated is received 3 (three) Business Days before the Issue Date, the above described provisions will not apply and the Purchase Price to be paid by the Issuer to the relevant Originator will be reduced of an amount equal to the Purchase Price of such Claim; and *provided further that* no amount shall be paid by the Issuer to the Originators in case the amount calculated pursuant to the above described provisions is negative.

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

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

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

## THE WARRANTY AND INDEMNITY AGREEMENT

Under a warranty and indemnity agreement entered into on 17 May 2018 between the Issuer and the Originators (the “**Warranty and Indemnity Agreement**”), the Originators gave certain representations and warranties as to, *inter alia*, the Claims they transferred pursuant to the Transfer Agreements, the respective Loans and the Insurance Policies, their corporate existence and operations and their collection and recovery policy. Moreover the Originators have agreed to indemnify and hold harmless the Issuer from and against all damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising to it by reason of any misrepresentation of the Originators in the Warranty and Indemnity Agreement or any default of the Originators under the Warranty and Indemnity Agreement and/or the relevant Transfer Agreement and/or the Servicing Agreement.

Under the Warranty and Indemnity Agreement, each of the Originators has represented and warranted with respect to itself and the Claims it sold to the Issuer under the relevant Transfer Agreement, the Loans, the Mortgages securing them and the Insurance Policies, as to, *inter alia*, the following matters:

### *General*

- (a) it is a bank duly incorporated as a “*società cooperativa per azioni*” (in case of BPB) and as “*società per azioni*” (in case of CRO), validly existing and *in bonis* under the laws of the Republic of Italy; registered with the register held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act, it has full corporate power and authority to enter into and perform the obligations undertaken by it under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is or it will be a party and to perform obligations relating to the Transaction Documents and to duly carry out as originator the Transaction pursuant to the Securitisation Law;

- (b) it has full corporate power and authority to enter into and perform the obligations undertaken by it under the Warranty and Indemnity Agreement and the other Transaction Documents and it has taken all necessary actions whatsoever required to authorise its entry into, delivery and performance of the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party, and the terms thereof, including, without limitation, the sale and assignment of the Claims;
- (c) the execution, delivery and performance by it of the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party and all other instruments and documents to be delivered pursuant thereto and all transactions contemplated thereby do not contravene or result in a default under, (i) its corporate constitutional documents, (ii) any law, rule or regulation applicable to it, (iii) any contractual restriction contained in any agreement or other instrument binding on it or affecting it or its property or (iv) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and do not and will not result in the creation of any adverse claim;
- (d) the provisions of the Warranty and Indemnity Agreement are legal, valid and binding and are enforceable against it in accordance with its terms; and its payment obligations under the Warranty and Indemnity Agreement constitute claims against it which rank at least *pari passu* with the claims of all other unsecured creditors under the laws of the Republic of Italy apart from any preferential creditors under any applicable insolvency laws or similar legislation;
- (e) there is no litigation, current, pending or threatened against it, nor has any action or administrative proceeding of or before any court or agency been started or threatened against it, which might or could materially affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (f) it is solvent and there is no fact or matter which might render it insolvent or subject to any insolvency proceedings, nor will it be rendered insolvent as a consequence of entering into the Warranty and Indemnity Agreement or the other Transaction Documents to which it is a party or of performing any of the obligations herein or therein contained;
- (g) there has been no material adverse change in its financial or operative condition which would adversely affect its ability to observe and perform its obligations under the Warranty and Indemnity Agreement and the other Transaction Documents to which it is a party;
- (h) the information relating to itself (including, without limitation, information with respect to its loan business), the Claims, the Loans and the Insurance Policies supplied to the Issuer is true and correct in all material respects.

#### *The Claims, the Loans and the Real Estate Assets*

- (a) It holds sole and unencumbered legal title to the Claims (classified as “*in bonis*” according to the regulations issued by the Bank of Italy (“*istruzioni di vigilanza*”)), the Loans, the Mortgages and the Insurance Policies; it has not assigned (whether absolutely or by way of security), mortgaged, charged, transferred, disposed or dealt with or otherwise created or allowed to arise or subsist an adverse claim in respect of their title and interest in and to and the benefit of the Claims, the Loans and the Mortgages;
- (b) the Claims, the Loans, the Mortgages and the Insurance Policies are governed by Italian law and are legal, valid, binding and enforceable under the same and in particular the Loans comply with all rules and regulations on (i) compounding of interests, (ii) consumer protection, (iii) the

prevention of usury, and (iv) data protection and privacy protection; the Loans have been executed as a public deed (“atto pubblico”) before a notary public (notaio) or as a private deed notarized by a notary public;

- (c) there are no Loans which provide for the right of the Borrower to delay the payment of one or more Instalments;
- (d) there are no Claims subject to moratorium (“*dilazione di pagamento*”) following the delay or default by the Borrower in the payment of one or more Instalments;
- (e) the Claims have been selected by it on the basis of the Criteria so as to constitute a portfolio of homogeneous rights within the meaning and for the purposes of Law 130;
- (f) all consents, licenses, approvals or authorisations of or registrations or declarations with any governmental or other public authority required to be obtained, effected or provided for the validity and enforceability of the Claims, the Loans, the Mortgages and/or the Insurance Policies have been duly obtained, effected or provided and are in full force and effect; and all costs, expenses and taxes required to be paid in connection with the execution of the Loans or for the validity and enforceability of the Claims, the Loans and/or the Mortgages have been duly paid;
- (g) all the Claims are assisted by Real Estate Insurance Policies and certain Claims are assisted by the other Insurance Policies, all of them valid and effective and which name the relevant Originator as beneficiary of any indemnity to be paid thereunder, directly or by virtue of an appendix in its favour attached thereto or provide for a Mandate in favour of the relevant Originator in order to guarantee certain Claims;
- (h) it has maintained complete, proper and up-to-date books, records and documents for the Claims, the Loans and the Mortgages and all other amounts paid thereunder, and all such books and documents are kept in its possession or are held to its order;
- (i) the Real Estate Assets are located in Italy;
- (j) each of the Real Estate Assets complies with applicable laws, rules and regulations concerning health and safety and environmental protection;
- (k) each of the Real Estate Assets is free from damage and waste, in good condition and there are no proceedings, actual or threatened, in relation thereto;
- (l) to the knowledge of BPB, not less of 80% of the Loans (calculated as principal amount outstanding as of the Effective Date (excluded)) is granted for the purchase, building and refurbishment of the first home (“*prima casa*”) and to the knowledge of CRO, not less of 80% of the Loans (calculated as principal amount outstanding as of the Effective Date (excluded)) is granted for the purchase, building and refurbishment of the first home (“*prima casa*”);
- (m) each of the Real Estate Assets (i) is duly registered with the competent land registries; (ii) complies with all applicable Italian laws as to its use (“*destinazione d’uso*”), (iii) meets the legal requirements for habitation (“*agibilità*”), (iv) is marketable (“*non soggetto a vizio di incommerciabilità*”), and (v) complies with all applicable planning and building laws and regulations;

- (n) the Borrowers are all individuals (“*persone fisiche*”) resident in Italy;
- (o) all the guarantors of the Borrowers are (a) individuals (“*persone fisiche*”) resident in Italy or (b) entities (“*persone giuridiche*”) incorporated in Italy;
- (p) the Loan Agreements have been granted on the basis of an assessment of the relevant Real Estate Asset/s executed on behalf of the relevant Originator (or, on behalf of the relevant banks for the Loans which have been granted by banks belonging to “Intesa Sanpaolo” group, by Banca Tercas S.p.A. or by Banca Caripe S.p.A., into which the relevant Originator has succeeded further acquisition of the relevant branches or merger by incorporation), prior to the approval date of each Loan (and in any case within six months preceding the date on which the relevant Loan Agreement has been granted), by an external qualified appraiser (“*perito qualificato esterno*”) independent from the relevant Originator, which has never had any interest whatsoever (direct or indirect) over the relevant Real Estate Asset/s and the relevant Loan Agreement whose fees are not linked to the approval of such Loan;
- (q) the Loans do not include at the signing date of the Warranty and Indemnity Agreement and will not include at the Issue Date, non performing loans pursuant to the Guidelines of the European Central Bank issued on 9 July 2014, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral, as amended from time to time;
- (r) no Loan Agreement could be classified as leasing agreement;
- (s) none of the Borrowers or Mortgagors is subject to any proceeding for the composition of any state of crisis due to over-indebtedness (*crisi da sovraindebitamento*) pursuant to Law No. 3 of 27 January 2012, as subsequently amended, or to any insolvency proceeding as applicable;
- (t) none of the Loans may be qualified as structured loan or syndicated loan or leveraged loan.

Under the Warranty and Indemnity Agreement, each of the Originators has undertaken, with respect to itself, the Claims, the respective Loans, the Mortgages securing them and the Insurance Policies, *inter alia*, as follows:

- (a) without prejudice to the non-recourse nature (“*natura pro soluto*”) of the assignment effected pursuant to the relevant Transfer Agreement, to refrain from carrying out or purporting to carry out any activity with respect to the Claims which may adversely affect them, and in particular: before the date of publication of the applicable notice of assignment of the Claims in the Official Gazette and registration of the assignment of the Claims in Companies’ Register; (i) not to assign and/or transfer, the whole or any part of, any of the Claims to any third party; and (ii) not to create or allow to be created or to arise or to allow to exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Claims, or any part thereof;
- (b) not to execute any agreement, deed or document or enter into any arrangement purporting to assign, or otherwise dispose of, any of the Loans or of the Insurance Policies or to create or allow to be created or allow to arise or exist any security interest, lien, pledge, privilege or encumbrance or other right in favour of third parties in respect of the Loans;
- (c) not to instruct any Borrower, guarantor or Insurance Companies to make any payment with respect to any of the Claims differently from as provided for in the Transaction Documents or as instructed in writing by the Issuer;

- (d) otherwise than in its capacity as Servicer in accordance with the relevant provisions of the Servicing Agreement, not to take any action likely to cause or permit any of the Claims to become invalid or diminish their respective rights;
- (e) to co-operate with the Issuer to perform any and all acts, carry out any and all actions, and execute any and all documents as the Issuer may reasonably deem necessary in connection with the Warranty and Indemnity Agreement and the other Transaction Documents;
- (f) to comply fully and in a timely manner with and observe any and all provisions, covenants and other terms to be complied with, insofar as necessary in order to preserve the rights, claims, powers and benefits of the Issuer as purchaser of the Claims;
- (g) to assist and fully co-operate with the Issuer in any due diligence relating to the Claims which the Issuer may wish to carry out after the date of the Warranty and Indemnity Agreement;
- (h) to maintain in a safe place and in good status and order, accurate, complete and up-to-date accounts, books, records and documents relating to the Claims, the Loans, the Mortgages and the Insurance Policies;
- (i) to comply with all applicable laws and regulations (including all rules, orders and instruments) with respect to the Claims, the Loans, the Mortgages and their administration and management;
- (j) to grant access to the Issuer and/or the Representative of the Noteholders, its agents and nominees to its premises for purposes of examining records, documents and data in relation to the Claims, to copy them and to discuss any issues concerning the Claims with its accountants and other appointed personnel;
- (k) to pay all costs, fees and taxes due promptly in relation to the execution, filing, registration, etc., of the Warranty and Indemnity Agreement and the other Transaction Documents;
- (l) save as provided for in the Servicing Agreement, not to agree to any amendment of or waiver to any terms and conditions of the Loans, the Mortgages and/or the Insurance Policies which might adversely affect the timely recovery of the Claims, the ability of the Issuer to enforce its rights, claims, powers and benefits against the Borrowers, the guarantors and/or the Insurance Companies or the validity of the Warranty and Indemnity Agreement and not to commence any action for the recovery of the Claims;
- (m) to assist and support the Issuer or its nominee in the development of adequate data reporting systems concerning the Claims by transferring to the Issuer books, records and documents which may be useful or relevant for implementing a data reporting system which would allow the Issuer to achieve full compliance with all applicable laws and regulatory reporting regulations and requirements.

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

- (a) the reliance on any representation or warranty made by it to the Issuer under or in connection with the Warranty and Indemnity Agreement or any other Transaction Document to which it shall be a party which shall have been false, incorrect or misleading when made or delivered;



- (b) its failure (in whole or in part) to comply with any term, provision or covenant contained in the Warranty and Indemnity Agreement or any other Transaction Document to which it shall be a party and its failure to comply with any applicable law, rule or regulation with respect to the Claims, the Loans, the Mortgages, the Real Estate Assets and the Insurance Policies;
- (c) the failure to vest in the Issuer all rights, title and interest in and the benefit of each Claim pursuant to the terms of the relevant Transfer Agreement, free and clear of any adverse claim;
- (d) any dispute, claim or defence (other than discharge in bankruptcy or winding up by reason of insolvency or similar event) of the Borrowers, the guarantors or the Insurance Companies to the payment of any Claim;
- (e) any judicial or out of court set-off of the assigned Borrower in relation to the payment of any Claim arising before or after the execution date of the Warranty and Indemnity Agreement under the Loans or under or pursuant to any contract, deed, document, action, event or circumstance.

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

The Affected Claims Purchase Price will be equal to: (a) the Purchase Price of the Affected Claims *less* any principal amount recovered or collected by the Issuer on the Affected Claims; *plus* (b) interest accrued or accruing on the Individual Purchase Price of the Affected Claims from the Issue Date (included) until the Payment Date (excluded) following the date in which the relevant payment of the Affected Claims Purchase Price has been made, calculated, with reference to each Affected Claim, at the interest rate applied to such Affected Claim; *plus* (c) costs and documented expenses incurred by the Issuer in relation to the Affected Claims as at the date of payment of the Affected Claims Purchase Price. The Affected Claims Purchase Price shall be paid within 7 Business Days following receipt by the relevant Originator of the Notice of Re-transfer. Within the date of payment of the Affected Claims Purchase Price, the relevant Originator shall deliver to the Issuer: (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*); (ii) a solvency certificate signed by a legal representative duly authorized by the relevant Originator; and (iii) a certificate of the bankruptcy court (“*tribunale civile – sezione fallimentare*”) confirming that the relevant Originator is not subject to any insolvency or similar proceedings. Any and all costs, expenses and duties in relation to the re-transfer of the Affected Claims will be borne by the relevant Originator.

The Issuer will exercise in any case the right, granted to it by the Warranty and Indemnity Agreement, to be indemnified in the following cases:

- (i) if the re-transfer price is not paid within 7 Business Days starting from the day on which the relevant Originator gets written Notice of the Re-transfer, and in any other case in which the re-transfer is not finalised for any reason; or

- (ii) if, at any time, the representations and warranties contained into the Warranty and Indemnity Agreement, other than to those referring to the Loans, the Mortgage, the Loans Agreement, the Claims and the Real Estate Asset are false or incorrect, and in general if it is not possible to proceed with the repurchase of the Affected Claims; or
- (iii) in relation to (a) any damage or loss suffered by the Issuer and related to the Affected Claims which exceeds the Affected Claims Purchase Price, and (b) any reasonable cost/expense that for any reason was not included in the Affected Claims Purchase Price; or
- (iv) in any case in which the Issuer considers appropriate, with the prior written consent of the Representative of the Noteholders, in the interest of the Transaction (and such opinion is confirmed by a consultant (advisor)) to apply provision of clause 5 of the Warranty and Indemnity Agreement instead of exercising the right of re-transfer as provided by clause 6 of the Warranty and Indemnity Agreement.

Under the Warranty and Indemnity Agreement, each of the Originators represented to the Issuer that the interest rates of the Loans comply with the Usury Law and agreed to indemnify the Issuer against any damages, losses, claims, liabilities and costs awarded against or suffered or incurred by it or otherwise arising as a consequence or in relation to any claims being brought by the Borrowers or other third parties on the grounds of the Usury Law.

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

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

## THE SERVICING AGREEMENT

On 17 May 2018, the Issuer, BPB (the “**Master Servicer**” and a “**Servicer**”) and CRO (a “**Servicer**” and, together with BPB, the “**Servicers**”) entered into a servicing agreement, as amended on or prior to the Issue Date (the “**Servicing Agreement**”), pursuant to which (a) each Servicer has agreed to administer, service and manage the judicial proceedings of the relevant assigned Claims which (except for the activity related to the collection of the amounts due in respect thereof) are not Defaulted Claims (the “**Administration of the Portfolios**”); (b) the Master Servicer has agreed to act as master servicer of the Transaction and (i) to carry out supervising activities in order to ensure compliance with the law, pursuant to article 2, paragraph 6-*bis* of Securitisation Law, (ii) to administer and service all the Defaulted Claims and manage the judicial proceedings in relation to the latters (but expressly excluding any collection activity) (the “**Management of the Defaulted Claims**”).

The receipt of cash collections in respect of the Portfolios is the responsibility of the relevant Servicer who will be the “*soggetto incaricato della riscossione dei crediti ceduti*” pursuant to article 2(3)(c) of the Securitisation Law and accordingly is responsible for ensuring that such operations comply with the provisions of the law and of this Prospectus.

Pursuant to the terms of the Servicing Agreement, the Servicers and the Master Servicer shall comply with certain collection policies specified in the Servicing Agreement (the “**Collection Policies**”) in relation to the collection and recovery activities carried out on behalf of the Issuer and the Master Servicer shall

provide the Issuer quarterly servicing reports (each, a “**Quarterly Servicing Report**”). The Servicers shall also ensure that the Collections do not include usurious interest in accordance with the anti-usury laws and regulations applicable from time to time. The Servicers and the Master Servicer shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement.

Each of the Servicers shall give order to pay all collections and recoveries received by it in respect of the relevant Portfolio (the “**Collections**”) into the relevant Collection Account on a daily basis. Each of the Servicers will convert any non-cash collections received by it into equivalent amounts of cash and will credit such cash to the relevant Collection Account.

The Servicers and the Master Servicer shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement. In particular each Servicer may, with respect to the Claims (other than the Defaulted Claims) sold by it in its quality of Originator, carry out the following agreements:

- (i) the modification of the interest rate, such agreements having as their object:
  - (a) the modification from fixed rate, or floating interest rate with cap, to floating interest rate;
  - (b) the modification from floating interest rate, or floating interest rate with cap, or floating interest rate with a floor, to fixed rate;
  - (c) the reduction of the interest rate or of the spread applicable to the Loan (in case no modification have been made to the nature of the interest rate applicable to the Loan); and
  - (d) with exclusive reference to the Loan Agreements having a floating rate of interest with a floor, the modification of the applicable floor

It remains understood that it is not allowed any modifications of the interest rate applicable to the Mortgage Loans to (1) an optional interest rate; or (2) to a floating interest rate with cap,

- (ii) the modification of the final maturity of the Loan Agreements;
- (iii) moratorium agreements (“*accordi di moratoria*”) providing for the suspension of payment of the instalments, with regard to the principal component only or both the interest and principal components (*provided that* the suspensions of the payment of the instalments of the Loans which are provided by mandatory provisions of law or by any other specific applicable law will not be taken into account for the purpose of determining the renegotiation limits indicated under the Servicing Agreement).

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

- a) in relation to the above modification of the interest rate, which causes a reduction of the Net Margin (as defined below): the sum of the outstanding principal amount of the Loan Agreements which are subject to such renegotiation comprised in the Portfolios shall not exceed 30% of the outstanding principal amount of the Claims comprised in the Portfolios as of the Effective Date. It remains understood that modifications of the interest rate of any Loan Agreement which do not cause a reduction in the Net Margin shall not be included in the calculation of the abovementioned percentage. In the case of a reduction of more than 50 basis points of the Net Margin related to such

modification, the effectiveness of the modification will be subordinated to the payment of the below indemnity on the Collection Account by the relevant Servicer;

“**Net Margin**” means:

- (A) in relation to a Loan Agreement with a floating rate, or a floating rate with cap, or a floating rate with a floor (after or before, the entering into a renegotiation activity pursuant to the Servicing Agreement), the spread applicable to the relevant Loan Agreement; and
  - (B) in relation to the Loan Agreement with a fixed rate (after or before the entering into a renegotiation activity pursuant to the Servicing Agreement), the difference between (i) the fixed interest rate applicable to the relevant the Loan Agreement; and (ii) the fixed interest rate payable by the Issuer, as indicated in the Swap Confirmation,
- b) in relation to the modification (i.e. extension or reduction) of the final maturity of the Loan Agreements under point (ii) above:
- (x) the renegotiation agreement shall not provide for payments of any instalment on a date which falls in a date which is 10 (ten) years prior to the Final Maturity Date;
  - (y) following the entry into the renegotiation agreement, the new maturity date of the relevant Loan Agreement shall not fall 15 years after the maturity date of the Loan Agreement as at the Effective Date; and
  - (z) the outstanding principal amount of all the Loans object of such renegotiation shall not exceed 10% of the outstanding principal amount of the Claims comprised in the Portfolios as of the Effective Date;
- c) in relation to any moratorium agreement (“*accordi di moratoria*”) providing for the suspension of payment of the instalments under point (iii) above (the “**Suspension**”):
- (1) each Suspension shall be granted for a maximum period of 18 (eighteen) months;
  - (2) in case the Suspension results in a postponement of the final maturity date of the relevant Loan: (x) such postponement shall not exceed the duration of the suspension itself; and (y) the new final maturity date of the relevant Loan shall not fall after the date which is 10 (ten) years prior to the Final Maturity Date; and
  - (3) the following limits shall be met:
    - (x) the outstanding principal amount of the Claims comprised in the Portfolios which are the subject of the Suspension (calculated as at the date of the relevant suspension) shall not exceed, over the life of the Transaction, the 25% of the outstanding principal amount of the Claims comprised in the Portfolios as of the Effective Date (the “**Overall Threshold**”), and
    - (y) without prejudice to the Overall Threshold, the outstanding principal amount of the Claims comprised in the Portfolios which are the subject of the Suspension, calculated on the last day of the Collection Period immediately preceding such

Suspension, shall not exceed, in relation to each Collection Period, the 10% of the outstanding principal amount of the Claims comprised in the Portfolios, calculated as of the same date (the “**Provisional Threshold**”). It remains understood, for the sake of clarity, that potential decreases of the outstanding principal amount of the Claims comprised in the Portfolios, subsequent to the suspension itself, will not be taken into account for the purposes of verifying if the Provisional Threshold is met.

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

- d) in any case, in relation to any modification of the interest rate made in accordance with paragraph (i)(b) above, each Servicer shall verify that, for each Collection Period, the sum of the principal amount outstanding of the Loan Agreements subject of such renegotiation does not exceed, in relation to the Swap Transaction pursuant to which the relevant Loan Agreement will be hedged after such renegotiation, an amount equal to the difference between:
  - 1. the Scheduled Maximum Notional Amount in such Swap Transaction as applicable to the following Interest Period; and
  - 2. the Swap Outstanding Principal Amount in such Swap Transaction as calculated at the beginning of the Collection Period in which such renegotiation is made.
- e) in relation to any modification of the amortisation plan of the Loan Agreements above described, such modification shall not result in a switch to an amortisation plan different from the so called “French amortisation plan”.

If each Servicer intends to make any renegotiation for the modification of the interest rate, according to the relevant paragraphs above, the relevant Servicer shall promptly inform the Issuer on the terms and conditions of such renegotiation and shall not enter into such renegotiation agreement until it has paid to the Issuer a corresponding indemnity calculated in accordance with the Servicing Agreement (if any).

In case the indemnity payments due to the Issuer by the relevant Servicer under renegotiations made in the same Collection Period exceed Euro 1,000,000 (one million), the relevant Servicer shall provide to the Issuer appropriate solvency, bankruptcy and good standing certificates as better described in the Servicing Agreement.

In order to maximise the recovery activities of the Claims, each Servicer, pursuant to the Servicing Agreement, is entitled to assign, without recourse (“*pro soluto*”), to third parties or to the Originators themselves, Claims classified as Defaulted Claims subject to the following conditions:

- (A) (i) the aggregate amount of the Claims comprised in the relevant Portfolio assigned in the same Collection Period pursuant to these provisions, shall not exceed 0.50% of the outstanding principal amount of the Claims comprised in the relevant Portfolio as of the Effective Date; and (ii) the purchase price of each Claim shall be equal to the higher of (a) the net account value (“*valore netto contabile*”) of such Claim on the date on which the relevant transfer is effective and (b) 90% of the outstanding principal amount of such Claim as at the date on which it has been classified as Defaulted Claim; and

- (B) appropriate solvency, bankruptcy and good standing certificates have been obtained from the relevant purchaser and the relevant sale will occur, to the maximum extent permitted by the Italian Law, without any guarantee of the transferor as regards the existence of the claims and any other guarantee on the transfer of the claim. Each Servicer may consent to the release or the replacement of the Security Interest on the Claim if, as a result of any improvement in the economic situation of the Borrower and/or the reduction of the outstanding debt for the normal payment of the instalments and/or effect of partial prepayments, the Borrower complies with the income requirements required by the Originator in accordance with its internal credit granting policies even in the absence of such Security Interest or the new guarantor provide adequate guarantees to the Claim. The Servicers shall promptly indemnify the Company as a result of any losses, damages, costs or expenses incurred by the Servicers' membership at such release.

In order to allow the Originators to maintain good relationships with their customers, each Originator may submit to the Issuer one or more offers to purchase Claims (the “**Offer to Purchase**”), *provided that* the total amount of each offer, added to the amount of any other offer made by the relevant Originator and already accepted by the Issuer after the Issue Date, shall not exceed:

- (i) on each Collection Period, 2.5% of the outstanding principal amount of the Claims comprised in the relevant Portfolio as at the Effective Date; and
- (ii) over the life of the Transaction, the overall limit of 20% of the of the outstanding principal amount of the Claims comprised in the relevant Portfolio as at the Effective Date.

The price of the repurchased Claims will be determined as follows:

- (i) for Claims which have not been classified as Defaulted Claims, the sum of (a) the outstanding principal amount of such Claims on the transfer date *plus* the Accrued Interest; (b) interests accrued and unpaid on the repurchased Claims on the transfer date and (c) a further amount calculated multiplying the following: (A) the amount indicated under letter (a) above; (B) the weighted average interest rate applicable to the Senior Notes; and (C) the number of calendar days from the transfer date (included) to the Payment Date immediately following the date on which the price of the repurchased Claims is paid (excluded) divided 360; and
- (ii) for Claims classified as Defaulted Claims, in accordance with the Servicing Agreement.

The repurchase price will be paid by the Originators to the Company by the Paying Date following the acceptance of the Purchase Offer and accredited on the Investment Account.

As consideration for the services provided by the Servicers and the Master Servicer, the Issuer will pay, on each Payment Date, in accordance with the applicable Order of Priority, the sum of the following amounts:

- (a) in favour of BPB, in its capacity of Servicer, 0.25% of the BPB Collections not being Defaulted Claims (“*Crediti in Sofferenza*”) or Delinquent Claims (“*Crediti in Ritardo*”), and not being related to Late Payments, collected by BPB during the immediately preceding Collection Period;
- (b) in favour of BPB, in its capacity of Servicer, 0.35% of the BPB Collections not being Defaulted Claims (“*Crediti in Sofferenza*”) with respect to Late Payments (“*Rate Insolute*”) or Delinquent Claims (“*Crediti in Ritardo*”), collected by BPB during the immediately preceding Collection Period;

- (c) in favour of CRO in its capacity of Servicer, 0.25% of the CRO Collections not being Defaulted Claims (“*Crediti in Sofferenza*”) or Delinquent Claims (“*Crediti in Ritardo*”), and not being related to Late Payments (“*Rate Insolite*”), collected by CRO during the immediately preceding Collection Period;
- (d) in favour of CRO in its capacity of Servicer, 0.35% of the CRO Collections not being Defaulted Claims (“*Crediti in Sofferenza*”) with respect to Late Payments (“*Rate Insolite*”) or Delinquent Claims (“*Crediti in Ritardo*”), collected by CRO during the immediately preceding Collection Period (the fees under letters (a), (b), (c) and (d), all together, the “**Servicing Fees**”);
- (e) in favour of BPB, in its capacity as Master Servicer, an amount to be paid on an annual basis equal to Euro 5,000 for each Portfolio, with respect to the activities carried out by it pursuant to the Servicing Agreement (except for the services provided in the context of the Management of the Defaulted Claims); and
- (f) in relation to the Management of the Defaulted Claims, 1% of the collections made with respect to the Defaulted Claims (“*Crediti in Sofferenza*”) of each Portfolio, collected by BPB during the immediately preceding Collection Period, in favour of BPB, in its capacity of Master Servicer (such fee, together with the fee to be paid under paragraph (e) above, the “**Master Servicer Fee**”).

Each of the Servicers and the Master Servicer has expressly waived their rights to compensation that may be provided for by law other than the Servicing Fees and the Master Servicer Fee. They have also expressly waived their rights to exercise any right to off-set the amounts due to them from the Issuer against the Collections or any other amount owed by the relevant Servicer and/or the Master Servicer to the Issuer, except for those amounts paid to the Issuer and undue.

Each of the Servicers and the Master Servicer has undertaken, *inter alia*, each with respect to the activities in relation to which they have been appointed pursuant to the Servicing Agreement:

- (a) to carry out the Administration of the Portfolios and the Management of the Defaulted Claims with due skill and care in accordance with the relevant Collection Policies and with all applicable laws and regulations;
- (b) to maintain an effective system of general and accounting controls so as to ensure the performance of its obligations under the Servicing Agreement;
- (c) save as otherwise provided in the Collection Policies and in the Servicing Agreement, not to release or consent to the cancellation of all or part of the Claims unless ordered to do so by a competent judicial or other authority or by the Issuer;
- (d) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Claims from all other funds of the relevant Servicer;
- (e) to ensure that the Transaction is consistent with the law and this Prospectus;
- (f) to comply with all authorisations, approvals, licenses and consents required for the fulfilment of the relevant obligations under the Servicing Agreement; and

- (g) to cooperate with the Back-up Servicer and to make available to it any information required from time to time, and any resource belonging to its internal departments, for a reasonable period of time, in order to allow the Back-up Servicer to have a knowledge of (i) the Originators' devices which are used with respect to the Issuer and (ii) the report procedures which are used in the context of the Securitization, in order for the Back-up Servicer to be able to use such devices and report procedures in case of replacement of the Servicer.

In the case of a material breach by the Servicers or the Master Servicer of their obligations under the Servicing Agreement, the Issuer and/or the Representative of the Noteholders shall be entitled, jointly or severally to perform the relevant obligations in the name and on behalf of the Servicers or the Master Servicer or to cause it to be performed by third parties in the name and on behalf of the Servicers or the Master Servicer.

The Issuer may revoke the appointment of the Servicers and/or the Master Servicer, and appoint a substitute of the Servicer and/or the Master Servicer (the “**Substitute**”), in certain circumstances including, *inter alia*:

- (i) the Representative of the Noteholders or the Issuer have been informed that an event which could negatively impact on the juridical, economic and financial condition of the relevant Servicer and/or the Master Servicer to a point capable of prejudicing the capacity of the relevant Servicer and/or the Master Servicer to perform their obligations under the Servicing Agreement has occurred; in this case the substitution shall occur upon prior written consent of the Representative of the Noteholders and on the basis of a previous assessment proceeding by the Issuer and/or the Representative of the Noteholders (which, in this circumstance, may ask for the advice of professionals specifically appointed);
- (ii) the insolvency of the relevant Servicer and/or the Master Servicer;
- (iii) a failure by the relevant Servicer or the Master Servicer to pay or transfer to the Issuer any amount due which remains unremedied for more than 2 Business Days after the relevant statutory request of payment;
- (iv) a breach of the obligations under the Servicing Agreement which remain unremedied for more than 10 calendar days after a written demand of compliance sent by the Issuer and/or the Representative of the Noteholders.

The Servicing Agreement is in Italian. The Servicing Agreement and all non-contractual obligations arising out or in connection with the Servicing Agreement are governed by and construed in accordance with Italian law.

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

## **THE BACK-UP SERVICING AGREEMENT**

Under a back-up servicing agreement to be entered into on or prior to the Issue Date (the “**Back-Up Servicing Agreement**”), among the Issuer, the Servicers, the Master Servicer and the Back-up Servicer, the Back-up Servicer has undertaken to act as substitute servicer and master servicer respectively of (i) CRO in case of termination of the appointment of CRO as Servicer, according to the Servicing Agreement, and of



(ii) BPB in case of termination of the appointment of BPB as Servicer and Master Servicer according to the Servicing Agreement.

The Back-Up Servicing Agreement is in Italian. The Back-Up Servicing Agreement and all non contractual obligations arising out or in connection with the Back-Up Servicing Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Back-Up Servicing Agreement including all non contractual obligations thereof, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

## **THE CORPORATE SERVICES AGREEMENT**

Under a corporate services agreement entered into on 17 May 2018 between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider shall provide the Issuer with certain corporate administration and management services. These services shall include the book-keeping of the documentation in relation to the meetings of the Issuer’s quotaholders, directors and auditors and the meetings of the Noteholders, maintaining the quotaholders’ register, preparing tax and accounting records, preparing documents necessary for the Issuer’s annual financial statements and liaising with the Representative of the Noteholders.

The Corporate Services Agreement and all non-contractual obligations arising out or in connection with the Corporate Services Agreement are governed by and construed in accordance with Italian law.

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

## **THE INTERCREDITOR AGREEMENT**

Pursuant to an intercreditor agreement to be entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”), between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) and the Other Issuer Creditors, provisions are made as to the application of the Collections in respect of the Portfolios and as to how the Orders of Priority are to be applied. Subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event, all the Issuer Available Funds will be applied in or towards satisfaction of the Issuer’s payment obligations towards the Noteholders as well as the Other Issuer Creditors, in accordance with the Acceleration Order of Priority provided in the Intercreditor Agreement.

### *Call Option*

The Issuer shall grant to each of the Originators an option right on any Payment Date falling on or after the Initial Clean Up Option Date to purchase, subject to certain conditions, the relevant Portfolio (in whole but not in part) for a purchase price equal to the Outstanding Balance, plus interests accrued and unpaid as at such date, of each Claim comprised in the relevant Portfolio, provided that, if on such date the relevant Portfolio comprises any claim classified as “*in sofferenza*” pursuant to the regulation issued by the Bank of Italy, the purchase price of such claim shall be equal to their current value, as determined by a third entity appointed by the relevant Originator and the Issuer and, in any case, such purchase price shall be equal to or higher than the amount (as determined in the relevant Payments Report) necessary for the Issuer to discharge all its outstanding liabilities in respect of all the Notes (or the Rated Notes only if all the Junior

Noteholders consent) and any amounts required under the Intercreditor Agreement to be paid in priority to or pari passu with the Notes (or the Rated Notes only if all the Junior Noteholders consent).

### *Swap Collateral*

The Intercreditor Agreement also contains the Collateral Account Priority of Payments which describes how amounts standing to the credit of the Collateral Account may be used by the Issuer as described below.

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

- (i) prior to the occurrence or designation of an Early Termination Date in respect of the Swap Agreement, solely in or towards payment or transfer of:
  - (a) any Return Amounts (as defined in the Credit Support Annex);
  - (b) any Interest Amounts and Distributions (each as defined in the Credit Support Annex) and
  - (c) any return of collateral to the Swap Counterparty upon a novation of such Swap Counterparty’s obligations under the Swap Agreement to a replacement swap counterparty,

on any day (whether or not such day is a Payment Date), directly to the Swap Counterparty in accordance with the terms of the Credit Support Annex;

- (ii) upon or immediately following the occurrence or designation of an Early Termination Date (as defined in the Swap Agreement) in respect of the Swap Agreement where (A) such Early Termination Date (as defined in the Swap Agreement) has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B) the Issuer enters into a replacement swap agreement in respect of such Swap Agreement on or around the Early Termination Date of such Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on which the Replacement Swap Premium (if any) payable to the Issuer has been received (in each case, whether or not such day is a Payment Date), in the following order of priority:
  - (a) first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being novated or terminated;
  - (b) second, in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and
  - (c) third, the surplus (if any) (a “**Swap Collateral Account Surplus**”) on such day to be transferred to the Payments Account for an amount equal to the Swap Collateral Account Surplus and deemed to form Issuer Available Funds;

- (iii) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B) the Issuer is unable to or elects not to enter into a replacement swap agreement on or around the Early Termination Date of such Swap Agreement, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement;
- (iv) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (ii) and (iii) above, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and
- (v) following payment of any amounts due pursuant to (iii) and (iv) above, if amounts remain standing to the credit of the Collateral Account, such amounts may be applied on any day (whether or not such day is a Payment Date) only in accordance with the following provisions:
  - (a) first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated; and
  - (b) second, the surplus (if any) (a “**Swap Collateral Account Surplus**”) remaining after payment of such Replacement Swap Premium to be transferred to the Payments Account for an amount equal to the Swap Collateral Account Surplus and deemed to form Issuer Available Funds,

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

- (x) the day that is 10 (ten) Business Days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of a Trigger Event pursuant to Condition 9 (*Trigger Events*)); or
- (y) the day on which a Trigger Notice is given pursuant to Condition 9 (*Trigger Events*),

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

## THE CASH ADMINISTRATION AND AGENCY AGREEMENT

Under an agreement to be entered into on or prior to the Issue Date between the Issuer, the Servicers, the Transaction Bank, the Cash Manager, the Swap Counterparty, the Computation Agent, the Principal Paying Agent, the Representative of the Noteholders and the Agent Bank (the “**Cash Administration and Agency Agreement**”):

- (a) the Principal Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders;
- (b) the Agent Bank will calculate the amount of interest payable on the Notes on each Payment Date;
- (c) the Computation Agent will perform certain other calculations in respect of the Notes and set out, in a payments report, the payments due to be made by the Issuer on each Payment Date in accordance with the applicable Order of Priority and to prepare investors' reports providing information on the performance of the Portfolios; and
- (d) the Transaction Bank and the Cash Manager will provide the Issuer with certain cash administration and investment services, in relation to the monies standing, from time to time, to the credit of the relevant Accounts.

The Cash Administration and Agency Agreement is in English. The Cash Administration and Agency Agreement and all non-contractual obligations arising out of or in connection with the Cash Administration and Agency Agreement shall be governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Cash Administration and Agency Agreement including all non-contractual obligations thereof, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

## **THE NOTES SUBSCRIPTION AGREEMENT**

### **Notes Subscription Agreement**

Pursuant to a subscription agreement relating to the Notes entered into on or prior the Issue Date between the Issuer, the Originators and the Representative of the Noteholders (the “**Notes Subscription Agreement**”), the Originators have agreed to subscribe and pay for the Notes and each shall pay to the Issuer the Issue Price for the relevant Notes and shall appoint the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Notes Subscription Agreement is in English language and all non-contractual obligations arising out of or in connection with the Notes Subscription Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Notes Subscription Agreement including all non-contractual obligations thereof, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan.

## **THE STICHTING CORPORATE SERVICES AGREEMENT**

Pursuant to a stichting corporate services agreement entered into on or prior the Issue Date between, *inter alios*, the Issuer, the Stichting and the Stichting Corporate Services Provider (the “**Stichting Corporate Services Agreement**”), the latter undertook to provide the Stichting with certain services set out thereunder.

In the event of any disputes arising out of or in connection with the Stichting Corporate Services Agreement including all non-contractual obligations thereof, the Parties have agreed to submit to the exclusive jurisdiction of The Netherlands.

## DEED OF CHARGE

Pursuant to a deed of charge governed by English law to be executed by the Issuer on or about the Issue Date (the “**Deed of Charge**”), the Issuer has assigned absolutely with full title guarantee to the Security Trustee acting on behalf of the Noteholders and the Other Issuer Creditors, all of its present and future rights, title, interest and benefit in, to and under the Swap Agreement (subject to the netting and set-off provisions thereof) and the EMIR Reporting Agreement.

The Deed of Charge (and any non-contractual obligation arising out of or in connection with it) is governed by, and will be construed in accordance with, English law. The courts of England shall have exclusive jurisdiction in relation to any disputes (also in relation to non-contractual obligations) arising from, or in connection with, the Deed of Charge.

## THE QUOTAHOLDER AGREEMENT

Under the terms of an agreement to be entered into on or prior to the Issue Date between the Quotaholder, the Representative of the Noteholders and the Issuer (the “**Quotaholder Agreement**”) certain rules shall be set out in relation to the corporate governance of the Issuer.

In particular, the Quotaholder has agreed, *inter alia*, not to create any pledge, or encumbrance (including “*usufrutto*”) over the quota nor otherwise dispose for any reason of the quota representing the quota capital of the Issuer held by it, without a prior written consent of *inter alios* the Representative of the Noteholders and prior to the delivery of a written notice to *inter alios* the Rating Agencies.

The Quotaholder Agreement is in Italian. The Quotaholder Agreement and all non contractual obligations arising out of or in connection with the Quotaholder Agreement shall be governed by and construed in accordance with Italian law.

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

## THE SWAP AGREEMENT

On or about the Issue Date, the Issuer will enter into two fixed-floating interest rate swap transactions, two Three Month Euribor basis swap transactions and two Three Month Euribor capped basis swap transactions (each, a “**Swap Transaction**” and collectively, the “**Swap Transactions**”). Such Swap Transactions shall be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border) (the “**ISDA Master Agreement**”), together with a Schedule thereto (the “**Schedule**”), a 1995 ISDA credit support annex (the “**Credit Support Annex**”) and six swap confirmations (each a “**Swap Confirmation**” and together with the ISDA Master Agreement, the Schedule and the Credit Support Annex, the “**Swap Agreement**”). The Swap Transactions are entered into in order to hedge against the potential interest rate exposure of the Issuer in relation to its floating rate interest obligations under the Senior Notes and Mezzanine Notes. The obligations of the Issuer under the Swap Agreement shall be limited recourse to the Issuer Available Funds.

If the Swap Counterparty (or any guarantor or credit support provider as applicable) is downgraded below any of the required credit ratings set out in the Swap Agreement, the Swap Counterparty will be required to carry out, within the time frame specified in the Swap Agreement, one or more remedial measures at its own cost which include the following:

- (a) transfer all of its rights and obligations under the Swap Agreement to an appropriately rated entity;
- (b) arrange for an appropriately rated entity to become co-obligor or guarantor in respect of its obligations under the Swap Agreement; and
- (c) post collateral to support its obligations under the Swap Agreement.

Any such collateral will be credited to the Collateral Account, together with any interest or distributions on, and any liquidation or other proceeds of, that collateral and will not be available for the Issuer to make payments to the Other Issuer Creditors generally, but must be applied in accordance with the Collateral Account Priority of Payments set out in the Intercreditor Agreement.

The occurrence of certain termination events and events of default contained in the Swap Agreement may cause the termination of the Swap Agreement prior to its stated termination date. Such events include (1) redemption of the Notes pursuant to Condition 6.3 (*Mandatory redemption*); (2) redemption of the Notes pursuant to Condition 6.2 (*Redemption for Taxation*) or 6.4 (*Optional Redemption*); (3) amendment of any Transaction Document without the prior written consent of the Swap Counterparty if such amendment affects the amount, timing or priority of any payments or deliveries due from the Swap Counterparty to the Issuer or from the Issuer to the Swap Counterparty, (4) failure by the Swap Counterparty to take certain remedial measures required under the Swap Agreement following a Swap Counterparty Rating Event; and (5) acceleration of the Notes following service of a Trigger Notice.

Pursuant to the Swap Confirmations, with respect to each Payment Date the Issuer will pay the Swap Counterparty an amount equal to the notional amount multiplied by (i) under the fixed-floating swap confirmations, a fixed rate; (ii) under the Three Month Euribor basis swap confirmations, a floating rate calculated with reference to Three Month Euribor determined in accordance with the Swap Agreement and reset periodically as specified in the Swap Agreement and (iii) under the Three Month Euribor capped basis swap confirmations, a floating rate calculated with reference to Three Month Euribor determined in accordance with the Swap Agreement and reset periodically as specified in the Swap Agreement capped at the maximum rate specified in the relevant Swap Confirmation. Netting will apply to all payments under the Swap Confirmations.

Under each of the Swap Confirmations, with respect to each Payment Date the Swap Counterparty will pay to the Issuer an amount equal to the notional amount multiplied by Three Month Euribor payable under the Rated Notes. In addition, on the Issue Date the Swap Counterparty will pay to the Issuer a one-off fixed amount specified in the relevant Swap Confirmations by way of a premium.

As further described in each Swap Confirmation, the notional amount for each Swap Transaction will be calculated with reference to the Principal Instalments of the Receivables hedged thereunder (other than the amount of any Principal Instalments due but unpaid, or that have been prepaid or repurchased, at the relevant Collection Date and any Principal Instalments relating to Defaulted Receivables) as of the Collection Date preceding the beginning of each Calculation Period (as such term is defined in the Swap Agreement). For each Calculation Period, the notional amount will be, in respect of the Three Month Euribor basis swap transactions and the Three Month Euribor capped basis swap transactions, the lowest of (1) the amount of such Principal Instalments, (2) the scheduled maximum notional amount set forth in the relevant Swap Confirmation and (3) the notional amount for the previous Calculation Period and in respect of the fixed-floating transactions the lesser of (1) the amount of such Principal Instalments and (2) the scheduled maximum notional amount set forth in the relevant Swap Confirmation, provided that if the Master Servicer fails to deliver the Quarterly Servicing Report in accordance with the provisions of the Swap Agreement, then the notional amount for that Calculation Period (as such term is defined in the Swap

Agreement) shall be in each case the lesser of the scheduled maximum notional amount forth in the relevant Swap Confirmation and the notional amount for the previous Calculation Period (as such term is defined in the Swap Agreement).

The Swap Counterparty will be required to make payments pursuant to the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will, subject to certain conditions, be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. Such a change in tax law may result in the termination of the Swap Agreement. The Issuer will not be required to gross up under the Swap Agreement. Any Swap Tax Credit Amounts payable by the Issuer shall be paid directly to the Swap Counterparty following receipt without regard to the Collateral Account Priority of Payments or the Orders of Priority and shall not form Issuer Available Funds.

The Swap Agreement and any non-contractual obligation arising out of, or in connection with, the Swap Agreement will be governed by and construed in accordance with English law. The courts of England shall have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

## WEIGHTED AVERAGE LIFE OF THE RATED NOTES AND RELEVANT ASSUMPTIONS

The maturity and average life of the Senior Notes and Mezzanine Notes cannot be predicted, as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown.

Calculations as to the expected maturity and average life of the Senior Notes and Mezzanine Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations can be made that such estimates are accurate, or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised. The tables below show the expected average life and the expected maturity of the Senior Notes and Mezzanine Notes, based, among other things, on the following assumptions:

- (i) the Issuer will not exercise the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*) or Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*);
- (ii) the option rights granted by the Issuer to each Originator to purchase the relevant Portfolio pursuant to clause 12 (*Clean Up Option*) of the Intercreditor Agreement shall not be exercised;
- (iii) all instalments due under the Loans are duly and timely paid;
- (iv) there will be no Defaulted Claims, Delinquent Claims, Delinquent 60 Claims and Delinquent 90 Claims;
- (v) the Claims will be subject to a constant annual prepayment at such rates as shown in the tables below, in equal monthly portions starting from the Effective Date;
- (vi) the instalments under the Loans will not be renegotiated upon request of the Borrowers;
- (vii) no Trigger Event will occur in respect of the Notes;
- (viii) the terms of the Loans will not be affected by the provisions of any legal provision authorising borrowers to suspend payment of interest and/or principal instalments; and
- (ix) no purchase/sale/indemnity/renegotiations on the Portfolios is made according to the Transaction Documents.

The actual performance of the Claims are likely to differ from the assumptions used in constructing the tables set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave. Any difference between such assumptions and the actual characteristics and performance of the Claims will cause the estimated weighted average life and the principal payment window of the Class A Notes and Class B Notes to differ (which difference could be material) from the corresponding information in the following tables.

The base case assumptions above reflect the current expectations of the Issuer but no assurance can be given that the redemption of the Class A Notes and Class B Notes will occur as described above. The prepayment rates are stated as an average annual prepayment rate but the prepayment rate for one Interest Period may substantially differ from one period to another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.



| <b>CONSTANT<br/>PREPAYMENT RATE<br/>(% PER ANNUM)</b> | <b>Class A Notes</b>                               |                           |
|-------------------------------------------------------|----------------------------------------------------|---------------------------|
|                                                       | <b>Estimated Weighted Average<br/>Life (years)</b> | <b>Estimated Maturity</b> |
| 0.0%                                                  | 5.55                                               | 31-Jul-30                 |
| 2.0%                                                  | 4.82                                               | 30-Apr-29                 |
| 4.0%                                                  | 4.25                                               | 30-Apr-28                 |
| 6.0%                                                  | 3.80                                               | 31-Jul-27                 |
| 8.0%                                                  | 3.43                                               | 31-Oct-26                 |
| 10.0%                                                 | 3.12                                               | 31-Jan-26                 |

| <b>CONSTANT<br/>PREPAYMENT RATE<br/>(% PER ANNUM)</b> | <b>Class B Notes</b>                               |                           |
|-------------------------------------------------------|----------------------------------------------------|---------------------------|
|                                                       | <b>Estimated Weighted Average<br/>Life (years)</b> | <b>Estimated Maturity</b> |
| 0.0%                                                  | 12.79                                              | 31-Jul-31                 |
| 2.0%                                                  | 11.60                                              | 31-Jul-30                 |
| 4.0%                                                  | 10.58                                              | 31-Jul-29                 |
| 6.0%                                                  | 9.70                                               | 31-Jul-28                 |
| 8.0%                                                  | 8.93                                               | 31-Oct-27                 |
| 10.0%                                                 | 8.25                                               | 31-Jan-27                 |

## TERMS AND CONDITIONS OF THE NOTES

*The following is the entire text of the terms and conditions of the Notes (the “**Conditions**”). In these Conditions, references to the “**holder**” or to the “**Noteholder**” of a Class A, Class B Note and a Class J Note or to a Class A Noteholder, a Class B Noteholder and a Class J Noteholder are to the ultimate owners of the Class A Notes, Class B Notes or the Class J Notes, as the case may be, issued in dematerialised form and evidenced as book entries with Monte Titoli S.p.A. (“**Monte Titoli**”) in accordance with the provisions of (i) article 83-bis of Italian Legislative Decree number 58 of 24 February 1998 and (ii) Regulation jointly issued on 22 February 2008 by the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) and the Bank of Italy as subsequently amended and supplemented. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Noteholders (as defined below).*

*In these Conditions, references to (i) any agreement or other document shall include such agreement or another document as may be modified from time to time in accordance with the provisions contained therein and any deed or other document expressed to be supplemental thereto, as modified from time to time; and (ii) any laws or regulation shall be interpreted and construed to include any amendments and implementation thereof as of the date of these Conditions.*

The Euro 684,237,000.00 Class A Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class A Notes**”) or the “**Senior Notes**”), the Euro 48,299,000.00 Class B Residential Mortgage Backed Floating Rate Notes due April 2059 (the “**Class B Notes**” or the “**Mezzanine Notes**” and, together with the Senior Notes, the “**Rated Notes**”), the Euro 77,534,000.00 Class J1 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J1 Notes**”) and the Euro 16,911,000.00 Class J2 Residential Mortgage Backed Floating Rate and Additional Return Notes due April 2059 (the “**Class J2 Notes**” and together with the Class J1 Notes, the “**Class J Notes**” or the “**Junior Notes**” and, together with the Senior Notes and the Mezzanine Notes, the “**Notes**”), are issued by 2018 Popolare Bari RMBS S.r.l. (the “**Issuer**”) on 14 June 2018 (the “**Issue Date**”) in the context of a securitisation transaction (the “**Transaction**”) to finance the purchase of two portfolios of monetary claims and connected rights arising under the mortgage loans and the relevant insurance policies (the “**Portfolios**” and the “**Claims**”, respectively) from Banca Popolare di Bari S.C.p.A. (“**BPB**” or the “**Originator**”) and Cassa di Risparmio di Orvieto S.p.A. (“**CRO**” or the “**Originator**” and together with BPB, the “**Originators**”), pursuant to article 1 of Italian Law number 130 of 30 April 1999 (as amended and supplemented from time to time, the “**Securitisation Law**”).

The Portfolios have been purchased by the Issuer pursuant to two transfer agreements entered into on 17 May 2018 between the Issuer and each of the Originators (collectively, the “**Transfer Agreements**”; and respectively the “**BPB Transfer Agreement**” and the “**CRO Transfer Agreement**”). Representations and warranties in respect of the Portfolios have been made by each of the Originators in favour of the Issuer under a warranty and indemnity agreement entered into between the Issuer and the Originators on 17 May 2018 (the “**Warranty and Indemnity Agreement**”).

In these Conditions, any references to (i) the “**holders of the Senior Notes**”, “**holders of the Mezzanine Notes**” and the “**holders of the Junior Notes**” are to the beneficial owners of, respectively, the Senior Notes, the Mezzanine Notes and the “**Junior Notes**”; (ii) references to the “**Class A Noteholders**” are to the beneficial owners of the Class A Notes; (iii) references to the “**Class B Noteholders**” are to the beneficial owners of the Class B Notes; (iv) references to the “**Class J Noteholders**” are to the beneficial owners of the Class J Notes and (v) references to the “**Noteholders**” are to the beneficial owners of the Notes. Any reference to a “**Class**” of Notes shall be construed as a reference to the Class A Notes, Class B Notes or the Class J Notes, as the case may be.

The principal source of payment of amounts due under the Notes will be collections and recoveries made in respect of the Portfolios (the “**Collections**”). By operation of article 3 of the Securitisation Law, the Issuer’s right, title and interest in and to the Portfolios, any monetary claim of the Issuer under the Transaction Documents, all cash-flows deriving from both of them and any Eligible Investments purchased therewith (together, the “**Segregated Assets**”) will be segregated from all the other assets of the Issuer and amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors (as defined below) in accordance with the applicable Order of Priority (as set out in Condition 4 (*Orders of Priority*)). The Issuer’s right, title and interest in and to the Portfolios and to all the amounts deriving therefrom may not be seized or attached in any form by the creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the Transaction until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations vis-à-vis the Other Issuer Creditors.

Under a servicing agreement entered into on 17 May 2018, as amended on or prior to the Issue Date (the “**Servicing Agreement**”) between the Issuer, BPB as servicer and master servicer, and CRO as servicer (i) each of the Servicers has agreed to provide the Issuer with administration, collection and recovery services in respect of the relevant assigned Claims (except for the services for which BPB has been appointed by the Issuer in its capacity of master servicer) and (ii) the sole BPB has agreed, *inter alia*, to act as Master Servicer of the Transaction, and to carry out supervising activities with respect to the transaction in order to ensure compliance with the laws to protect the investors, pursuant to article 2, paragraph 6-*bis* of Securitisation Law.

Under a corporate services agreement entered into on 17 May 2018 (the “**Corporate Services Agreement**”) between the Issuer and the Corporate Services Provider, the Corporate Services Provider has agreed to provide the Issuer with certain corporate administration services.

Under a back-up servicing agreement entered into on or prior to the Issue Date (the “**Back-Up Servicing Agreement**”), among the Issuer, the Servicers and the Back-Up Servicer, the Back-Up Servicer has undertaken to act as servicer and master servicer (i) in case of termination of the appointment of CRO as Servicer, according to the Servicer Agreement, and (ii) in case of termination of the appointment of BPB as Servicer and Master Servicer according to the Servicing Agreement.

Under a subscription agreement relating to the Notes entered into on or prior to the Issue Date, among the Issuer, the Originators and the Representative of the Noteholders (as amended from time to time, the “**Notes Subscription Agreement**”), the Originators has subscribed and paid for the Notes upon the terms and subject to the conditions thereof and has appointed the Representative of the Noteholders to act as the representative of the holders of the Notes.

Under a cash administration and agency agreement entered into on or prior to the Issue Date (as amended from time to time, the “**Cash Administration and Agency Agreement**”) among, *inter alios*, the Issuer, the Originators, the Representative of the Noteholders, the Computation Agent, the Transaction Bank, the Cash Manager, the Principal Paying Agent, the Agent Bank, the Swap Counterparty, the Master Servicer, the Originators and the Servicers: (i) the Principal Paying Agent has agreed to carry out certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders; (ii) the Agent Bank has agreed to calculate the amount of interest payable on the Notes; (iii) the Computation Agent has agreed to provide the Issuer with other calculations in respect of the Notes and will set out, in a payments report, the payments due to be made under the Notes on each Payment Date; and (iv) the Transaction Bank and the Cash Manager has agreed to provide certain cash administration and

investment services in respect of the amounts standing, from time to time, to the credit of the relevant Accounts.

Under two fixed-floating interest rate swap transactions, two Three Month Euribor basis swap transactions and two Three Month Euribor capped basis swap transactions to be entered into on or prior to the Issue Date (each a “**Swap Transaction**” and collectively the “**Swap Transactions**”) between the Issuer and the Swap Counterparty, the Issuer has hedged its potential interest rate exposure in relation to its floating rate interest obligations under the Rated Notes. Such Swap Transactions shall be governed by a 1992 ISDA Master Agreement (Multicurrency-Cross Border) (the “**ISDA Master Agreement**”) together with a Schedule (the “**Schedule**”) and a 1995 credit support annex (the “**Credit Support Annex**”) thereto, as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) and each Swap Transaction shall be evidenced by a swap confirmation (each a “**Swap Confirmation**”, and together with the ISDA Master Agreement, the Schedule and the Credit Support Annex, the “**Swap Agreement**”).

Under an intercreditor agreement entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”) between the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the EMIR Reporting Agent, the Corporate Services Provider, the Agent Bank, the Transaction Bank, the Computation Agent, the Servicers, the Master Servicer, the Swap Counterparty, the Principal Paying Agent, the Cash Manager, the Security Trustee, the Originators and the Back-Up Servicer, the application of the Issuer Available Funds (as defined below) has been set out. The Representative of the Noteholders has been appointed to exercise certain rights in relation to the Portfolios and in particular will be conferred the exclusive right (and the necessary powers) to make demands, give notices, exercise or refrain from exercising rights and take or refrain from taking actions (also through the Servicers) in relation to the recovery of the Claims in the name and on behalf of the Issuer.

Pursuant to a stichting corporate services agreement entered into on or prior the Issue Date between, *inter alios*, the Issuer, the Stichting and the Stichting Corporate Services Provider (the “**Stichting Corporate Services Agreement**”), the latter undertook to provide the Stichting with certain services set out thereunder.

Pursuant to a deed of charge governed by English law executed by the Issuer on or prior the Issue Date (the “**Deed of Charge**”), the Issuer has assigned absolutely to Securitisation Services S.p.A. as security trustee (the “**Security Trustee**”) on behalf of the Noteholders and the Other Issuer Creditors, all the Issuer’s rights, title, interest and benefit (present and future) in, to and under the Swap Agreement (subject to the netting and set-off provisions thereof) and the EMIR Reporting Agreement.

Pursuant to an EMIR reporting agreement (the “**EMIR Reporting Agreement**”) entered into on or about the Issue Date between the Issuer and the EMIR Reporting Agent, the EMIR Reporting Agent will agree to carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer.

Under an agreement entered into on or prior to the Issue Date between Stichting Capuleti (the “**Quotaholder**”), the Issuer and the Representative of the Noteholders (the “**Quotaholder Agreement**”), certain rules have been set out in relation to the corporate management of the Issuer.

The Issuer has established with the Transaction Bank the following accounts:

- (i) the Collection Accounts into which, *inter alia*, the BPB Collections and the CRO Collections will be respectively credited;
- (ii) the Payments Account into which, *inter alia*, all amounts deriving from the liquidation, disposal or maturity of the Eligible Investments purchased through the funds standing to the credit of the

Investment Account will be credited and out of which all payments shall be made according to the applicable Order of Priority and the relevant Payments Report;

- (iii) the Liquidity Reserve Account into which all sums payable under item *Sixth* of the Pre-Acceleration Order of Priority will be credited;
- (iv) the Investment Account into which, *inter alia*, all amounts standing to the credit of the Accounts (other than the Securities Account) will be transferred for the purpose of investment in Eligible Investments;
- (v) the Securities Account for the deposit of the Issuer's entitlement to Eligible Investments, not being cash invested on time deposit, which may be purchased with the monies standing to the credit of the Investment Account; and
- (vi) the Collateral Account into which (i) any collateral received from the Swap Counterparty pursuant to the Swap Agreement, (ii) any interest or distributions on, and any liquidation or other proceeds of, such collateral, (iii) any Replacement Swap Premium received by the Issuer from a replacement swap counterparty and (iv) any termination payment received by the Issuer from the outgoing Swap Counterparty pursuant to the Swap Agreement shall be credited.

The Issuer has established with Banca Monte dei Paschi di Siena S.p.A.:

- (i) the Quota Capital Account into which, *inter alia*, the sums contributed by the Quotaholder will be credited and held; and
- (ii) the Expenses Account into which, *inter alia*, the Retention Amount shall be paid and out of which certain payments with respect to the Issuer's corporate expenses shall be made.

These Conditions include summaries of, and are subject to, the detailed provisions of the Transfer Agreements, the Warranty and Indemnity Agreement, the Servicing Agreement, the Back-Up Servicing Agreement, the Intercreditor Agreement, the Swap Agreement, the EMIR Reporting Agreement, the Corporate Services Agreement, the Notes Subscription Agreement, the Cash Administration and Agency Agreement, the Quotaholder Agreement, the Stichting Corporate Services Agreement and the Deed of Charge (and, together with these Conditions, the “**Transaction Documents**”). Copies of the Transaction Documents are available for inspection during normal business hours at the registered office of the Representative of the Noteholders.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them. In particular, each Noteholder recognises that the Representative of the Noteholders is its representative and accepts to be bound by the terms of those Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

The rights and powers of the Noteholders may only be exercised in accordance with the rules of the organisation of the Noteholders (respectively, the “**Rules of the Organisation of the Noteholders**” and the “**Organisation of the Noteholders**”) attached hereto and which form an integral and substantive part of these Conditions.

The Recitals and the Exhibits hereto constitute an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants by the Issuer.

In these Conditions:

**“Acceleration Order of Priority”** means the order in which the Issuer Available Funds shall be applied on each Payment Date following the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

**“Accounts”** means, collectively, the Expenses Account, the Quota Capital Account, the Payments Account, the Collection Accounts, the Investment Account, the Securities Account, the Collateral Account and the Liquidity Reserve Account; and **“Account”** means any of them.

**“Accrued Interest”** means, with respect to the relevant Portfolio and as of the Effective Date, the interest accrued, not yet due and unpaid on such Portfolio as of the Effective Date (excluded).

**“Additional Screen Rate”** has the meaning as ascribed in the Condition 5.2 (*Interest Rate*).

**“Agent Bank”** means BNP Paribas Securities Services, Milan Branch, or any other entity from time to time acting as agent bank.

**“Agents”** means the Cash Manager, the Agent Bank, the Transaction Bank the Principal Paying Agent and the Computation Agent collectively and **“Agent”** means any of them.

**“AIFMD”** means Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers, as the same may be amended from time to time.

**“AIFMD Regulation”** means the Commission Delegated Regulation (EU) number 231/2013, as the same may be amended from time to time.

**“Back-Up Servicer”** means Zenith Service S.p.A. or any other entity from time to time acting as back-up servicer.

**“Borrower”** means the debtors under the Claims and their transferors, assignees and successors.

**“BPB”** means Banca Popolare di Bari S.c.p.A.

**“BPB Claims”** means the monetary receivables and connected rights arising under the Loans and the relevant Insurance Policies, as assigned by BPB to the Issuer pursuant to the BPB Transfer Agreement.

**“BPB Collection Account”** means the Euro denominated account opened in the name of the Issuer with the Transaction Bank, IBAN IT 66 N 03479 01600 000802239000, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“BPB Collections”** means all the amounts collected and/or recovered under the BPB Claims and any amount received by the Issuer from the relevant Servicer pursuant to the Servicing Agreement.

**“BPB Portfolio”** means the portfolio of BPB Claims and connected rights arising under the Loans which are sold to the Issuer by BPB pursuant to the BPB Transfer Agreement.

**“Business Day”** means, with reference to and for the purposes of any payment obligation provided for under the Transaction Documents, any day on which TARGET2 (or any successor thereto) is open and, with reference to any other provision specified under the Transaction Documents, any day (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, Luxembourg, Frankfurt and London.

**“Calculation Date”** means the 5 Business Day immediately preceding the relevant Payment Date.

**“Capital Requirements Regulation”** or **“CRR”** means the Regulation (EU) number 575/2013, as the same may be amended from time to time.

**“Cash Manager”** means BNP Paribas Securities Services, Milan Branch or any other entity from time to time acting as cash manager.

**“Claims”** means, collectively, the BPB Claims and the CRO Claims.

**“Class”** means the Class A Notes, the Class B Notes or the Class J Notes, as the case may be and **“Classes”** means all of them.

**“Class A Noteholders”** means the holders of the Class A Notes.

**“Class B Noteholders”** means the holders of the Class B Notes.

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

**“Class J Noteholders”** means the holders of the Class J Notes.

**“Class J Notes Additional Return”** means, (i) on each Payment Date on which the Pre-Acceleration Order of Priority applies, an amount payable on the Class J Notes equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Fourteenth* (included) of the Pre-Acceleration Order of Priority; or (ii) on each Payment Date on which the Acceleration Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Twelfth* (included) of the Acceleration Order of Priority; *plus*, for the avoidance of doubt, (iii) on the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date, any surplus remaining on the balance of the Accounts (other than Quota Capital Account and the Collateral Account), as well as any other residual amount collected by the Issuer in respect of the Transaction in proportion to the Outstanding Principal Amount of the Claims comprised in the relevant Portfolio as at the Effective Date.

**“Class J1 Notes Additional Return”** means the Class J Notes Additional Return payable in respect of the Class J1 Notes, in the amount determined in accordance with item *Seventeenth* of the Relevant Single Portfolio Priority of Payment.

**“Class J2 Notes Additional Return”** means the Class J Notes Additional Return payable in respect of the Class J2 Notes, in the amount determined in accordance with item *Seventeenth* of the Relevant Single Portfolio Priority of Payment.

“**Clearstream**” means Clearstream Banking S.A., located at 42 Avenue JF Kennedy L-1855 Luxembourg.

“**Collateral Account**” means a Euro denominated cash account opened in the name of the Issuer with the Transaction Bank, with IBAN IT 48 S 03479 01600 000802239005 for the cash, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Swap Agreement and the other Transaction Documents.

“**Collateral Account Priority of Payments**” means the order of priority contained in Condition 4.4 and clause 9 (*Management and Application of Collateral with respect to the Swap Counterparty*) of the Intercreditor Agreement.

“**Collateral Amount**” means any amounts standing to the credit of the Collateral Account, being amounts paid into such account by the Swap Counterparty in accordance with the Credit Support Annex, together with interest and other amounts accrued thereon.

“**Collection Accounts**” means, collectively, the BPB Collection Account and the CRO Collection Account.

“**Collection Date**” means the last calendar day of March, June, September and December of each year. The first Collection Date is 30 September 2018.

“**Collection Period**” means each period starting on a Collection Date (excluded) and ending on the following Collection Date (included).

“**Collection Policy**” means, with respect to the each Servicer, the collection policy applied by the relevant Servicer in relation to the relevant Portfolio.

“**Collections**” means the BPB Collections and/or the CRO Collections (as the context requires).

“**Computation Agent**” means Securitisation Services S.p.A. or any other entity from time to time acting as computation agent.

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

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

“**Consolidated Financial Act**” means Italian Legislative Decree number 58 of 24 February 1998, as subsequently amended.

“**Corporate Servicer Provider**” means Securitisation Services S.p.A., or any other entity from time to time acting as corporate servicer provider.

“**CRA Regulation**” means the Regulation (EC) No 1060/2009.

“**Credit Insurance Policy**” (*Polizze Credito*) means any insurance policy issued in respect of certain Claims, covering the risk of default of the relevant Borrower to its obligations under the Loan Agreements.

“**Credit Support Annex**” means the 1995 ISDA Credit Support Annex supplementing and forming part of the Swap Agreement.



“**Criteria**” means the criteria used for the selection of the Claims.

“**CRO**” means Cassa di Risparmio di Orvieto S.p.A.

“**CRO Claims**” means the monetary receivables and connected rights arising under the Loans and the relevant Insurance Policies, as assigned by CRO to the Issuer pursuant to the CRO Transfer Agreement.

“**CRO Collection Account**” means the Euro denominated account opened in the name of the Issuer with the Transaction Bank, IBAN IT 43 0 03479 01600 000802239001, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

“**CRO Collections**” means all the amounts collected and/or recovered under the CRO Claims and any amount received by the Issuer from the relevant Servicer pursuant to the Servicing Agreement.

“**CRO Portfolio**” means the portfolio of CRO Claims and connected rights arising under the Loans which are sold to the Issuer by CRO pursuant to the CRO Transfer Agreement.

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

“**DBRS**” means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings Limited, and (ii) in any other case, any entity of DBRS Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

“**DBRS Eligible Institution Rating**” means the DBRS rating, as set out in the table below:

| Highest rating assigned to rated Notes | DBRS Eligible Institution Rating |
|----------------------------------------|----------------------------------|
| AAA                                    | A                                |
| AA (high)                              | A (low)                          |
| AA                                     | BBB (high)                       |
| AA (low)                               | BBB (high)                       |
| A (high)                               | BBB                              |
| A                                      | BBB (low)                        |
| A (low)                                | BBB (low)                        |
| BBB (high)                             | BBB (low)                        |
| BBB                                    | BBB (low)                        |
| BBB (low)                              | BBB (low)                        |

“**DBRS Eligible Investment Rating**” means the DBRS rating, as set out in the tables below:

(i) for investments maturing in 30 days or less:

| <b>Highest rating assigned to rated Notes</b> | <b>DBRS Eligible Investment Rating</b> |
|-----------------------------------------------|----------------------------------------|
| AAA                                           | A or R-1 (low)                         |
| AA (high)                                     | A (low) or R-1 (low)                   |
| AA                                            | BBB (high) or R-1 (low)                |
| AA (low)                                      | BBB (high) or R-1 (low)                |
| A (high)                                      | BBB or R-2 (high)                      |
| A                                             | BBB (low) or R-2 (middle)              |
| A (low)                                       | BBB (low) or R-2 (low)                 |
| BBB (high)                                    | BBB (low) or R-2 (low)                 |
| BBB                                           | BBB (low) or R-2 (low)                 |
| BBB (low)                                     | BBB (low) or R-2 (low)                 |
| BB (high)                                     | BB (high) or R-3                       |
| BB                                            | BB or R-4                              |
| BB (low)                                      | BB (low) or R-4                        |
| B (high)                                      | B (high) or R-4                        |
| B                                             | B or R-4                               |
| B (low)                                       | B (low) or R-5                         |

(ii) for investments maturing in a period longer than 30 days:

| <b>Maximum Maturity</b> | <b>Most senior Notes rated AA (low) and above</b> | <b>Most senior Notes rated between A (high) and A (low)</b> | <b>Most senior Notes rated BBB (high) and below</b> |
|-------------------------|---------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------|
| 90 days                 | AA (low) or R-1 (middle)                          | A (low) or R-1 (low)                                        | BBB (low) or R-2 (middle)                           |
| 180 days                | AA or R-1 (high)                                  | A or R-1 (low)                                              | BBB or R-2 (high)                                   |
| 365 days                | AAA or R-1 (high)                                 | A (high) or R-1 (middle)                                    | BBB or R-2 (high)                                   |

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

| DBRS     |              | Moody's   |            | S&P       |            | Fitch     |       |  |
|----------|--------------|-----------|------------|-----------|------------|-----------|-------|--|
| Long     | Short Term   | Long Term | Short Term | Long Term | Short Term | Long Term | Short |  |
| AAA      | R-1 (high)   | Aaa       | P-1        | AAA       | A-1+       | AAA       | F1+   |  |
| AA(high) |              | Aa1       |            | AA+       |            | AA+       |       |  |
| AA       | R-1 (middle) | Aa2       |            | AA        |            | AA        |       |  |
| AA(low)  |              | Aa3       |            | AA-       |            | AA-       |       |  |
| A(high)  | R-1 (low)    | A1        | P-2        | A+        | A-1        | A+        | F1    |  |
| A        |              | A2        |            | A         |            | A         |       |  |
| A(low)   |              | A3        |            | A-        | A-2        | A-        | F2    |  |
| BBB(hig  | R-2 (high)   | Baa1      |            | BBB+      |            | BBB+      |       |  |
| BBB      | R-2 (middle) | Baa2      | P-3        | BBB       | A-3        | BBB       | F3    |  |
| BBB(lo   | R-2 (low) R- | Baa3      |            | BBB-      |            | BBB-      |       |  |
| BB(high) | R-4          | Ba1       |            | BB+       |            | BB+       | B     |  |
| BB       |              | Ba2       |            | BB        |            | BB        |       |  |
| BB(low)  |              | Ba3       |            | BB-       |            | BB-       |       |  |
| B(high)  |              | B1        |            | B+        |            | B+        |       |  |
| B        | R-5          | B2        |            | B         |            | B         | C     |  |
| B(low)   |              | B3        |            | B-        |            | B-        |       |  |
| CCC      |              | Caa1      |            | CCC+      |            | CCC+      |       |  |
|          |              | Caa2      |            | CCC       |            | CCC       |       |  |
|          |              | Caa3      |            | CCC-      |            | CCC-      |       |  |
| CC       |              | Ca        |            | CC        |            | CC        |       |  |
| C        |              | C         |            | D         |            | D         |       |  |

“**DBRS Minimum Rating**” means: (a) if a Fitch public rating, a Moody’s public rating and an S&P public rating (each, a “**Public Rating**”) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Rating remaining after disregarding the highest and lowest of such Public Ratings from such rating agencies (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Ratings by any two of Fitch, Moody’s and S&P are available at such date, the DBRS Equivalent Rating will be the lower of such Public Rating (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Ratings by any one of Fitch, Moody’s and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Rating (provided that if such Public Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of “C” shall apply at such time.

“**Defaulted Claims**” means any Claim arising from a Loan: (a) which has been classified “*in sofferenza*” by the relevant Servicer, in accordance with the relevant Collection Policies and in compliance with the

applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy, or (b) in respect of which there are: (i) 15 or more Late Payments (in case of monthly Instalments), (ii) 8 or more Late Payments (in case of bi-monthly Instalments), (iii) 5 or more Late Payments (in case of quarterly Instalments); (iv) 3 or more Late Payments (in case of semiannual Instalments) and (v) 2 Late Payments (in case of annually Instalments).

“**Defaulting Party**” has the meaning ascribed to it in the Swap Agreement.

“**Delinquent Claims**” means any Claim in respect of which there are any Instalments which have remained unpaid for more than 30 (thirty) days from its scheduled payment date.

“**Delinquent 60 Claims**” means any Claim in respect of which there are any Instalments which have remained unpaid for more than 60 (sixty) days from its scheduled payment date.

“**Delinquent 90 Claims**” means any Claim in respect of which there are any Instalments which have remained unpaid for more than 90 (ninety) days from its scheduled payment date.

“**Disability and Life Insurance Policy**” (*Polizze Infortuni e Vita*) means any insurance policy in respect of certain Claims covering the risk of death, disability and/or accident and illness and/or unemployment and/or acute illness of the Borrower.

“**Dodd-Frank Act**” means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

“**Early Termination Date**” has the meaning ascribed to it in the Swap Agreement.

“**ECB**” means the European Central Bank.

“**Effective Date**” means the 00:01 of 12 May 2018.

“**Eligible Institution**” means any depository institution organised under the laws of any State which is a member of the European Union or of the United States and having at least the following ratings:

- (i) whose debt obligations are rated at least as follows:
  - (a) with respect to Moody’s: at least “P-2” in respect of the short-term deposit rating and at least “Baa2” in respect of the long-term deposit rating; and
  - (b) with respect to DBRS: at least equal to the DBRS Eligible Institution Rating, considering (A) in case a public or private rating has been assigned by DBRS, the higher of (A1) the rating one notch below the COR (if assigned) and (A2) the long-term senior unsecured debt rating, or (B) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating; or any other rating being in the future compliant with DBRS criteria issued from time to time; or
- (ii) whose obligations under the Transaction Documents to which it is a party are guaranteed by an Eligible Institution Guarantee.

“**Eligible Investments**” means:

Euro-denominated senior (unsubordinated) debt securities in dematerialized form, bank account or euro-denominated senior debt deposit (excluding, for the avoidance of doubt, time deposits) or other debt instruments (but excluding for avoidance of any doubt, the money market funds), *provided that*, in all cases (1) such investments are immediately repayable on demand, disposable without penalty or any other cost or have a maturity date falling on or before the third Business Day prior to the Payment Date immediately succeeding the Collection Period in respect of which such Eligible Investments were made; (2) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; (3) in the case of bank account or deposit, such bank account or deposit are held in the name of the Issuer with an Eligible Institution in Italy, England or Wales (and in case such account will be held in England or Wales, subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion (to be disclosed to the Rating Agencies) in this respect in accordance with applicable law and jurisdiction) (and in any case are not held through a sub-custodian); and (4) the debt securities or other debt instruments are issued by, or fully, irrevocably and unconditionally guaranteed by a first demand guarantee on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

- (A) with respect to Moody's, a long term rating of at least "Baa1"; and
- (B) with respect to DBRS, at least equal to the DBRS Eligible Investment Rating, considering (A) in case a public or private rating has been assigned by DBRS, the long-term or short term senior unsecured debt rating, or (B) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating;

*provided that*, in no case shall such investment be made, in whole or in part, actually or potentially, in (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivatives instruments, or synthetic securities; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral, *further provided that* in case of downgrade below the rating allowed with respect to DBRS or Moody's, as the case may be, the Issuer shall (a) in case of Eligible Investments being securities, sell the securities, if it could be achieved without a loss, otherwise the relevant security shall be allowed to mature, and (b) in case of Eligible Investments being deposits, transfer within 30 days the deposits to another account opened with an Eligible Institution in Italy, England or Wales (and in case such account will be held in England or Wales, subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion (to be disclosed to the Rating Agencies) in this respect in accordance with applicable law and jurisdiction).

**"EMIR"** means Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012.

**"EMIR Reporting Agent"** means J.P. Morgan Securities Plc.

**"EMIR Reporting Agreement"** means the agreement dated on or about the Issue Date between the Issuer and J.P. Morgan Securities Plc relating to the reporting pursuant to EMIR of the Swap Transactions.

**"ESMA Website"** means the website of the European Securities and Markets Authority (currently located at the following website address <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, for the avoidance of doubt, such website does not constitute part of this Prospectus).

**"Euribor"** means the Euro-Zone Inter-bank offered rate.

**“Euro”** and **“€”** means the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957 as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992 establishing the European Union and the Treaty of Amsterdam of 2 October 1997.

**“Euroclear”** means Euroclear Bank SA/NV, located at 1, Boulevard du Roi Albert II B - 1210 Brussels (Belgium), as operator of the Euroclear system.

**“Euro-zone”** means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as subsequently amended.

**“Expenses Account”** means a Euro denominated account opened in the name of the Issuer with IBAN IT 57 V 01030 61622 000001801580, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“Final Maturity Date”** means, in respect of the Notes, the Payment Date falling in April 2059.

**“Final Redemption Date”** means the earlier to occur between: (i) the date when any amount payable on the Claims of each Portfolio will have been paid and the Master Servicer has confirmed that no further recoveries and amounts shall be realized thereunder, and (ii) the date when all the Claims of each Portfolio then outstanding will have been entirely written off or sold by the Issuer.

**“First Collection Period”** means the period starting on the Effective Date (included) and ending on the First Collection Date (included).

**“First Payment Date”** means 31 October 2018.

**“Fitch”** means (i) Fitch Italia Società Italiana per il Rating S.p.A. and (ii) in any other case, any entity of Fitch Italia Società Italiana per il Rating S.p.A. which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website its affiliates and successors.

**“Individual Purchase Price”** means the purchase price of each Claim, equal to the principal amount outstanding of each Claim (with the exclusion of the claim deriving from Insurance Policies) as at the Effective Date (excluded).

**“Initial Clean Up Option Date”** means the first Payment Date immediately succeeding the earlier of (i) April 2029, and (ii) the Collection Date on which the aggregate principal outstanding amount of both the Portfolios is equal to or less than 10% (ten per cent.) of the Initial Principal Portfolio.

**“Initial Interest Period”** means the period which begins on (and includes) the Issue Date and ends on (but excludes) the First Payment Date.

**“Initial Principal Portfolio”** means the aggregate principal outstanding amount of the Portfolios as of the Effective Date, being Euro 802,929,213.03.

**“Insolvency Proceedings”** means any insolvency or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: “*fallimento*”,

“*concordato preventivo*”, “*liquidazione coatta amministrativa*”, “*amministrazione straordinaria*”, “*accordi di ristrutturazione dei debiti*” and “*piani di risanamento*”.

“**Instalment**” means, with respect to each Claim, each monetary amount due from time to time by the relevant Borrower under the Claims.

“**Insurance Company**” means any of the insurance companies granting an Insurance Policy.

“**Insurance Policies**” means, collectively, the Disability and Life Insurance Policies, the Credit Insurance Policies and the Real Estate Insurance Policies.

“**Interest Amount**” has the meaning ascribed to it in Condition 5.3(a)(ii).

“**Interest Determination Date**” means, with respect to the Initial Interest Period, the date falling on the second Business Day immediately preceding the Issue Date and with respect to each subsequent Interest Period, the date falling on the second Business Day immediately preceding the Payment Date at the beginning of such Interest Period.

“**Interest Instalment**” means, in respect of each Claim, the interest component of each Instalment (excluding interests for late payments (*interessi di mora*)).

“**Interest Period**” means each period from (and including) a Payment Date to (but excluding) the following Payment Date, provided that the Initial Interest Period shall start on the Issue Date (included) and end on the First Payment Date (excluded).

“**Interest Rate**” has the meaning ascribed to it in Condition 5.2 (*Interest Rate*).

“**Investment Account**” means the Euro denominated account opened in the name of the Issuer with the Transaction Bank, IBAN IT 71 R 03479 01600 000802239004, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

“**Investors Report**” means the report to be prepared and delivered in accordance with the Cash Administration and Agency Agreement.

“**Investors’ Report Date**” means the date on which the Investor Report shall be sent in accordance with the Cash Administration and Agency Agreement.

“**Issue Date**” means the date of issuance of the Notes.

“**Issue Price**” means 100% of the principal amount of the Notes.

“**Issuer Available Funds**” means on each Calculation Date and in respect of the immediately following Payment Date, the aggregate of (without duplication):

- a) all the sums received or recovered by the Issuer from or in respect of the Claims during the Collection Period immediately preceding such Payment Date;

- b) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer in respect of the Portfolios pursuant to the Transfer Agreements, the Warranty and Indemnity Agreement and any other Transaction Documents during the Collection Period immediately preceding such Payment Date;
- c) any profit generated by, or interest accrued and paid on, the Eligible Investments (net of any withholding or deduction on account of tax made out of the Investment Account in respect of the Collection Period immediately preceding such Payment Date);
- d) all the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date, after application of the Pre-Acceleration Order of Priority on such Payment Date (or, in respect of the First Payment Date, all the amounts standing to the credit of the Liquidity Reserve Account on the Issue Date);
- e) interest (if any) accrued on and credited (net of any withholding or deduction on account of tax) to the Accounts (except for the Expenses Account, the Collateral Account and the Quota Capital Account) in the Collection Period immediately preceding such Payment Date;
- f) all amounts received from the sale of the Portfolios or individual Claims, should such sale occur, during the Collection Period immediately preceding such Payment Date;
- g) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full or cancelled, the residual amount standing to the credit of the Accounts (except for the Quota Capital Account and the Collateral Account);
- h) any other amount, not included in the foregoing items, received by the Issuer and standing to the credit of the Accounts (except for the Quota Capital Account) on the Collection Date immediately preceding such Payment Date;
- i) without duplication of the above, all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid directly to the Swap Counterparty when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); and
- j) without duplication of the above, any Swap Collateral Account Surplus paid into the Payments Account in accordance with the Collateral Account Priority of Payments.

**“Issuer’s Rights”** means the Issuer’s rights under the Transaction Documents.

**“Junior Notes”** means the Class J1 Notes and the Class J2 Notes.

**“Junior Noteholders”** means the Class J Noteholders.

**“Late Payment”** means any Instalment that remains unpaid for more than 5 (five) Business Days from its scheduled payment date.



**“Law 239 Deduction”** means any withholding or deduction for or on account of “*imposta sostitutiva*” under Italian Legislative Decree number 239 of 1 April 1996 as subsequently amended.

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

**“Liquidity Reserve Account”** means the Euro denominated account opened in the name of the Issuer with the Transaction Bank, IBAN IT 94 Q 03479 01600 000802239003, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“Liquidity Reserve Amount”** means (A) on the Issue Date, an amount equal to Euro 21,976,080; (B) on each Payment Date (in which the Pre-Acceleration Order of Priority is applied) falling before (and excluding) the earlier of (i) the Payment Date on which the Principal Amount Outstanding of the Senior Notes is lower than the Issuer Available Funds that would be available on such Payment Date following payments of amount due and payable under items *First* to *Fifth* of the Pre-Acceleration Order of Priority having been made, (ii) the Payment Date falling immediately after the Final Redemption Date and (iii) the Final Maturity Date, an amount equal to the higher of (a) 3% of the Principal Amount Outstanding of the Rated Notes on the immediately preceding Payment Date after making payments due under the Pre-Acceleration Order of Priority on that date (or, in respect of the First Payment Date, on the Issue Date) and (b) 1% of the Principal Amount Outstanding of the Rated Notes as of the Issue Date, and (C) on each Payment Date thereafter, zero.

**“Loan”** means each loan granted to a Borrower and classified as performing and meeting the Criteria, the receivables in respect of which have been sold by each of the Originators to the Issuer pursuant to the relevant Transfer Agreement, and “Loans” means all of them.

**“Loan Agreement”** means each agreement by which a Loan has been granted.

**“Luxembourg Stock Exchange”** means the Luxembourg Stock Exchange.

**“Mandate”** (*mandato all’incasso*) means the irrevocable mandate to collect any indemnity to be paid under the Disability and Life Insurance Policies (in case the relevant Originator is not named as direct beneficiary of any indemnity to be paid under such policies), released by the Borrower in favour of the relevant Originator in order to guarantee the relevant Loan.

**“Mandatory Redemption”** means the mandatory redemption of the Notes pursuant to Condition 6.3 (*Mandatory Redemption*) of the Notes.

**“Master Servicer”** means BPB, or any other entity from time to time acting as master servicer.

**“Master Servicer Fees”** means the fees to be paid to the Master Servicer pursuant to the Servicing Agreement.

**“Mezzanine Notes”** means the Class B Notes.

**“Monte Titoli”** means Monte Titoli S.p.A, which registered office is located at Piazza degli Affari, 6, 20123 Milano (Italy).

**“Monte Titoli Account Holder”** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

**“Moody’s”** means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, Moody’s Investors Service Ltd, and (ii) in any other case, any entity of Moody’s Investors Service Ltd which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

**“Mortgage”** means the mortgage securities created on the Real Estate Assets pursuant to Italian law in order to secure the Loans.

**“Mortgagor”** means the Borrower or any third party who is the owner of a Real Estate Asset on which a Mortgage has been created as security for the payment of the Claims.

**“Most Senior Class of Notes”** means the Class A Notes or, upon redemption in full or cancellation of the Class A Notes, the Class B Notes or, upon redemption in full or cancellation of the Class B Notes, the Class J Notes.

**“Noteholders”** means the Class A Noteholders, the Class B Noteholders and the Class J Noteholders.

**“Notes”** means the Class A Notes, the Class B Notes and the Class J Notes.

**“Notes Subscription Agreement”** means the subscription agreement in respect of the Notes to be entered into on or prior to the Issue Date between the Issuer, the Representative of the Noteholders and the Originators.

**“Official List”** means the official list of the Luxembourg Stock Exchange.

**“Originators”** means BPB and CRO.

**“Optional Redemption”** has the meaning ascribed to it in Condition 6.4 (*Optional Redemption*).

**“Order of Priority”** means the Pre-Acceleration Order of Priority, the Single Portfolio Priority of Payments or the Acceleration Order of Priority, as applicable, according to which the Issuer Available Funds or the Single Portfolio Available Funds, as the case may be, shall be applied on each Payment Date in accordance with the Conditions and the Intercreditor Agreement (together the **“Orders of Priority”**).

**“Other Issuer Creditors”** means the Swap Counterparty, the Originators, the Servicers, the Master Servicer, the Back-Up Servicer, the Representative of the Noteholders, the Security Trustee, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Cash Manager, the Stichting Corporate Services Provider and the Computation Agent and any party becoming a party to the Intercreditor Agreement.

**“Outstanding Balance”** means with respect to a Claim the aggregate of the (i) Outstanding Principal and (ii) all due and unpaid Principal Instalments.

**“Outstanding Notes Ratio”** means with respect to any Payment Date and to each Portfolio, the ratio, calculated as at the immediately preceding Collection Date, between: (x) the relevant Single Portfolio Notes Principal Amount Outstanding; and (y) the Principal Amount Outstanding of all the Notes.

**“Outstanding Principal”** means in respect to any Claim, on any date, the aggregate of all Principal Instalments owing by the relevant Borrower and scheduled to be paid on and/or after such date.

**“Payment Date”** means the last calendar day of January, April, July and October in each year or, if such date is not a Business Day, on the following Business Day.

**“Payments Account”** means the Euro denominated account opened in the name of the Issuer with the Transaction Bank, IBAN IT 20 P 03479 01600 000802239002, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“Payments Report”** means the report to be prepared by the Computation Agent pursuant to the Cash Administration and Agency Agreement.

**“Portfolios”** means the BPB Portfolio and/or the CRO Portfolio (as the context requires).

**“Pre-Acceleration Order of Priority”** means the order in which the Issuer Available Funds shall be applied on each Payment Date prior to the delivery of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

**“Principal Amount Outstanding”** means, in respect of a Note, on any date, the principal amount of that Note upon issue less the aggregate amount of all principal payments in respect of that Note that have been paid prior to such date.

**“Principal Collections”** means any amount of principal (including prepayments) from time to time collected by the Issuer in respect of the Claims (other than Recoveries).

**“Principal Instalment”** means, in respect of each Claim, the principal component of each Instalment.

**“Principal Paying Agent”** means BNP Paribas Securities Services, Milan Branch, or any other entity from time to time acting as principal paying agent.

**“Prospectus”** means this prospectus prepared by the Issuer in relation to the Notes.

**“Prospectus Directive”** means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area.

**“Purchase Price”** means the price to be paid by the Issuer for the purchase of each Portfolio under the terms of the relevant Transfer Agreement equal to (i) Euro 660,846,994.84 to be paid to BPB for the BPB Portfolio and (ii) Euro 144,137,786.88 to be paid to CRO for the CRO Portfolio.

**“Quarterly Servicing Report”** means the report, containing information as to the collections and recoveries to be made in respect of the relevant Portfolio during each Collection Period, which the Master Servicer has undertaken to prepare and submit on the Quarterly Servicing Report Date.

**“Quarterly Servicing Report Date”** means the 12th Business Day following the end of each Collection Period.

**“Quota Capital Account”** means a Euro denominated account opened in the name of the Issuer with IBAN IT 04 S 01030 61622 000001797662, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“Rating Agencies”** means DBRS and Moody’s, and each a **“Rating Agency”**.

**“Real Estate Assets”** means any real estate property which has been mortgaged in favour of the Originators to secure the Claims.

**“Real Estate Insurance Policy”** (*Polizze Immobili*) means any policy of insurance taken out in connection with or as a condition to the granting of a Loan which covers the risk of fire, explosion or burst occurring in relation to the relevant Real Estate Asset.

**“Recoveries”** means any recoveries made by the Master Servicer in respect of the Defaulted Claims pursuant to the Servicing Agreement.

**“Redemption for Taxation”** has the meaning ascribed to it in Condition 6.2 (*Redemption for Taxation*).

**“Relevant Margin”** has the meaning ascribed to it in Condition 5.2 (*Interest Rate*).

**“Replacement Swap Premium”** means the amount payable by the Issuer to a replacement swap counterparty or by a replacement swap counterparty to the Issuer (as the case may be) in order to enter into a replacement swap agreement on substantially the same terms as the Swap Agreement to replace or novate the Swap Agreement.

**“Retention Amount”** means an amount equal to € 20,000.

**“Schedule”** means the Schedule supplementing and forming part of the Swap Agreement.

**“Screen Rate”** has the meaning as ascribed in the Condition 5.2 (*Interest Rate*).

**“Securities Account”** means the securities custody account opened in the name of the Issuer with the Transaction Bank, with number 2239000, or such other account as shall replace such Account pursuant to, and to be operated in accordance with, the provisions of the Cash Administration and Agency Agreement.

**“Security Document”** means the Deed of Charge.

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

**“Segregated Assets”** means the Portfolios, any monetary claim of the Issuer under the Transaction Documents, all cash-flows deriving from both of them and any Eligible Investments purchased therewith.

**“Senior Swap Counterparty Termination Payment”** means any termination payment, other than a Subordinated Swap Counterparty Termination Payment, required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

**“Senior Notes”** means, collectively, the Class A Notes.

“**S&P**” means (i) Standard & Poor’s Credit Market Services Italy S.r.l. and (ii) in any other case, any entity of Standard & Poor’s Credit Market Services Italy S.r.l. which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website its affiliates and successors.

“**Servicers**” means, collectively, BPB and CRO, or any other entity from time to time acting as servicer.

“**Servicing Fees**” means the fees to be paid to the Servicers pursuant to clauses 15.1 and 15.2 of the Servicing Agreements.

“**Single Portfolio Available Funds**” means, with reference to each Portfolio and with reference to each Calculation Date and in respect of the immediately following Payment Date prior to the delivery of a Trigger Notice, the aggregate of (without duplication):

- a) all the sums received or recovered by the Issuer from or in respect of such Portfolio during the Collection Period immediately preceding such Payment Date;
- b) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer in respect of such Portfolio pursuant to the relevant Transfer Agreement, the Warranty and Indemnity Agreement and any other Transaction Documents during the Collection Period immediately preceding such Payment Date;
- c) the relevant Outstanding Notes Ratio of any profit generated by, or interest accrued and paid on, the Eligible Investments made out of the relevant Investment Account in respect of the Collection Period immediately preceding such Payment Date;
- d) with reference to the First Payment Date only, the relevant Single Portfolio Liquidity Reserve Initial Amount, and (b) on each Payment Date falling thereafter, all the amounts relating to such Portfolio standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date after application of the Relevant Single Portfolio Priority of Payment on such Payment Date;
- e) the relevant Outstanding Notes Ratio of the interest (if any) accrued on and credited to the relevant Accounts (except for the Expenses Account and the Quota Capital Account) in the Collection Period immediately preceding such Payment Date;
- f) the amounts received from the sale of such Portfolio or individual Claims included in such Portfolio, should such sale occur;
- g) on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full or cancelled, the relevant Outstanding Notes Ratio of the residual amount standing to the credit of the Accounts (except for the Quota Capital Account);
- h) the relevant Outstanding Notes Ratio of any other amount, not included in the foregoing items, received by the Issuer and standing to the credit of the relevant Accounts (except for the Quota Capital Account) on the Collection Date immediately preceding such Payment Date;
- i) any amount allocated from the Single Portfolio Available Funds relating to the other Portfolio under item *Fourteenth* of the Relevant Single Portfolio Priority of Payments as repayment of any surplus

made available by the relevant Portfolio under item *Thirteenth* of the Relevant Single Portfolio Priority of Payments on the Calculation Date immediately preceding such Payment Date;

- j) the relevant Outstanding Notes Ratio of all amounts due and payable to the Issuer in respect of such Payment Date under the terms of the Swap Agreement (if and to the extent paid) other than (1) any Collateral Amounts (which will not be available to the Issuer to make payments to its creditors generally, but may only be applied in accordance with the Collateral Account Priority of Payments) and (2) any Swap Tax Credit Amounts (which amounts shall be paid directly to the Swap Counterparty when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority); and
- k) the relevant Outstanding Notes Ratio of any Swap Collateral Account Surplus paid into the Payments Account in accordance with the Collateral Account Priority of Payments;

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

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

**“Single Portfolio Initial Class A Notes Principal Amount Outstanding”** means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Issue Date of 82.09% of the Class A Notes, equal to Euro 561,720,000; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Issue Date of 17.91% of the Class A Notes, equal to Euro 122,517,000.

**“Single Portfolio Initial Class B Notes Principal Amount Outstanding”** means (i) with respect to the BPB Portfolio, the Principal Amount Outstanding as at the Issue Date of 82.09% of the Class B Notes, equal to Euro 39,651,000; and (ii) with respect to the CRO Portfolio, the Principal Amount Outstanding as at the Issue Date of 17.91% of the Class B Notes, equal to Euro 8,648,000.

**“Single Portfolio Liquidity Reserve Initial Amount”** means (i) with respect to the BPB Portfolio, an amount equal to Euro 18,041,119.23 and (ii) with respect to the CRO Portfolio, an amount equal to Euro 3,934,960.77.

**“Single Portfolio Liquidity Reserve Amount”** means (i) with respect to the BPB Portfolio, an amount equal to Euro 18,041,119.23 and (ii) with respect to the CRO Portfolio, an amount equal to Euro 3,934,960.77.

**“Single Portfolio Notes Principal Amount Outstanding”** means with respect to each Payment Date:

- (i) with respect to the BPB Portfolio, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class J1 Notes;

- (ii) with respect to the CRO Portfolio, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, the Single Portfolio Class B Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class J2 Notes;

in each case as at the immediately preceding Collection Date.

**“Single Portfolio Priority of Payments”** means the order of priority pursuant to which the Single Portfolio Available Funds shall be applied on each Payment Date prior to the delivery of a Trigger Notice, in accordance with Condition 4.2 and the Intercreditor Agreement and the term **“Relevant”** when applied to the term Single Portfolio Priority of Payments means the order of priority applicable with respect to the BPB Portfolio or the CRO Portfolio, as the case may be.

**“Solvency II Directive”** means the Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance.

**“Solvency II Regulation”** means the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing the Solvency II Directive.

**“Subordinated Swap Counterparty Termination Payment”** means any termination payment required to be made by the Issuer to the Swap Counterparty pursuant to the Swap Agreement upon a termination of the Swap Transactions in respect of which the Swap Counterparty is the sole Affected Party (as defined in the Swap Agreement) following the occurrence of a Swap Counterparty Rating Event or is the Defaulting Party (as defined in the Swap Agreement) to the extent not already paid pursuant to item *fourth* of the Orders of Priority.

**“Stichting”** means Stichting Capuleti.

**“Stichting Corporate Services Provider”** means Wilmington Trust Sp Services (London) Limited.

**“Successor”** means, in relation to any person, an assignee or successor in title of such person who, under the laws of its jurisdiction of incorporation or domicile, has assumed the rights and obligations of such person under the relevant Transaction Document or to which under such laws the same have been transferred.

**“Suspended Interest”** means the interest component as of the Effective Date (i) accrued during the suspension period (A) ended prior to the Valuation Date (excluded) or (B) granted after Valuation Date (excluded); and (ii) whose payment has been rescheduled in equal quotas throughout the residual amortization plan, as a consequence of a moratorium agreement which provides for the suspension (in whole or in part) of payment of the installments.

**“Swap Agreement”** means, collectively, the ISDA Master Agreement, the Schedule, the Credit Support Annex and each Swap Confirmation which may be entered into between the Issuer and the Swap Counterparty.

**“Swap Confirmation”** means each swap confirmation evidencing a Swap Transaction.

**“Swap Collateral Account Surplus”** has the meaning ascribed to such terms in clause 9 (*Management and application of collateral with respect to the Swap Counterparty*) of the Intercreditor Agreement.

**“Swap Counterparty”** means J.P. Morgan AG, in its capacity as swap counterparty, or its permitted successors or assigns from time to time or any other person for the time being acting as Swap Counterparty pursuant to the Swap Agreement.

**“Swap Counterparty Rating Event”** means any downgrade of the rating of the unsecured and unsubordinated debt obligations of the Swap Counterparty, below the thresholds specified in accordance with the provisions of the Swap Agreement.

**“Swap Outstanding Principal Amount”** has, in respect of each Swap Transaction, the meaning ascribed to such term in the Swap Confirmation evidencing such Swap Transaction.

**“Swap Tax Credit Amount”** means any amount received by the Issuer and attributable to a Tax Credit (as defined in the Swap Agreement) which is payable by the Issuer to the Swap Counterparty pursuant to the Swap Agreement.

**“Swap Transaction”** means each swap transaction entered into pursuant to the Swap Agreement.

**“Three Month Euribor”** means Euribor for three month deposits calculated as provided for in Condition 5.2 (*Interest Rate*) of the Notes.

**“Transaction”** means the securitisation transaction of the Portfolios carried out by the Issuer.

**“Transaction Documents”** means collectively the Transfer Agreements, the Warranty and Indemnity Agreement, the EMIR Reporting Agreement, the Servicing Agreement, the Back-Up Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Notes Subscription Agreement, the Cash Administration and Agency Agreement, the Quotaholder Agreement, the Deed of Charge, the Stichting Corporate Services Agreement, the Swap Agreement and the Conditions.

**“Transfer Agreements”** means the BPB Transfer Agreement and/or the CRO Transfer Agreement (as the context requires).

**“Transfer Date”** means 17 May 2018.

**“Transparency Directive”** means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

**“Trigger Events”** has the meaning ascribed to it in Condition 9 (*Trigger Events*).

**“Trigger Notice”** has the meaning ascribed to it in Condition 9 (*Trigger Events*).

**“Valuation Date”** means 30 April 2018 (included).

## **1. FORM, DENOMINATION, STATUS**

- 1.1.** The Notes will be held in dematerialised form on behalf of the Noteholders as of the Issue Date, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holder. Monte Titoli shall act as depository for Clearstream and Euroclear.



- 1.2. Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of Italian Legislative Decree number 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.
- 1.3. The denomination of the Rated Notes will be €100,000 and multiples of €1,000; the denomination of the Junior Notes will be €50,000 and multiples of €1,000.
- 1.4. The Issuer will elect Luxembourg as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).
- 1.5. The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders attached to these Conditions as Exhibit 1, which shall constitute an integral and essential part of these Conditions.
- 1.6. Each Note is issued subject to and has the benefit of the Deed of Charge (to the extent the Deed of Charge creates a valid Security Interest).

## 2. STATUS, PRIORITY, RANKING AND SEGREGATION

- 2.1. The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is conditional upon the receipt and recovery by the Issuer of amounts due, and is limited to the extent of any amounts received or recovered by the Issuer, in each case, in respect of the Portfolios and the other Issuer’s Rights. Notwithstanding any other provision of these Conditions, the obligation of the Issuer to make any payment under the Notes shall be equal to the lesser of (a) the nominal amount of such payment and (b) the Issuer Available Funds which may be applied for the relevant purpose in accordance with the applicable Order of Priority, *provided that* if the applicable Issuer Available Funds are insufficient to pay any amount due and payable to the Noteholders on any Payment Date in accordance with the applicable Order of Priority, the shortfall then occurring will not be due and payable until a subsequent Payment Date on which the applicable Issuer Available Funds may be used for such purpose in accordance with the relevant Order of Priority and *provided however that* any claim towards the Issuer shall be deemed waived and cancelled on the Final Maturity Date. Without prejudice to the foregoing, any payment obligations of the Issuer under the Notes which has remained unpaid to the extent referred to above upon the earlier of (i) following the completion of any proceedings for the recovery of all Claims, the date on which such recoveries (if any) are paid in accordance with the applicable Order of Priority, (ii) following the sale (if any) of the then outstanding Portfolios, the date on which the proceeds of such sale are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Issuer Available Funds on such date in accordance with the applicable Order of Priority), shall be deemed extinguished and the relevant claims irrevocably relinquished, waived and surrendered by the Noteholders to the applicable Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations. The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a “*contratto aleatorio*” under Italian law and are deemed to accept the consequences thereof, including but not limited to the provisions under article 1469 of the Italian civil code.
- 2.2. In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice (as defined in Condition 9 (*Trigger Events*)):

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

**2.3.** In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice (as defined in Condition 9 (*Trigger Events*)):

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

**2.4.** In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Trigger Notice (as defined in Condition 9 (*Trigger Events*)):

- a) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class B

Notes, the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes;

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

**2.5.** In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Trigger Notice (as defined in Condition 9 (*Trigger Events*)):

- a) the Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class B Notes, the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest on the Class A Notes;
- b) the Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest and the repayment of principal on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes but subordinated to the payment of interest and repayment of principal on the Class A Notes and the payment of interest on the Class B Notes;
- c) the Class J Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest and repayment of principal on the Class A Notes, the payment of interest and repayment of principal on the Class B Notes and the payment of interest on the Class J Notes and the payment of the Additional Return (if any) on the Class J Notes.

**2.6.** The Notes are secured by certain assets of the Issuer pursuant to the Deed of Charge (to the extent the Deed of Charge creates a valid Security Interest) and in addition, by operation of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolios and the other Segregated Assets are segregated from all other assets of the Issuer. Amounts deriving from the Portfolios will only be available, both prior to and following the winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and the Other Issuer Creditors in accordance with the applicable Order of Priority set forth in Condition 4 (*Orders of Priority*) and to any third party creditors in respect of costs, fees and expenses incurred by the Issuer to such third party creditors in relation to the Transaction.

**2.7.** Without prejudice to the provision of Condition 3.7 (*No variation or waiver*), the Intercreditor Agreement contains provisions regarding the fact that the Representative of the Noteholders shall, as regards the exercise and performance of all its powers, authorities, duties and discretion have regard to the interests of all Class of Noteholders and the Other Issuer Creditors provided that if, in the opinion of the Representative of the Noteholders (i) there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interests of the Noteholders; or (ii) there is a conflict between the interests of the holders of different Classes, the Representative of the

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

### **3. COVENANTS**

So long as any amount in respect of the Notes remains outstanding, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders (without prejudice to the provision of Condition 3.10 below (*Further securitisation*)) or as provided for in, or envisaged by, any of the Transaction Documents:

#### **3.1. Negative pledge**

create or permit to subsist any Security Interest whatsoever over the Portfolios or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Portfolios or any of its assets related to the Transaction; or

#### **3.2. Restrictions on activities**

- (a) save as provided in Condition 3.10 below (*Further securitisations*), engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any *società controllata* (subsidiary) or *società collegata* (affiliate company) (as defined in article 2359 of the *Codice Civile*) or any employees or premises; or
- (c) at any time approve or agree or consent to or do, or permit to be done, any act or thing whatsoever which may be materially prejudicial to the interests of the holder of the Senior Notes, or, if no Senior Notes are outstanding, to the interest of the holder of the Mezzanine Notes, or, if no Mezzanine Notes are outstanding, to the interest of the holder of the Junior Notes; or
- (d) become the owner of any real estate asset; or
- (e) become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed and administered in Italy or cease to have its centre of main interest in Italy.

#### **3.3. Dividends, Distributions and Capital Increases**

pay any dividend or make any other distribution or return or repay any equity capital to its Quotaholder (or successor quotaholders), or issue any further quota or shares; or

#### **3.4. De-registrations**

ask for de-registration/suspension from the register of the special purpose vehicles held by the Bank of Italy pursuant to the Bank of Italy regulation dated 7 June 2017, for as long as the Securitisation Law, or any other applicable law or regulation requires the company incorporated pursuant to the Securitisation Law to be registered therewith; or

### **3.5. Borrowings**

incur any indebtedness in respect of any borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person other than for the purposes of the Transaction; or

### **3.6. Merger**

consolidate or merge with any person or convey or transfer any of its properties or assets to any person; or

### **3.7. No variation or waiver**

(i) permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, if such amendment, termination or discharge may negatively affect the interest of the holder of the Senior Notes or, if no Senior Notes are outstanding, to the interest of the holder of the Mezzanine Notes, or, if no Mezzanine Notes are outstanding, to the interest of the holder of the Junior Notes; or (ii) exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, in a way which may negatively affect the interest of the holders of the holder of the Senior Notes or, if no Senior Notes are outstanding, to the interest of the holder of the Mezzanine Notes, or, if no Mezzanine Notes are outstanding, to the interest of the holder of the Junior Notes; or (iii) permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder, if such release may negatively affect the interest of the holder Rated Notes; provided further that, any amendment, termination discharge or waiver to any Transaction Document that may affect the amount, timing or priority of any payments due from either party under the Swap Agreement, shall be notified to and will be subject to the prior written approval of the Swap Counterparty; or

### **3.8. Bank Accounts**

have an interest in any bank account other than the Accounts; or

### **3.9. Statutory Documents**

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo*), except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

### **3.10. Further securitisation**

None of the covenants in Condition 3 (*Covenants*) above shall prohibit the Issuer from:

- (i) acquiring, or financing pursuant to article 7 of the Securitisation Law, by way of separate transactions unrelated to this Transaction, further portfolios of monetary claims in addition to the Claims either from the Originators or from any other entity (the “**Further Portfolios**”);
- (ii) securitising such Further Portfolios (each, a “**Further Securitisation**”) through the issue of further debt securities additional to the Notes (the “**Further Notes**”);
- (iii) entering into agreements and transactions, with the Originators or any other entity, that are incidental to or necessary in connection with such Further Securitisation including, *inter alia*, the ring-fencing or the granting of security over such Further Portfolios and any right, benefit, agreement, instrument,

document or other asset of the Issuer relating thereto to secure such Further Notes (the “**Further Security**”), *provided that*:

- (a) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security does not comprise or extend over any of the Claims or any of the other Issuer’s Rights;
- (b) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of the Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security;
- (c) the Issuer confirms in writing to the Representative of the Noteholders that each party to such Further Securitisation agrees and acknowledges that the obligations of the Issuer to such party in connection with such Further Securitisation are limited recourse obligations of the Issuer, limited to some or all of the assets comprised in such Further Security and that each creditor in respect of such Further Securitisation or the representative of the holders of such Further Notes has agreed to limitations on its ability to take action against the Issuer, including in respect of insolvency proceedings relating to the Issuer, on terms in all significant respects equivalent to those contained in the Intercreditor Agreement;
- (d) the Issuer has notified in writing the Rating Agencies of its intention to carry out a Further Securitisation and provided that any such Further Securitisation would not adversely affect the then current rating of any of the Rated Notes;
- (e) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such Further Notes will include: (i) covenants by the Issuer in all significant respects equivalent to those covenants provided in paragraphs (a) to (d) above; and (ii) provisions which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to this provision;
- (f) such further securitisation shall not affect the qualification of the Senior Notes as eligible collateral (if applicable), within the meaning of the *Guideline of the European Central Bank (ECB) of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60)*, as subsequently amended and supplemented, and *Guideline of the European Central Bank (ECB) of 9 July 2014 on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9*, as subsequently amended and supplemented); and
- (g) the Representative of the Noteholders is satisfied that conditions (a) to (f) of this provision have been satisfied.

In giving any consent to the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion) in the interests of the Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein.

None of the covenants in this Condition 3 (*Covenants*) shall prohibit the Issuer from carrying out any activity which is incidental to maintaining its corporate existence and complying with laws and regulations applicable to it.

#### **4. ORDERS OF PRIORITY**

##### **4.1 *Pre-Acceleration Order Of Priority***

Prior to (i) the service of a Trigger Notice, (ii) a Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*) or (iii) an Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*) or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making or providing for the following payments, in the following order of priority (the “**Pre-Acceleration Order of Priority**”) (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by using the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the ratings of the Rated Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- (ii) *Second*, to pay in the following order (i) the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (ii) into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;
- (iii) *Third*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) (i) the fees, expenses and all other amounts due and payable to the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider; (ii) the Master Servicer Fees to the Master Servicer and the Servicing Fees due to each Servicer; and (iii) the fees and costs due to the Back-up Servicer as successor of the Servicers and/or the Master Servicer pursuant to clause 3.2(ii)(a) of the Back-Up Servicing Agreement;
- (iv) *Fourth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement (which, with respect to periodic payments and payments of *premia*, shall include amounts due and payable in respect of the relevant Swap Transactions) other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account Priority of Payments, and (3) any Subordinated Swap Counterparty Termination Payment provided that any Senior Swap Counterparty Termination Payment due to the Swap Counterparty shall be payable pursuant to this item only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full the Senior Swap Counterparty Termination Payment due to the Swap Counterparty;

- (v) *Fifth*, to pay (*pari passu* and *pro rata*) interest due and payable on the Principal Amount Outstanding of the Class A Notes;
- (vi) *Sixth*, to credit the Liquidity Reserve Account with the Liquidity Reserve Amount due on such Payment Date;
- (vii) *Seventh*, prior to the occurrence of a Class B Notes Interest Subordination Event, to pay, *pari passu* and *pro rata*, interest due and payable on the Principal Amount Outstanding of the Class B Notes;
- (viii) *Eighth*, towards payment (*pari passu* and *pro rata*) of the Principal Amount Outstanding of the Class A Notes;
- (ix) *Ninth*, following the occurrence of a Class B Notes Interest Subordination Event, to pay, *pari passu* and *pro rata*, interest due and payable on the Class B Notes;
- (x) *Tenth*, to repay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class B Notes;
- (xi) *Eleventh*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full any Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty;
- (xii) *Twelfth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof), any other amount due and payable to each of the Originators, pursuant to the relevant Transfer Agreement (including costs and expenses and the insurance *premia* advanced under the Insurance Policies) and the Warranty and Indemnity Agreement; to the Master Servicer and the Servicers pursuant to the Servicing Agreement, to the extent not already paid under other items of this Order of Priority; and to the Back-up Servicer as successor of the Servicers and/or the Master Servicer, as agreed between the Back-up Servicer and the Issuer pursuant to clause 3.2(ii)(b) of the Back-Up Servicing Agreement;
- (xiii) *Thirteenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) interest due and payable respectively on the Class J1 Notes and the Class J2 Notes (other than the Class J1 Notes Additional Return and the Class J2 Notes Additional Return) in accordance with the Relevant Single Portfolio Priority of Payments;
- (xiv) *Fourteenth*, following redemption in full or cancellation of the Class B Notes, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) the Principal Amount Outstanding of the Class J1 Notes and the Class J2 Notes in accordance with the Relevant Single Portfolio Priority of Payments, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
- (xv) *Fifteenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) the Class J1 Notes Additional Return and the Class J2 Notes Additional Return in accordance with the Relevant Single Portfolio Priority of Payments,

*provided, however, that* should the Computation Agent not receive the Quarterly Servicing Report within 2 (two) Business Days prior to the Calculation Date (or should it receive the Quarterly Servicing Report in respect of one Portfolio only),



- (i) it shall prepare the Payments Report by applying the Issuer Available Funds in an amount not higher than:
  - (a) the amounts standing to the credit of the Liquidity Reserve Account on the immediately preceding Payment Date (after application of the Pre-Acceleration Order of Priority on such Payment Date); *plus*
  - (b) the aggregate amount transferred from the Collection Account to the Investment Account in the immediately preceding Collection Period (as promptly indicated by the Transaction Bank upon request of the Computation Agent); *plus*
  - (c) all amounts due and payable to the Issuer on the immediately following Payment Date under the terms of the Swap Agreement, other than any Collateral Amount, any termination payment required to be made under the Swap Agreement and any collateral payable or transferable (as the case may be) under the Credit Support Annex,

towards payment only of items from *First* to *Sixth* (but excluding the Master Servicer Fees to the Master Servicer under item *Third*) of the Pre-Acceleration Order of Priority; and
- (ii) any amount that would otherwise have been payable under items from *Seventh* to *Fifteenth* of the Pre-Acceleration Order of Priority will not be included in the relevant Payments Report and shall not be payable on the relevant Payment Date and shall be payable (together with the relevant Master Servicer Fees) in accordance with the applicable Order of Priority on the first following Payment Date on which there are enough Issuer Available Funds and on which details for the relevant calculations will be timely provided to the Computation Agent.

#### **4.2 Single Portfolio Priority of Payment**

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

- (i) *First*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the relevant Outstanding Notes Ratio of (a) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by using the amount standing to the credit of the Expenses Account, (b) all costs and taxes required to be paid to maintain the ratings of the Rated Notes and in connection with the registration and deposit of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- (ii) *Second*, to register the payment in the following order (a) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (b) into the Expenses Account the relevant Outstanding Notes Ratio of the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;

- (iii) *Third*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the relevant Outstanding Notes Ratio (i) of the fees, expenses and all other amounts due and payable to the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider; (ii) of the Master Servicer Fees to the Master Servicer and the Servicing Fees to the Servicers; and (iii) of the fees and costs due to the Back-up Servicer as successor of the Servicers and/or the Master Servicer pursuant to clause 3.2(ii)(a) of the Back-Up Servicing Agreement;
- (iv) *Fourth*, to register the payment of all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement (which, with respect to periodic payments and payments of *premia*, shall include amounts due and payable in respect of the relevant Swap Transactions) other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account Priority of Payments, and (3) any Subordinated Swap Counterparty Termination Payment, provided that any Senior Swap Counterparty Termination Payment due to the Swap Counterparty shall be payable pursuant to this item only (a) to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full the Senior Swap Counterparty Termination Payment due to the Swap Counterparty, and (b) in an amount equal to the Outstanding Notes Ratio of such amount;
- (v) *Fifth*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class A Notes Principal Amount Outstanding;
- (vi) *Sixth*, to register the credit into the Liquidity Reserve Account of an amount equal to the relevant Single Portfolio Liquidity Reserve Amount due on such Payment Date;
- (vii) *Seventh*, prior to the occurrence of a Class B Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the relevant Single Portfolio Class B Notes Principal Amount Outstanding;
- (viii) *Eighth*, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the Single Portfolio Class A Notes Principal Amount Outstanding;
- (ix) *Ninth*, following the occurrence of a Class B Notes Interest Subordination Event, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of interest due and payable on the Single Portfolio Class B Notes Principal Amount Outstanding;
- (x) *Tenth*, following redemption in full of the Class A Notes, to register the payment (*pari passu* and *pro rata* to the extent of the respective amounts thereof) of the Single Portfolio Class B Notes Principal Amount Outstanding;
- (xi) *Eleventh*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay in full any Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty, to register payment the Outstanding Notes Ratio of any due but unpaid Subordinated Swap Counterparty Termination Payment due to the Swap Counterparty;

- (xii) *Twelfth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof), of any other amount due and payable with respect to the BPB Portfolio or the CRO Portfolio, as the case may be to each of the Originators, pursuant to the relevant Transfer Agreement (including costs and expenses and the insurance *premia* advanced under the relevant Insurance Policies) and the Warranty and Indemnity Agreement; to the Master Servicer and the Servicers pursuant to the Servicing Agreement, to the extent not already paid under other items of this Order of Priority; and to the Back-up Servicer as successor of the Servicers and/or the Master Servicer, with respect to the BPB Portfolio or the CRO Portfolio, as the case may be, as agreed between the Back-up Servicer and the Issuer pursuant to clause 3.2(ii)(b) of the Back-Up Servicing Agreement;
- (xiii) *Thirteenth*, up to (and including) the Payment Date on which the Class A Notes and the Class B Notes are redeemed in full or cancelled, to the extent, as the case may be, the Single Portfolio Class A Notes Principal Amount Outstanding or the Single Portfolio Class B Notes Principal Amount Outstanding relating to a Portfolio is reduced to zero while, as the case may be, the Single Portfolio Class A Notes Principal Amount Outstanding or the Single Portfolio Class B Notes Principal Amount Outstanding relating to the other Portfolio is higher than zero, to register the allocation of any surplus to the Single Portfolio Available Funds relating to the other Portfolio in an amount necessary to pay any shortfall under the other Single Portfolio Priority of Payments up to reduction of, as the case may be, the relevant Single Portfolio Class A Notes Principal Amount Outstanding or the relevant Single Portfolio Class B Notes Principal Amount Outstanding to zero;
- (xiv) *Fourteenth*, following redemption in full or cancellation of the Most Senior Class of Notes, to register the repayment of any amount allocated in any preceding Payment Date under item *Thirteenth* above to the Single Portfolio Available Funds relating to the Portfolio from which such amount has been borrowed (deducting any amount already paid under this item in any preceding Payment Date);
- (xv) *Fifteenth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of interest due and payable on the Principal Amount Outstanding of the relevant Class J Notes (other than the Class J1 Notes Additional Return and the Class J2 Notes Additional Return);
- (xvi) *Sixteenth*, following redemption in full or cancellation of the Class A Notes and the Class B Notes, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of the Principal Amount Outstanding of the relevant Class J Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
- (xvii) *Seventeenth*, to register the payment (*pari passu* and *pro rata* according to the respective amounts thereof) of the Class J1 Notes Additional Return and the Class J2 Notes Additional Return, as the case may be on the relevant Class J Notes.

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

It is also understood that, following redemption in full or cancellation of the Senior Notes and Mezzanine Notes, the Issuer Available Funds shall be applied to make payments under items from *Thirteenth* to *Fifteenth* (both included) of the Pre-Acceleration Priority of Payments on the basis of the amounts registered under items from *Fifteenth* to *Seventeenth* (both included) of the Single Portfolio Priority of Payments in order to settle credits and debts resulting from the different contribution (if any) of each Portfolio.

#### **4.3 Acceleration Order of Priority**

(a) Following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*), or (b) in the event that the Issuer opts for the Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*), or for the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*) or (c) on the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof), (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer or to maintain it in good standing or to comply with applicable legislation and regulations or to fulfil due and payable payment obligations of the Issuer towards third parties (not expressly included in any following item of this Order of Priority) incurred in relation to the Transaction, to the extent that such costs, taxes, expenses and payments are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid in connection with any notice to be given to the Noteholders or the other parties to the Transaction Documents;
- (ii) *Second*, to pay in the following order (i) the fees, expenses and all other amounts due to the Representative of the Noteholders and the Security Trustee, (ii) into the Expenses Account the amount (if any) necessary to ensure that the balance standing to the credit of the Expenses Account as at such Payment Date is equal to the Retention Amount;
- (iii) *Third*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) fees, expenses and all other amounts due and payable to the Master Servicer, the Servicer, the Cash Manager, the Computation Agent, the Agent Bank, the Transaction Bank, the Principal Paying Agent, the EMIR Reporting Agent, the Corporate Services Provider, the Back-Up Servicer and the Stichting Corporate Services Provider;
- (iv) *Fourth*, to pay all amounts due and payable to the Swap Counterparty under the terms of the Swap Agreement, other than (1) any Swap Tax Credit Amounts (which amounts shall be paid when due in accordance with the Swap Agreement, without regard to the Collateral Account Priority of Payments or the Orders of Priority), (2) any amounts payable pursuant to the Collateral Account Priority of Payments and (3) any Subordinated Swap Counterparty Termination Payment, provided that only to the extent that the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Senior Swap Counterparty Termination Payment in full, any due but unpaid Senior Swap Counterparty Termination Payment shall be payable pursuant to this item;
- (v) *Fifth*, to pay interest due and payable on the Class A Notes;
- (vi) *Sixth*, to pay the Principal Amount Outstanding of the Class A Notes;
- (vii) *Seventh*, to pay interest due and payable on the Class B Notes;

- (viii) *Eighth*, to pay the Principal Amount Outstanding of the Class B Notes;
- (ix) *Ninth*, only to the extent the amounts paid pursuant to the Collateral Account Priority of Payments are insufficient to pay any Subordinated Swap Counterparty Termination Payment in full, to pay any due but unpaid Subordinated Swap Counterparty Termination Payment;
- (x) *Tenth*, to pay (*pari passu* and *pro rata* according to the respective amounts thereof) any amount due and payable to the Originators pursuant to any of the Transfer Agreement (including costs and expenses and the insurance *prima* advanced under the Insurance Policies) and the Warranty and Indemnity Agreement;
- (xi) *Eleventh*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) interest due and payable on the Class J1 Notes and on the Class J2 Notes (other than the Class J Notes Additional Return);
- (xii) *Twelfth*, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the Principal Amount Outstanding of the Class J Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Class J Notes Retained Amount;
- (xiii) *Thirteenth*, to pay the Class J Notes Additional Return (*pari passu* and *pro rata* to the Principal Amount Outstanding of each relevant Class as at the immediately preceding Payment Date).

#### **4.4 Collateral Account Priority of Payments**

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

- (i) prior to the occurrence or designation of an Early Termination Date in respect of the Swap Agreement, solely in or towards payment or transfer of:
  - (a) any Return Amounts (as defined in the Credit Support Annex);
  - (b) any Interest Amounts and Distributions (each as defined in the Credit Support Annex); and
  - (c) any return of collateral to the Swap Counterparty upon a novation of such Swap Counterparty's obligations under the Swap Agreement to a replacement swap counterparty,
 on any day (whether or not such day is a Payment Date), directly to the Swap Counterparty in accordance with the terms of the Credit Support Annex;
- (ii) upon or immediately following the occurrence or designation of an Early Termination Date (as defined in the Swap Agreement) in respect of the Swap Agreement where (A) such Early Termination Date (as defined in the Swap Agreement) has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B)

the Issuer enters into a replacement swap agreement in respect of such Swap Agreement on or around the Early Termination Date of such Swap Agreement, on the later of the day on which such replacement swap agreement is entered into and the day on which the Replacement Swap Premium (if any) payable to the Issuer has been received (in each case, whether or not such day is a Payment Date), in the following order of priority:

- A) first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being novated or terminated;
  - B) second, in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and
  - C) third, the surplus (if any) (a “**Swap Collateral Account Surplus**”) on such day to be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap Collateral Account Surplus and deemed to form Issuer Available Funds;
- (iii) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where (A) such Early Termination Date has been designated following an Event of Default (as defined in the Swap Agreement) in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or an Additional Termination Event (as defined in the Swap Agreement) resulting from a Swap Counterparty Rating Event and in respect of which the Swap Counterparty is the Affected Party (as defined in the Swap Agreement) and (B) the Issuer is unable to or elects not to enter into a replacement swap agreement on or around the Early Termination Date of such Swap Agreement, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement;
- (iv) following the occurrence or designation of an Early Termination Date in respect of the Swap Agreement where such Early Termination Date has been designated otherwise than as a result of one of the events specified at items (ii) and (iii) above, on any day (whether or not such day is a Payment Date) in or towards payment of any termination payment due to the outgoing Swap Counterparty pursuant to the Swap Agreement; and
- (v) following payment of any amounts due pursuant to (iii) and (iv) above, if amounts remain standing to the credit of the Collateral Account, such amounts may be applied on any day (whether or not such day is a Payment Date) only in accordance with the following provisions:
- A) first, in or towards payment of any Replacement Swap Premium (if any) payable by the Issuer to a replacement swap counterparty in order to enter into a replacement swap agreement with the Issuer with respect to the Swap Agreement being terminated; and
  - B) second, the surplus (if any) (a “**Swap Collateral Account Surplus**”) remaining after payment of such Replacement Swap Premium to be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap Collateral Account Surplus and deemed to form Issuer Available Funds,

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

- A) the day that is 10 (ten) Business Days prior to the date on which the Principal Amount Outstanding of all Classes of Notes is reduced to zero (other than following the occurrence of a Trigger Event pursuant to Condition 9 (*Trigger Events*)); or
- B) the day on which a Trigger Notice is given pursuant to Condition 9 (*Trigger Events*),

then the Collateral Amount on such day shall be transferred to the Payments Account for an amount equal to the relevant Outstanding Notes Ratio of the Swap Collateral Account Surplus and deemed to form Issuer Available Funds.

## 5. INTEREST

### 5.1 *Payment Dates and Interest Periods*

Each of the Notes bears interest on its Principal Amount Outstanding from (and including) the Issue Date at a rate equal to Three Month Euribor (as defined below) *plus* the relevant Margin.

Save as provided for in Condition 5.8 (*Unpaid Interest*), interest in respect of the Notes is payable in Euro quarterly in arrear on each Payment Date.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

Interest shall cease to accrue on any part of the Principal Amount Outstanding of the Notes as from (and including) the due date for redemption of such part unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (after as well as before judgment) at the Interest Rate from time to time applicable to the Notes until the monies in respect thereof have been received by the Representative of the Noteholders or Principal Paying Agent on behalf of the relevant Noteholders and notice to that effect is given in accordance with Condition 12 (*Notices*).

### 5.2 *Interest Rate*

The rate of interest applicable from time to time in respect of the Notes (“**Interest Rate**”) will be determined by the Agent Bank, in respect of each Interest Period, on the relevant Interest Determination Date.

The Interest Rate applicable to each of the Notes for each Interest Period shall be the aggregate of the Relevant Margin (as defined below) and:

- (a) Euribor for three months deposits in Euro calculated as the arithmetic mean of the offered quotations to leading banks (rounded to three decimal places with the mid-point rounded up) for three months Euro deposits in the Euro-zone inter-bank market which appears on Page Euribor01 of Reuters Screen or (i) such other page as may replace Page Euribor01 on that service for the purpose of displaying such information or, (ii) if that service ceases to display such information, such page displaying such information on such equivalent service (or, if more than one, that one for which the Agent Bank received a prior written approval by the Representative of the Noteholders to replace the Reuters Page) (the “**Screen Rate**”), at or about 10:00 a.m. (London time) on the relevant Interest Determination Date; or

- (b) if the Screen Rate is unavailable at such time for three months Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to three decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5.7 (*Reference Banks and Agent Bank*) hereof as the rate at which three months Euro deposits in a representative amount are offered by that Reference Bank to leading banks in the Euro-zone inter-bank market at or about 10:00 a.m. (London time) on the relevant Interest Determination Date. If, on any such Interest Determination Date, only two of the Reference Banks provide such quotations to the Agent Bank, the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of those two Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such quotation, the Agent Bank shall forthwith consult with the Representative of the Noteholders and the Issuer for the purpose of agreeing one additional bank (or, where none of the Reference Banks provides such a quotation, two additional banks) to provide such a quotation or quotations to the Agent Bank (which bank or banks is or are in the sole and absolute opinion of the Representative of the Noteholders suitable for such purpose) and the rate for the relevant Interest Period shall be determined, as aforesaid, on the basis of the offered quotations of such banks (or, as the case may be, the offered quotations of such bank and the relevant Reference Bank). If no such bank (or banks) is (or are) so agreed or such bank (or banks) as agreed does not (or do not) provide such a quotation (or quotations), then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (a) of this Condition 5.2 (*Interest Rate*) shall have applied (the “**Three Month Euribor**”).

For the purpose of these Conditions, the “**Relevant Margin**” means in respect of:

- (i) the Class A Notes 0.40% *per annum*
- (ii) the Class B Notes 0.70% *per annum*;
- (iii) the Class J1 Notes 0% *per annum*; and
- (iv) the Class J2 Notes 0% *per annum*.

In the case of the Initial Interest Period, the Interest Rate will be the rate per annum obtained by linear interpolation of the Euribor for 3 months and 6 months deposits in Euro, plus the Relevant Margin. In any case the Interest Rate (being the Three Month Euribor *plus* the relevant margin) applicable to the Notes shall not be negative and the Interest Rate (being the Three Month Euribor *plus* the relevant margin) applicable to the Class B Notes shall not be higher than 4.00%.

### **5.3 Determination of Interest Rate, Calculation of Interest Amount and Additional Return**

- (a) The Agent Bank shall, on each Interest Determination Date:
- (i) determine the Interest Rate applicable to the Interest Period beginning after such Interest Determination Date (or in the case of the Initial Interest Period, beginning on and including the Issue Date); and
  - (ii) calculate the Euro amount (the “**Interest Amount**”) accrued on the Notes of each Class in respect of each Interest Period. The Interest Amount in respect of any Interest Period shall be calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of the Notes of each Class on the Payment Date at the commencement of such Interest Period (after



deducting therefrom any payment of principal due on that Payment Date) or, in the case of the Initial Interest Period, on the Issue Date, and by multiplying the product of such calculation by the actual number of days to elapse in the relevant Interest Period divided by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

- (b) The Computation Agent shall on each Calculation Date determine the Additional Return in respect of each Class J1 Notes and Class J2 Notes (if any) applicable on the Payment Date following such Calculation Date.

#### **5.4 Publication of Interest Rate and Interest Amount**

The Agent Bank will cause the Interest Rate and the Interest Amount applicable to each Interest Period and the Payment Date in respect of such Interest Amount, to be notified promptly after their determination to the Issuer, the Representative of the Noteholders, the Computation Agent, the Servicers and the Master Servicer, the Transaction Bank, the Swap Counterparty, Monte Titoli, Euroclear, Clearstream, the Principal Paying Agent, the Security Trustee and the Luxembourg Stock Exchange and will cause the same to be published through Monte Titoli (if requested by the Issuer and upon its instruction) in accordance with Condition 12 (*Notices*) hereof as soon as possible after the relevant Interest Determination Date, but in no event later than the first Business Day of the next following Interest Period in respect of such relevant Interest Determination Date.

#### **5.5 Determination and Calculation by the Representative of the Noteholders**

If the Agent Bank (or the Issuer or any other agent appointed for this purpose by the Issuer) does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Amount (or the Issuer or any other agent appointed for this purpose by the Issuer), the Representative of the Noteholders shall:

- (a) determine the Interest Rate at such rate as (having regard to the procedure described in Condition 5.2 above (*Interest Rate*)) it shall consider fair and reasonable in all circumstances; and/or (as the case may be),
- (b) calculate the Interest Amount in the manner specified in Condition 5.3 above (*Determination of the Interest Rate, Calculation of the Interest Amount and Additional Return*);

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

#### **5.6 Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 (*Interest*), whether by the Reference Banks (or any of them), the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of fraud (*frode*), wilful default (*dolo*) or gross negligence (*colpa grave*)) be binding on the Reference Banks, the Agent Bank, the Computation Agent, the Issuer, the Representative of the Noteholders and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Reference Banks, the Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### **5.7 Reference Banks and Agent Bank**

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three reference banks (the “**Reference Banks**”). The initial Reference Banks shall be Intesa Sanpaolo S.p.A., Barclays Bank Plc, BNP Paribas S.A. In the event that any such bank is unable or unwilling to continue to act as a Reference Bank or that any of the merge with another Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such. The Issuer shall insure that at all times an Agent Bank is appointed. If a new Agent Bank is appointed, a notice will be published in accordance with Condition 12 (*Notices*).

## **5.8 Unpaid Interest**

Without prejudice to Condition 9(a)(i) (*Non-payment*), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the relevant Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable), for the payment of interest on the Notes on such Payment Date are not sufficient to pay in full the relevant Interest Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of these Conditions as if it were, Interest Amount accrued on the Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.

The Agent Bank, based upon the information contained in the Payments Report, shall give notice to Monte Titoli, the Issuer and the Representative of the Noteholders and will cause notice to that effect to be given to the Noteholders in accordance with Condition 12 (*Notices*), no later than 3 (three) Business Days prior to any Payment Date, of any Payment Date on which the Interest Amount on the Notes will not be paid in full.

## **6. REDEMPTION, PURCHASE AND CANCELLATION**

### **6.1 Final Redemption**

Unless previously redeemed in full as provided for in this Condition 6 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem in whole the Notes at their Principal Amount Outstanding on the Final Maturity Date.

The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided for in Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*) or 6.4 (*Optional Redemption*) below, and without prejudice to Condition 9 (*Trigger Events*). If any Class cannot be redeemed in full on the Final Maturity Date, as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, any amount outstanding whether in respect of interest, principal or other amounts in relation to the Notes shall be finally and definitely cancelled and waived.

### **6.2 Redemption for Taxation**

If the Issuer:

- (a) has provided the Representative of the Noteholders with: (i) a legal opinion in form and substance satisfactory to the Representative of the Noteholders from a firm of lawyers (approved in writing by the Representative of the Noteholders); and (ii) a certificate from the legal representative of the Issuer; and

- (b) has given not more than 45 (forty-five) nor less than 15 (fifteen) calendar days' prior written notice to the Representative of the Noteholders, the Swap Counterparty and the Noteholders, in accordance with Condition 12 (*Notices*)

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

- (i) would be required on the next Payment Date to deduct or withhold (other than in respect of a Law 239 Deduction) from any payment of principal or interest on the Senior Notes, any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political or administrative sub-division thereof or any authority thereof or therein or by any applicable authority having jurisdiction; or
- (ii) would incur increased costs or charges of a fiscal nature (including taxes, duties, assessment or withholdings or deductions) in respect of the Noteholders or the Issuer's assets in respect of the Transaction;

and

- (c) in each case the Issuer shall have produced evidence reasonably acceptable to the Representative of the Noteholders that it has the necessary funds (not subject to the interests of any other Person) to discharge all of its outstanding liabilities with respect of the Rated Notes and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with the Senior Notes, the Issuer may (i) on the first Payment Date on which such necessary funds become available to it, redeem the Senior Notes in whole (but not in part) at their Principal Amount Outstanding (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Conditions to be paid in priority to or *pari passu* with the Rated Notes and amounts ranking prior thereto or *pari passu* therewith pursuant to the relevant Pre-Acceleration Order of Priority; and (ii) on the first Payment Date on which sufficient funds become available to it, redeem the Class J Notes in whole or in part (together with any interest accrued and unpaid thereon until the date on which such redemption occurs) and pay any amounts required under the Conditions to be paid in priority to or *pari passu* with the Class J Notes.

### **6.3 Mandatory Redemption**

The Notes will be subject to mandatory redemption in full or in part:

- (a) on each Payment Date in a maximum amount equal to the relevant Principal Amount Outstanding with respect to such Payment Date in accordance with the relevant Pre-Acceleration Order of Priority;
- (b) on any date following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); and on the relevant Payment Date in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*) or in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding and in accordance with the Acceleration Order of Priority,

if, on each immediately preceding Calculation Date, it is determined that there will be sufficient Issuer Available Funds which may be applied for this purpose in accordance with the relevant Pre-Acceleration Order of Priority or the Acceleration Order of Priority, as applicable.

#### **6.4 Optional Redemption**

The Issuer may at its option, on any Payment Date falling on or after the Initial Clean Up Option Date (prior to the delivery of a Trigger Notice) (each an “**Optional Redemption Date**”), redeem:

- (i) the Notes in whole (but not in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date; or
- (ii) with the prior consent of the Junior Noteholders, the Rated Notes only (or the Rated Notes in whole and the Junior Notes in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date.

Such optional redemption shall be effected by the Issuer giving not more than 45 (forty-five) nor fewer than 15 (fifteen) days’ prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Swap Counterparty, the holders of the Senior Notes in accordance with Condition 12 (*Notices*) and to the Rating Agencies and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders and to the Rating Agencies, has produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other Person, to discharge all its outstanding liabilities in respect of the relevant Notes (to be redeemed) and any amounts required under the Acceleration Order of Priority to be paid in priority to or pari passu with such Notes and any amount due to the Swap Counterparty (including any termination payment) subordinated to the Rated Notes. In order to finance the redemption of the relevant Notes in the circumstances described above, the Issuer (or the Representative of the Noteholders, acting in the name and on behalf of the Issuer), is entitled to dispose of the Portfolios.

#### **6.5 Sale of the Portfolios**

In the following circumstances:

- (i) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or
- (ii) in the case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), or
- (iii) if, after a Trigger Notice has been served on the Issuer (with a copy to the Servicers and the Master Servicer) pursuant to Condition 9 (*Trigger Events*), an Extraordinary Resolution of the holders of the Most Senior Class of Notes resolve to request the Issuer to sell all (or part only) of the Portfolios to one or more third parties,

the Issuer will be authorised to search for potential purchasers of all (or part only) of the Portfolios.

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall (provided that any bankruptcy or similar proceeding has not been commenced towards the Issuer (including, without limitation, “*fallimento*”, “*concordato preventivo*”, “*liquidazione coatta amministrativa*”, “*accordi di ristrutturazione*” and “*piani di risanamento*” in accordance with the meaning ascribed to those expressions by Italian law) and in any case if not prevented by, and in compliance with, any applicable law)

subject to it being indemnified to its satisfaction, be entitled to sell the Portfolios in the name and on behalf of the Issuer. Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as Issuer Available Funds and as from the immediately subsequent Payment Date shall be applied to payments due to be made by the Issuer according to the Acceleration Order of Priority.

In case of sale of the Portfolios pursuant to this Conditions 6.5 (*Sale of the Portfolios*) and 9 (*Trigger Events*), the purchase price of the Claims (other than any Claim classified as “*in sofferenza*” pursuant to the regulation issued by the Bank of Italy (“*Istruzioni di Vigilanza*”)) shall be equal to the Outstanding Balance plus interests accrued and unpaid as at such date.

If the Portfolios comprise any Claim classified as “*in sofferenza*” pursuant to the regulation issued by the Bank of Italy (“*Istruzioni di Vigilanza*”), the purchase price of such Claims shall be equal to their current value, as determined by one or more third parties chosen between international accounting companies independent from the purchaser and appointed by common consent by the Issuer and the Representative of the Noteholders.

Within the date of payment of the purchase price related to the sale of the Claims above described, the relevant purchaser shall deliver to the Issuer (or to the Representative of the Noteholders, in case of sale of the Portfolios after the service of a Trigger Notice): (i) a certificate of good standing of the Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) dated not later than 10 (ten) Business Days before the date of the sale of the Portfolios; (ii) a solvency certificate signed by a legal representative duly authorised by the purchaser, dated the date of the sale of the Portfolios; and (iii) except where the issuance of the certificate is not permitted by the internal rules applied by the relevant court, also a certificate from the appropriate bankruptcy court (“*tribunale civile – sezione fallimentare*”) confirming that no insolvency petitions have been filed against such potential purchaser, dated not later than 10 (ten) Business Days before the date of the sale of the Portfolios.

The transfer of the Portfolios pursuant to this Condition 6.5 (*Sale of the Portfolios*) shall be construed as a “*vendita a rischio e pericolo del compratore*” pursuant to article 1488, second paragraph, of the Italian civil code with express derogation by the relevant parties of article 1266 of the Italian civil code with reference to the guarantee, granted by the transferor, of the existence of the claims and article 1448 of the Italian civil code shall not apply. The transfer of the Relevant Portfolio shall be subject to payments to the Issuer of the relevant purchase price.

## **6.6 Notice of Redemption**

Any such notice as is referred to in Condition 6.2 (*Redemption for Taxation*) and 6.4 (*Optional Redemption*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be obliged to redeem the Notes in accordance with this Condition 6 (*Redemption, Purchase and Cancellation*). The Issuer or the Representative of the Noteholder, as the case may be, will give a notice to the Rating Agencies of the redemption of the Senior Notes pursuant to Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*) or 6.4 (*Optional Redemption*).

## **6.7 Principal Payments and Principal Amount Outstanding**

On each Calculation Date, the Issuer shall determine or procure that the Computation Agent determines, *inter alia* (on the Issuer’s behalf):

- (a) the amount of any principal payment due to be made on each Class on the next following Payment Date; and

- (b) the Principal Amount Outstanding of each Class on the next following Payment Date (after deducting any principal payment due to be made and payable on that Payment Date), the portion of Interest Amount that will not be paid in full on the following Payment Date (if any) and the Additional Return on the Class J Notes in respect of each Interest Period.

The determination by or on behalf of the Issuer of the amount of any principal payment in respect of each Class and of the Principal Amount Outstanding of each Note and on each Class shall in each case (in the absence of wilful default, gross negligence, bad faith or manifest error) be final and binding on all persons.

The Issuer shall, no later than 3 (three) Business Days prior to each Payment Date, cause each determination of a principal payment (if any) and Principal Amount Outstanding of the Notes to be notified forthwith by the Computation Agent to the Representative of the Noteholders, the Servicers and the Master Servicer, the Transaction Bank and the Principal Paying Agent and shall cause notice of each determination of a principal payment and Principal Amount Outstanding of each Class to be given by the Principal Paying Agent to Monte Titoli, Euroclear, Clearstream and the Noteholders in accordance with Condition 12 (*Notices*). As long as the Notes are not redeemed in full, if no principal payment is due to be made on the Notes on a Payment Date, notice to this effect shall also be given by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*).

If no principal payment or Principal Amount Outstanding of the Notes is determined by or on behalf of the Issuer in accordance with the provisions of this Condition 6.7 (*Principal Payments and Principal Amount Outstanding*), such principal payment or Principal Amount Outstanding of the Notes shall be determined by the Representative of the Noteholders in accordance with this Condition 6.7 (*Principal Payments and Principal Amount Outstanding*) and each such determination shall be deemed to have been made by the Issuer.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.7 (*Principal Payments and Principal Amount Outstanding*), whether by the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of fraud (*frode*), wilful default (*dolo*) or gross negligence (*colpa grave*)) be binding on the Computation Agent, the Representative of the Noteholders, the Servicers and the Master Servicer, the Transaction Bank and the Principal Paying Agent and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### **6.8 No purchase by Issuer**

The Issuer shall not purchase any of the Notes.

#### **6.9 Cancellation**

All Notes redeemed in full will be cancelled upon redemption and may not be re-sold or re-issued.

All Notes shall be in any case cancelled upon the earlier of (i) the date when any amount payable on the Claims of each Portfolio will have been paid and such amounts (if any) are paid in accordance with the applicable Order of Priority; (ii) the date when all the Claims of each Portfolio then outstanding will have been entirely written off or sold by the Issuer and the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the applicable Issuer Available Funds on such date in accordance with the applicable Order of Priority).

## 7. PAYMENTS

- 7.1** Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent, acting as intermediary between the Issuer and the Noteholders, on behalf of the Issuer to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Notes, in accordance with the rules and procedures of Monte Titoli.
- 7.2** Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.
- 7.3** The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, subject to the prior written approval of the Representative of the Noteholders (other than in respect of any Paying Agent being the same entity as the Representative of the Noteholders). The Issuer will cause other than in case specific matter of urgency does not allow such time limits to be met (i) an at least 30 (thirty) days prior notice to be given to the Noteholders of any replacement of the Principal Paying Agent or (ii) an at least 14 (fourteen) days prior notice to be given to the Noteholders of any change of the registered offices of the Principal Paying Agent, both under (i) and (ii) above in accordance with Condition 12 (*Notices*). The Issuer shall ensure that at all the times a Paying Agent is appointed.

## 8. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Law 239 Deduction or any other withholding or deduction required to be made by applicable law (including, for the avoidance of doubt, any withholding or deduction required pursuant to U.S. Foreign Account Tax Compliance Act, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto). Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

## 9. TRIGGER EVENTS

If any of the following events (each a “**Trigger Event**”) occurs:

- (i) *Non-payment*
- (a) the Interest Amount on the Class A Notes (and only after the repayment in full of the Rated Notes, on the Class J Notes) on a Payment Date is not paid in full on the due date or within a period of three Business Days; or
  - (b) the Class A Notes or the Class B Notes or the Junior Notes are not redeemed in full on the Final Maturity Date; or
  - (c) the Interest Amount (plus any Interest Amount in respect of previous Interest Periods which has remained unpaid) on the Class B Notes is not paid in full on the Final Maturity Date;
- (ii) *Breach of other obligations*

The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes (other than any obligation under paragraph (i) above) or any of the Transaction Documents to which it is a party and (except where, in the sole and absolute opinion of the Representative of the Noteholders, such default is incapable of remedy, in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer, certifying that such default is, in the sole and absolute opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders and requiring the same to be remedied; or

(iii) *Breach of representation and warranties*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect, in the sole and absolute opinion of the Representative of the Noteholders, when made or deemed to be made; or

(iv) *Insolvency*

- (a) the Issuer becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among which, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*concordato preventivo*”, “*piani di risanamento*” and “*accordi di ristrutturazione*”, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings or the whole or any substantial part of the undertaking or assets of the Issuer are subject to a “*pignoramento*” or similar procedure having a similar effect (other than any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being not disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under point (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) an application for the commencement of any of the proceedings under point (a) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (d) the Issuer takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than the Noteholders and the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or



(v) *Winding up etc.*

an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders) or any of the events under article 2484 of the Italian civil code occurs with respect to the Issuer; or

(vi) *Unlawfulness*

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

then the Representative of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (a) above;
- (ii) shall if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, in the case of the Trigger Events set out under points (b) and (c) above;
- (iii) may at its sole and absolute discretion but shall if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes in case of any other Trigger Event,

give a written notice (a “**Trigger Notice**”) to the Issuer (with copy to the Servicers, the Rating Agencies, the Swap Counterparty and the Master Servicer) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with interest accrued thereon, and that the Acceleration Order of Priority shall apply.

Following the delivery of a Trigger Notice, without any further action or formality, all payments of principal, interest and any other amounts due with respect to the Notes, and, on the immediately following Payment Date and on each Payment Date thereafter, all payments due and any amount due to the Other Issuer Creditors and any other creditor of the Issuer under the Transaction shall be made in accordance with the Acceleration Order of Priority and the Transaction Documents.

## 10. ENFORCEMENT

**10.1.** At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may and shall, if so requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes, take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon in accordance with the Intercreditor Agreement and the Rules of the Organisation of the Noteholders. No Noteholder shall be entitled to proceed directly against the Issuer unless the Representative of the Noteholders, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

**10.2.** In addition, the Rules of the Organisation of the Noteholders and the Intercreditor Agreement contains (i) provisions limiting the powers of the Noteholders, *inter alia*, to bring individual actions

or take other individual remedies to enforce their rights under the Notes and (ii) provisions limiting the powers of the Noteholders, *inter alia*, to institute against or join any person in instituting against, the Issuer, any bankruptcy, insolvency or compulsory liquidation and similar proceedings, that shall be deemed to be included in this Conditions and shall be binding on all the Noteholders.

- 10.3.** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 9 (*Trigger Events*) above or this Condition 10 (*Enforcement*), by the Representative of the Noteholders shall (in the absence of wilful default, gross negligence or fraud) be binding on the Issuer and all Noteholders and (in such absence as aforesaid) the Representative of the Noteholders will have no liability to the Noteholders or the Issuer in connection with the exercise or the non-exercise by it or any of them of their powers, duties and discretion hereunder.

## **11. THE REPRESENTATIVE OF THE NOTEHOLDERS**

- 11.1** The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.
- 11.2** Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders.
- 11.3** The Representative of the Noteholders is the legal representative (*rappresentante legale*) of the Organisation of the Noteholders. The appointment of the Representative of the Noteholders is made by the Noteholders subject to and in accordance with the terms of the Rules of the Organisation of the Noteholders. As regards the appointment of the first representative of the Noteholders (who is appointed at the time of the issue of the Notes in accordance with the provisions of the Notes Subscription Agreement), the Class A Noteholders, the Class B Noteholders and the Class J Noteholders by subscribing respectively for the Class A Notes, the Class B Notes and the Class J Notes and paying the relevant subscription price in accordance with the provisions of the Notes Subscription Agreement recognize the appointment of Securitisation Services S.p.A. as Representative of the Noteholders. Each Noteholders is deemed to accept such appointment.
- 11.4** Pursuant to the provisions of the Rules of the Organisation of the Noteholders, the Representative of the Noteholders can be removed by the Noteholders at any time, provided a successor Representative of the Noteholders is appointed and can resign at any time. The Representative of the Noteholders shall be:
- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through a branch situated in a European Union country; or
  - (b) a company or financial institution registered under Article 106 of the Consolidated Banking Act; or
  - (c) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.
- 11.5** The Rules of the Organisation of the Noteholders contain provisions governing, *inter alia*, the terms of appointment, indemnification and exoneration from responsibility (and relief from responsibility)

of the Representative of the Noteholders (including provisions relieving it from taking action unless indemnified and/or secured to its satisfaction and providing for the indemnification of the Representative of the Noteholders in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment. So long as the Senior Notes are listed on the Luxembourg Stock Exchange, any change in the identity of the Representative of the Noteholders shall be notified to the Luxembourg Stock Exchange.

## **12. NOTICES**

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders may be given through the systems of Monte Titoli.

So long as the Senior Notes and the Mezzanine Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, any notice to Noteholders shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

In addition, so long as the Senior Notes and the Mezzanine Notes are listed on the Luxembourg Stock Exchange, any notice regarding the Senior Notes and/or the Mezzanine Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

## **13. STATUTE OF LIMITATION**

Claims against the Issuer for payments in respect of the Notes shall be barred by the statute of limitation unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the Relevant Date in respect thereof, unless a case of interruption or suspension of the statute of limitation applies in accordance with Italian law.

“**Relevant Date**” means the date on which principal or interest on the Notes, as the case may be, become due and payable.

## **14. GOVERNING LAW AND JURISDICTION**

**14.1** The Notes and all non-contractual obligations arising out or in connection with them are governed by and shall be construed in accordance with Italian law.

**14.2** The Courts of Milan shall have exclusive jurisdiction to settle any disputes (including all non-contractual obligations arising out or in connection with the Notes) that may arise out of or in connection with the Notes.

## **EXHIBIT 1 RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

### **TITLE I - GENERAL PROVISIONS**

#### ***Article 1 (General)***

The Organisation of the Noteholders is created by the issue and by the subscription of the Notes, and shall remain in force and in effect until full repayment or cancellation of the Notes.

The contents of these Rules are considered included in each Note issued by the Issuer.

#### ***Article 2 (Definitions)***

In these Rules, the following expressions have the following meanings:

**“Basic Terms Modification”** means:

1. a modification of the date of maturity of the relevant Class of Notes;
2. a modification which would have the effect of postponing any day for payment of interest or principal on the Notes;
3. a modification which would have the effect of reducing or cancelling the amount of principal payable in respect of a Class of Notes or the rate of interest applicable in respect of a Class of Notes;
4. a modification which would have the effect of altering the majority of votes required to pass a specific resolution or the quorum required at any meeting;
5. a modification which would have the effect of altering the currency of payment of the relevant Class of Notes or any alteration of the date of redemption or priority of a Class of Notes;
6. a modification which would have the effect of altering the authorisation or consent by the Class A Noteholders and the Class B Noteholders, as pledgees, to applications of funds as provided for in the Transaction Documents;
7. the appointment and removal of the Representative of the Noteholders;
8. an amendment of this definition.

**“Business”** means, in relation to any Meeting, the matters to be proposed to a vote of the Noteholders at the Meeting including (without limitation) the passing or rejection of any resolution.

**“Chairman”** means, in relation to any Meeting, the individual who takes the chair in accordance with Article 9 (*Chairman of the Meeting*) of these Rules.

**“Class A Noteholders”** means the holders of the Class A Notes.

**“Class B Noteholders”** means the holders of the Class B Notes.

**“Class J Noteholders”** means the holders of the Class J Notes.

**“Class of Notes”** means the Class A Notes, the Class B Notes or the Class J Notes, as the context may require and **“Classes of Notes”** means all of them.

**“Extraordinary Resolution”** means a resolution of the Meeting of the Relevant Class Noteholders in relation to the matters specified under Article 20 (*Powers exercisable by Extraordinary Resolution*) of these Rules, duly convened and held in accordance with the provisions of these Rules.

**“Issuer”** means 2018 Popolare Bari RMBS S.r.l.

**“Meeting”** means the meeting of the Noteholders or a Class of Noteholders (whether originally convened or resumed following an adjournment).

**“Monte Titoli Account Holders”** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli.

**“Notes”** means the Class A Notes, the Class B Notes and the Class J Notes.

**“Noteholders”** means:

- (a) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;
- (b) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively;
- (c) in connection with a Meeting of Class J Noteholders, Class J Notes and Class J Noteholders respectively;
- (d) and otherwise, in the case of a joint Meeting of the Noteholders of more than one Class of Notes, any or all of the Class A Notes, the Class B Notes and the Class J Notes and any or all of the Class A Noteholders, the Class B Noteholders and the Class J Noteholders.

**“Person(s)”** means any natural person, partnership, corporation, company, limited liability company, trust, estate, joint stock partnership, or company, joint venture, governmental entity, unincorporated organisation or other entity or association.

**“Principal Paying Agent”** means BNP Paribas Securities Services, Milan Branch, in its capacity as principal paying agent pursuant to the Cash Administration and Agency Agreement and its permitted successors or assignees from time to time.

**“Proxy”** means, in relation to any Meeting, a person duly appointed to vote.

**“Relevant Class Noteholders”** means the Class A Noteholders, the Class B Noteholders or the Class J Noteholders, as the case may be.

**“Relevant Fraction”** means:

- (i) for all business other than voting on an Extraordinary Resolution: (a) in case of a meeting of a particular Class of Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes; or (b) in case of a joint meeting of more than one Class of Notes, one-twentieth of the Principal Amount Outstanding of the outstanding Notes of such Classes of Notes;
- (ii) for voting on any Extraordinary Resolution other than one relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes; or (b) in case of a joint meeting of more than one Class of Notes, two-thirds of the Principal Amount Outstanding of the outstanding Notes of such Classes of Notes; and
- (iii) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, three-quarters of the Principal Amount Outstanding of the outstanding Notes in that Class of Notes;

provided, however, that, in the case of a Meeting which has resumed after adjournment for want of a quorum, it means:

- (1) for all Business other than the voting on an Extraordinary Resolution relating to a Basic Terms Modification, the fraction of the Principal Amount Outstanding of the Notes represented at such Meeting or the fraction of the Principal Amount Outstanding of the Notes (in case of a joint Meeting of a combination of Classes of Notes); and
- (2) for voting on any Extraordinary Resolution relating to a Basic Terms Modification, which must be proposed separately to each Class of Noteholders, more than fifty per cent. (50%) of the Principal Amount Outstanding of the outstanding Notes in that Class of Note.

**“Representative of the Noteholders”** means Securitisation Services S.p.A. in its capacity as representative of the Noteholders, which expression shall include its successors and any further or other representative of the Noteholders appointed pursuant to the Notes Subscription Agreement and the Rules of the Organisation of the Noteholders.

**“Rules”** means these Rules of the Organisation of the Noteholders.

**“Security Document”** means the Deed of Charge.

**“Secured Parties”** means the beneficiaries of the Security Document.

**“Specified Office”** means the office of the Principal Paying Agent located at Piazza Lina Bo Bardi, 3, 20124, Milan, Italy.

**“Voter”** means, in relation to any Meeting, the holder of a Blocked Note.

**“Voting Certificate”** means, in relation to any Meeting, a certificate issued to a Noteholder by the relevant Monte Titoli Account Holder in accordance with the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended, supplemented or restated.

**“Written Resolution”** means a resolution in writing signed by or on behalf of the Relevant Fraction required for an Extraordinary Resolution applicable to the relevant Meeting in accordance with the

provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

“**24 hours**” means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting is to be held and in each of the places where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

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

Other defined terms and expressions shall have the meaning given to them in the Conditions.

Any reference herein to an “**Article**” shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

### ***Article 3 (Organisation purpose)***

Each Class A Noteholder, Class B Noteholder and Class J Noteholder is a member of the Organisation of Noteholders.

The purpose of the Organisation of Noteholders is to coordinate the exercise of the rights of the Noteholders and, more in general, the taking of any action for the protection of their interests.

In these Rules, any reference to Noteholders shall be considered as a reference as the case may be, to the Class A Noteholders the Class B Noteholders and/or and/or the Class J Noteholders or, where the context requires, a reference to the Class A Noteholders, the Class B Noteholders and the Class J Noteholders collectively.

## **TITLE II - THE MEETING OF NOTEHOLDERS**

### ***Article 4 (General)***

Subject to Article 20 (*Powers exercisable by Extraordinary Resolution*) below, any resolution passed at a Meeting of the Relevant Class of Noteholders duly convened and held in accordance with these Rules shall be binding upon all the Noteholders of such Class of Notes, whether or not present at such Meeting and whether or not voting, and:

- (a) any resolution passed at a Meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders and the Class J Noteholders; and
- (b) any resolution passed at a Meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class J Noteholders.

and, in each case above, all the relevant Classes of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

In order to avoid conflict of interest that may arise as a result of the Originators having multiple roles in the Transaction, those Notes which are for the time being held by the Originators shall (unless and until ceasing to be so held) be deemed not to remain “outstanding” for the purposes of the right to vote at any Meeting of Noteholders duly convened by the Representative of the Noteholders in accordance with the Conditions and these Rules to transact one of the following Business:

- (i) the termination of each of the Originators in their capacities as Servicer and/or Master Servicer, as the case may be, under the Servicing Agreement;
- (ii) the delivery of a Trigger Notice upon the occurrence of a Trigger Event in accordance with Condition 9 (*Trigger Events*);
- (iii) the direction of the sale of the Portfolios after the delivery of a Trigger Notice upon occurrence of a Trigger Event in accordance with Condition 9 (*Trigger Events*);
- (iv) the enforcement of any of the Issuer’s Rights against any of the Originators in any role under the Transaction;
- (v) any amendment to the Transaction Document and the Conditions which, in the reasonable opinion of the Representative of the Noteholders, would be prejudicial to, or have a negative impact on, the Class A Noteholders and the Class B Noteholders;
- (vi) any waiver of any breach or authorisation of any proposed breach by any of the Originators (in any of their capacities under the Transaction Documents) of their obligations under or in respect of the Transaction Documents to which each of them is a party; and
- (vii) any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, may exist a conflict of interest between the Class A Noteholders and the Class B Noteholders and the Originators in any role under the Transaction.

It remains understood that the above restriction on voting rights does not apply in case the then outstanding Notes are entirely held by the Originators.

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 (fourteen) days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders, the Class B Noteholders and the Class J Noteholders may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) and the provisions of these Rules shall apply *mutatis mutandis* thereto.

The following provisions shall apply where outstanding Notes belong to more than one Class of Notes:

- (i) Business which in the absolute opinion of the Representative of the Noteholders affects only one Class of Notes shall be transacted at a separate Meeting of the relevant Noteholders;



- (ii) Business which in the absolute opinion of the Representative of the Noteholders affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine at its absolute discretion;
- (iii) Business which in the absolute opinion of the Representative of the Noteholders affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class of Notes;
- (iv) in case of separate Meetings of the holders of each Class of Notes, these Rules shall be applied as if references to the Notes and the Noteholders are to the Notes of the relevant Class of Notes and to the holders of such Notes; and in the case of a joint meeting of the Noteholders of more than one Class of Notes, as if references to the Notes and the Noteholders are to the Notes of the relevant Class of Notes and to the holders of the Notes of such Classes of Notes.

#### ***Article 5 (Voting Certificates)***

Noteholders may obtain a Voting Certificate from the relevant Monte Titoli Account Holder upon request in accordance with article 21 of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB.

Subject to the provision of the resolution of 22 February 2008 jointly issued by the Bank of Italy and CONSOB (as subsequently amended and supplemented), a Voting Certificate shall be valid until the conclusion of the Meeting specified (if any) in the Voting Certificate, or any adjournment of such Meeting held prior to the expiration of the relevant Voting Certificate.

So long as a Voting Certificate is valid, the bearer thereof or any Proxy named therein shall be deemed to be the holder of the relevant Notes to which it relates for all purposes in connection with the Meeting.

#### ***Article 6 (Validity of Voting Certificates)***

A Voting Certificate shall be valid only if it is deposited or sent (also by electronic means) at the Specified Office of the Principal Paying Agent, or at some other place approved by the Principal Paying Agent, at any time prior to the time fixed for a Meeting. If the Principal Paying Agent requires satisfactory proof of the identity of each Proxy named in the relevant Voting Certificate, such proof shall be produced at the Meeting, but the Principal Paying Agent shall not be obliged to investigate the validity of any Voting Certificate or the authority of any Proxy.

#### ***Article 7 (Convening of Meeting)***

The Issuer and the Representative of the Noteholders may convene a Meeting at any time, and shall be obliged to do so upon the request in writing of Noteholders holding not less than one-twentieth of the Principal Amount Outstanding of the outstanding Class of Notes or Classes of Notes in respect of which the Meeting is being convened. If the Issuer fails to take the necessary action to convene a Meeting when obliged to do so, the Meeting may be convened by the Representative of the Noteholders acting solely.

Whenever the Issuer is about to convene any such Meeting, it shall immediately give notice in writing to the Representative of the Noteholders of the day, time and place thereof and of the nature of the Business to be transacted thereat. Every such Meeting shall be held at such place as the Representative of the Noteholders may designate or approve.

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

Meetings may be held in case Voters are located in different places and are connected via audio-conference or video-conference, provided that:

- (a) the Chairman can ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
- (b) the person drawing up the minutes can clearly hear the meeting events being the subject-matter of the minutes;
- (c) each Voter attending via audio-conference or video-conference can follow and intervene in the discussions and vote the items on the agenda in real time;
- (d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or videoconference equipment; and
- (e) for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes will be.

#### ***Article 9 (Notice)***

At least 21 (twenty-one) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be held) specifying the date, time and place of the Meeting shall be given to the relevant Noteholders and the Principal Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders), and published in accordance with Condition 12 (*Notices*) at least 15 (fifteen) days before the date of the Meeting. The notice shall set forth the full text of any resolutions to be proposed and that Voting Certificates shall be obtained to participate to the Meeting.

The 21 (twenty-one) days' notice of any Meeting shall be deemed to be waived by the Noteholders if:

Noteholders representing 100% (hundred per cent.) of the Principal Amount Outstanding of the relevant Class of Notes attend the relevant Meeting; or

Noteholders representing 100% (hundred per cent.) of the Principal Amount Outstanding of the relevant Class of Notes request the relevant Meeting.

#### ***Article 9 (Chairman of the Meeting)***

An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders may take the chair at any Meeting but: (i) if no such nomination is made; (ii) if the individual nominated is not present within 15 (fifteen) minutes after the time fixed for the Meeting; or (iii) the Meeting resolves not to approve the appointment made by the Representative of the Noteholders, those present shall elect one of themselves to take the chair failing which the Issuer may appoint a Chairman.

The Chairman of an adjourned Meeting need not be the same person as the Chairman of the original Meeting.

The Chairman verifies that the Meeting is duly held, coordinates matters to be transacted at the Meeting and monitors the fairness of the Meeting's proceedings.

***Article 10 (Quorum and passing of resolutions)***

The quorum at any Meeting shall be at least one or more Voters representing or holding not less than the Relevant Fraction of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class of Notes or Classes of Notes.

A resolution is validly passed when the majority of the votes cast by the Voters attending the relevant Meeting has been cast in favour of it.

***Article 11 (Adjournment for want of quorum)***

If within 15 (fifteen) minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 (fourteen) days and not more than 42 (forty-two) days) and at such place as the Chairman determines; provided, however, that no Meeting may be adjourned more than once by resolution of Meeting that represents less than a Relevant Fraction applicable in the case of Meetings which have been resumed after adjournment. Notice shall be published in accordance with Condition 12 (*Notices*) of the relevant Class of Notes not more than 8 (eight) days before the date of the meeting.

***Article 12 (Adjourned Meeting)***

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, provided that no Business shall be transacted at any adjourned Meeting except Business which might lawfully have been transacted at the Meeting from which the adjournment took place.

***Article 13 (Notice following adjournment)***

Article 8 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment save that:

- (a) 8 (eight) days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set forth the quorum requirements which will apply when the Meeting resumes. It shall not be necessary to give notice of the resumption of a Meeting which has been adjourned for any other reason.

***Article 14 (Participation)***

The following may attend and speak at a Meeting:

- (a) Voters;

- (b) the Issuer or its representatives and the Principal Paying Agent;
- (c) the statutory auditors (if any) and the financial advisers to the Issuer;
- (d) the Representative of the Noteholders;
- (e) the legal counsel to the Issuer, the Representative of the Noteholders the Issuer or its representatives and the Principal Paying Agent; and
- (f) such other person as may be resolved by the Meeting.

#### ***Article 15 (Show of hands)***

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

#### ***Article 16 (Poll)***

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than ten (10) Notes. The poll may be taken immediately or after such adjournment as the Chairman directs, but any poll demanded on the election of the Chairman or on any question of adjournment shall be taken at the Meeting without adjournment. A valid demand for a poll shall not prevent the continuation of the Meeting for any other Business as the Chairman directs.

#### ***Article 17 (Votes)***

Every Voter shall have one vote in respect of each Euro 1,000 in aggregate face amount of the outstanding Note(s) represented or held by him.

In the case of a voting tie the Chairman shall have a casting vote.

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

#### ***Article 18 (Vote by Proxies)***

Any vote by a Proxy in accordance with the relevant Voting Certificate shall be valid even if such Voting Certificate or any instruction pursuant to which it was given has been amended or revoked, provided that the Issuer and the Principal Paying Agent have not been notified in writing of such amendment or revocation not less than 24 (twenty-four) hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a Voting Certificate in relation to a Meeting shall remain in force in relation to any Meeting resumed following an adjournment, except for any appointment of a Proxy expiring prior to such adjournment in accordance with the relevant Voting Certificate. Any person appointed to vote at such Meeting must be re-appointed under a Proxy to vote at the Meeting when it is resumed.

**Article 19 (Exclusive Powers of the Meeting)**

The Meeting shall have exclusive powers:

- (a) to approve any Basic Terms Modification, in accordance with Article 20 (*Powers exercisable by Extraordinary Resolution*) below;
- (b) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of the Conditions (which is not a Basic Term Modification) or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (c) to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes;
- (e) to exercise, enforce or dispose of any right and power on payment and application of funds deriving from any claims on which a pledge or other security interest is created in favour of the Noteholders, otherwise than in accordance with the Transaction Documents.

**Article 20 (Powers exercisable by Extraordinary Resolution)**

A Meeting shall, in addition to the powers herein given, have the following powers exercisable by Extraordinary Resolution:

- (a) power to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its property or against any other Person whether such rights shall arise under these Rules, the Notes or otherwise;
- (b) power to sanction any scheme or proposal for the exchange or substitution or sale of any of the Notes or any Class of the Notes for, or the conversion of the Notes or any Class of Notes into, or the cancellation of any of the Notes or any Class of Notes, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash;
- (c) power to assent to any alteration of the provisions contained in these Rules, the Notes or any Class of Notes, the Intercreditor Agreement, the Cash Administration and Agency Agreement or any other Transaction Document which shall be proposed by the Issuer and/or the Representative of the Noteholders or any other party thereto;
- (d) power to discharge or exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may be responsible under or in relation to these Rules, the Notes or any Class of Notes or any other Transaction Document;

- (e) power to give any authority, direction or sanction which under the provisions of these Rules or the Notes or any Class of Notes, is required to be given by Extraordinary Resolution;
- (f) power to authorise and sanction the actions, in compliance with these Rules, of the Representative of the Noteholders under the terms of the Intercreditor Agreement and any other Transaction Documents and in particular power to sanction the release of the Issuer by the Representative of the Noteholders;
- (g) power to authorize or direct the Representative of the Noteholders to serve a Trigger Notice, as a consequence of a Trigger Event under Condition 9 (*Trigger Events*);
- (h) to waive any breach or authorise any proposed breach by the Issuer of its obligations under or in respect of the Notes or any act or omission which might otherwise constitute a Trigger Event under the Notes (but excluding in any case any Trigger Event under Condition 9(i)(a));
- (i) following the service of a Trigger Notice, or in any other circumstance upon request of the Issuer, power to resolve on the sale of one or more Claim(s) comprised in the Portfolio(s);
- (j) power to sanction a Basic Terms Modification;
- (k) with respect to the Class J Notes, power to provide the Issuer with the consents provided for by Condition 6.4 (*Optional Redemption*);
- (l) power to resolve on the sale of one or more Claim(s) comprised in the Portfolio(s) when an Extraordinary Resolution is required under the Conditions; and
- (m) power to give instructions to the Representative of the Noteholders in case the Representative of the Noteholders should express its discretion under Article 4 (General) points (v) and (vii) of these Rules.

*provided that:*

- (a) no Extraordinary Resolution involving a Basic Terms Modification passed by the holders of the relevant Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other relevant Classes of Notes (to the extent that Notes of each such relevant Classes of Notes are then outstanding);
- (b) no Extraordinary Resolution of the Class B Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (to the extent that there are Class A Notes then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (to the extent that there are Class A Notes then outstanding); and
- (c) no Extraordinary Resolution of the Junior Noteholders shall be effective unless (A) the Representative of the Noteholders is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding) or (B) (to the extent that the Representative of the Noteholders is not of that opinion) it is sanctioned by an Extraordinary

Resolution of the Senior Noteholders and/or the Mezzanine Noteholders (to the extent that there are Senior Notes and/or Mezzanine Notes, respectively, then outstanding).

***Article 21 (Challenge of Resolution)***

Each Noteholder who was absent and (or) dissenting can challenge resolutions which are not passed in conformity under the provisions of these Rules.

***Article 22 (Minutes)***

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

***Article 23 (Written Resolution)***

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

***Article 24 (Individual Actions and Remedies)***

The right of each Noteholder to bring individual actions or take other individual remedies, that do not amount to bankruptcy, insolvency or compulsory liquidation proceedings, or other proceedings under any bankruptcy or similar law, to enforce his/her rights under the Notes will be subject to the Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that it is not convenient at the time when the Meeting is held, having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders in writing of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call for the Meeting, in accordance with these Rules;
- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further Meeting of Noteholders after a reasonable period of time has elapsed); and
- (d) if the Meeting passes a resolution not objecting to the enforcement of the individual action or remedy, or if no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prevented from taking such action or remedy.

No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the Notes before the Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 24 (*Individual Actions and Remedies*).

The provisions of the Intercreditor Agreement govern the right of the Noteholders to institute against, or join any other Person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation and similar proceedings.

### **TITLE III - THE REPRESENTATIVE OF THE NOTEHOLDERS**

#### ***Article 25 (Appointment, Removal and Remuneration)***

The appointment of the Representative of the Noteholders takes place at the Meeting in accordance with the provisions of this Article 25 (*Appointment, Removal and Remuneration*). As regards the appointment of the first representative of the noteholders, the Class A Noteholders, the Class B Noteholders and the Class J Noteholders by subscribing respectively for the Class A Notes, the Class B Notes and the Class J Notes and paying the relevant subscription price in accordance with the provisions of the Notes Subscription Agreement recognize the appointment of Securitisation Services S.p.A. as Representative of the Noteholders.

Simultaneously with the issue and delivery of the Notes, the Class A Noteholders, the Class B Noteholders and the Class J Noteholders, pursuant to the terms of the Notes Subscription Agreement, will confirm the appointment of Securitisation Services S.p.A. as Representative of the Noteholders and Securitisation Services S.p.A. will accept such appointment.

The Issuer acknowledges and accepts the appointment of Securitisation Services S.p.A. as Representative of the Noteholders and each initial holder of the Class A Notes and each subsequent holder of the Class A Notes as well as each initial holder of the Class B Notes and each subsequent holder of the Class B Notes as well as each initial holder of the Class J Notes and each subsequent holder of the Class J Notes, by reason of purchase and holding the Class A Notes, the Class B Notes or the Class J Notes, as the case may be, will recognise the Representative of the Noteholders as its representative and is deemed to be bound by the terms and conditions of the Transaction Documents signed by the Representative of the Noteholders as if such holder of the Class A Notes, the Class B Notes or the Class J Notes was a signatory thereto.

Each initial holder of the Class A Notes and each subsequent holder of the Class A Notes as well as each initial holder of the Class B Notes and each subsequent holder of the Class B Notes as well as each initial holder of the Class J Notes and each subsequent holder of the Class J Notes, by reason of purchase and holding the Notes:

- (i) confer to the Representative of the Noteholders all powers, rights and authority, to act as representative of the holders of the Class A Notes, the Class B Notes and the Class J Notes, as the case may be, and in such capacity to make all decisions, calculations and determinations, take all steps and actions, institute all legal proceedings, execute all agreements, instruments and documents which might be necessary or which it might deem advisable to protect the interests of the holders of the Class A Notes, the Class B Notes and the Class J Notes, as the case may be, in connection with the issue of the Class A Notes, the Class B Notes and the Class J Notes, as the case may be in accordance these Rules; and
- (ii) appoint, under article 1726 and article 1723(2) of the Italian civil code, the Representative of the Noteholders to exercise their respective rights and to act as their agent in relation to the Intercreditor Agreement and the Security Document (to the extent the Security Document creates a valid Security Interest).



Subject to and following the delivery of a Trigger Notice, the Representative of the Noteholders is entitled to receive as collection agent (“*mandatario all’incasso*”) respectively of the Class A Noteholders, the Class B Noteholders and the Class J Noteholders, in their name and on their behalf, all payments to be made by the Issuer pursuant to the applicable Order of Priority as set forth in the Conditions and the Intercreditor Agreement and to apply all cash deriving from time to time from the subject matter of the Security Document, as well as all proceeds upon the enforcement thereof in accordance with the Acceleration Order of Priority.

The Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through a branch situated in a European Union country; or
- (b) a company or financial institution registered under Article 107 of the Consolidated Banking Act or, following the implementation of the provisions for the cancellation of such register, a company or financial institutions registered under Article 106 of the Consolidated Banking Act; or
- (c) any other entity which may be permitted to act in such capacity by any specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

The Representative of the Noteholders shall be appointed for unlimited term and can be removed by the Meeting at any time.

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, the Representative of the Noteholders shall remain in office until acceptance of appointment by the substitute representative of the Noteholders designated among the entities indicated in 1), 2) and 3) above and until such substitute representative of the Noteholders has entered into the Intercreditor Agreement and the other Transaction Documents to which the Representative of the Noteholders is a party; should said acceptance of appointment by the substitute representative of the Noteholders not occur within thirty days after such termination, the terminated Representative of the Noteholders shall be entitled to appoint, in the name and on behalf of the Issuer, its own successor convening a fee not higher than the fee that such terminated Representative of the Noteholders agreed with the Issuer, provided that any such successor shall satisfy all the conditions set out above; and the powers and authority of Representative of the Noteholders whose appointment has been terminated shall be limited to those necessary for the performance of the essential functions which are required to be complied with in connection with the Notes. In case of termination of the Representative of the Noteholders a written notice will be given to the Rating Agencies.

The directors and auditors of the Issuer and those who fall within the conditions indicated in Article 2382 and Article 2399 of the Italian civil code in respect of the Issuer cannot be appointed Representative of the Noteholders, and, if appointed, shall be automatically removed from the appointment.

As consideration to the Representative of the Noteholders for the obligations undertaken by the same as from the date hereof under these Rules and the Transaction Documents, the Issuer shall pay to the Representative of the Noteholders an annual fee, such fee being agreed in a separate side letter. The above fees and remuneration shall accrue from day to day and shall be payable in accordance with the applicable Order of Priority up to (and including) the date when the Notes have been repaid in full or cancelled in accordance with the Conditions. For the avoidance of doubt, such annual fee is inclusive of the annual

remuneration of the Representative of the Noteholders for its role as security trustee or agent under the Deed of Charge and for all activities performed by it pursuant to the other Transaction Documents.

In the event of the Representative of the Noteholders considering it expedient or necessary or being requested by the Issuer to undertake duties which the Representative of the Noteholders and the Issuer agree to be of an exceptional nature (in particular, following a Trigger Event) or otherwise outside the scope of the normal duties of the Representative of the Noteholders as contemplated in these Rules of the Organisation of the Noteholders, the Issuer shall pay to the Representative of the Noteholders such additional remuneration as shall be agreed between them. If the Representative of the Noteholders and the Issuer fail to agree upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Representative of the Noteholders as contemplated in these Rules of the Organisation of the Noteholders, or upon such additional remuneration, then such matter shall be determined (at the Issuer's expense) by an investment bank (acting as an expert and not as an arbitrator) selected by the Representative of the Noteholders and approved by the Issuer or, failing such approval within thirty (30) calendar days, nominated (on the application of either the Issuer or the Representative of the Noteholders) by a third investment bank (the expenses involved in such nomination and the fees of such investment banks being payable by the Issuer) and the determination of any such investment bank shall be final and binding upon the Representative of the Noteholders and the Issuer.

#### ***Article 26 (Duties and Powers)***

The Representative of the Noteholders is the legal representative of the Organisation of Noteholders subject to and in accordance with the Conditions, these Rules, the Intercreditor Agreement and the other Transaction Documents to which it is a party (together, the “**Relevant Provisions**”).

Subject to the Relevant Provisions, the Representative of the Noteholders is responsible for implementing the decisions of the Meeting and for protecting the Noteholders' interests *vis-à-vis* the Issuer, in accordance with and following any resolution taken by the Meeting. The Representative of the Noteholders has the right to attend Meetings. The Representative of the Noteholders may convene a Meeting to obtain instructions from the Relevant Class Noteholders on any action to be taken.

All actions taken by the Representative of the Noteholders in the execution and exercise of all its powers and authorities and of discretion vested in it shall be taken by duly authorised officer(s) for the time being of the Representative of the Noteholders.

The Representative of the Noteholders may also, whenever it considers to be expedient and in the interests of the Noteholders, whether by power of attorney or otherwise, delegate to any Person(s) all or any of the powers, authorities and discretion vested in it as aforesaid. Any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit, provided that: (a) the Representative of the Noteholders shall use all reasonable care and skill in the selection of the sub-agent, sub-contractor or representative which must fall within one of the categories set forth in Article 25 (*Appointment, Removal and Remuneration*) herein; and (b) the sub-agent, sub-contractor or representative shall undertake to perform the obligations of the Representative of the Noteholders in respect of which it has been appointed.

The Representative of the Noteholders shall in any case be responsible for any loss incurred by the Issuer as a consequence any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub delegate.

The Representative of the Noteholders shall act in accordance with the provisions of article 1176, second paragraph of the Italian civil code.

The Class A Noteholders, the Class B Noteholders and the Class J Noteholders recognize that the Representative of the Noteholders shall have all the necessary powers and authority to make all decisions, calculations and determinations, take all steps and actions, institute all legal proceedings, execute all agreements, instruments and documents which might be necessary or which it might deem advisable in connection with the issue of the Notes, and in particular (but not limited to) to execute and deliver the Transaction Documents to which respectively the holders of the Class A Notes, the Class B Notes and the Class J Notes are or will be a party. Each of the Class A Noteholders, the Class B Noteholders and the Class J Noteholders recognise, pursuant to article 1395 of the Italian civil code ("*contratto con se stesso*"), that the Representative of the Noteholders is authorized to deliver and execute any Transaction Documents to which it is and the holders of the Class A Notes, the Class B Notes or the Class J Notes, as the case may be, are parties.

The Representative of the Noteholders shall be authorised to represent the Organisation of Noteholders in judicial proceedings, including in proceedings involving the Issuer, creditors' agreement ("*concordato preventivo*"), forced liquidation ("*fallimento*") or compulsory administrative liquidation ("*liquidazione coatta amministrativa*") or restructuring agreement ("*accordi di ristrutturazione dei debiti*").

#### ***Article 27 (Resignation of the Representative of the Noteholders)***

The Representative of the Noteholders may resign at any time upon giving not less than three calendar months' notice in writing to the Issuer and the Rating Agencies without giving any reason therefore and without being responsible for any costs occasioned by such resignation. The resignation of the Representative of the Noteholders shall not become effective until the Meeting has appointed a new representative of the Noteholders and until such new representative of the Noteholders has entered into the Intercreditor Agreement and the other Transaction Documents to which the Representative of the Noteholders is a party. If a new representative of the Noteholders is not appointed by the Meeting ninety days after such notice of resignation, the resigning Representative of the Noteholders will be entitled to appoint its own successor, in the name and on behalf of the Issuer and convening a fee not higher than the fee that the resigning Representative of the Noteholders agreed with the Issuer, provided that any such successor shall satisfy with the conditions of Article 25 (*Appointment, Removal and Remuneration*) herein.

#### ***Article 28 (Exoneration of the Representative of the Noteholders)***

The Representative of the Noteholders shall not assume any other obligations in addition to those expressly provided herein and in the Transaction Documents.

Without limiting the generality of the foregoing, the Representative of the Noteholders shall not be:

- (i) under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any of the other Transaction Documents has happened and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that no Trigger Event has occurred;
- (ii) under any obligation to monitor or supervise the observance and performance by the Issuer or any of the other parties to the Transaction Documents of their obligations under, these Rules, the Notes, the Conditions or any other Transaction Document and, until it shall have actual knowledge or express

notice to the contrary, it shall be entitled to assume that the Issuer and each party to any Transaction Document is observing and performing all the obligations on its part contained herein and therein;

- (iii) under any obligation to give notice to any Person of the execution of these Rules or any of the Transaction Documents or any transaction contemplated hereby or thereby;
- (iv) responsible for or for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto;
- (v) responsible for or have any duty to make any investigation in respect of or in any way be liable whatsoever for: (i) the nature, status, creditworthiness or solvency of the Issuer, (ii) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection herewith; (iii) the suitability, adequacy or sufficiency of any collection procedures operated by the relevant Servicer or compliance therewith; (iv) the failure by the Issuer to obtain or comply with any license, consent or other authority in connection with the purchase or administration of the Portfolios; and (v) any accounts, books, records or files maintained by the Issuer, the Servicers, the Master Servicer, the Principal Paying Agent, and the Corporate Services Provider or any other Person in respect of the Portfolios;
- (vi) responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the Persons entitled thereto;
- (vii) responsible for the maintenance of any rating of the Senior Notes and the Mezzanine Notes by the Rating Agencies or any other credit or rating agencies or any other Person;
- (viii) responsible for or for investigating any matter which is the subject of, any recitals, statements, warranties or representations of any party other than the Representative of the Noteholders contained herein or any other Transaction Document;
- (ix) bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer to the Portfolios or any part thereof whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of remedy or not;
- (x) liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules, the Notes or any Transaction Document;
- (xi) under any obligation to insure the Portfolios or any part thereof;
- (xii) obliged to have regard to the consequences of any modification of these Rules or any of the Transaction Documents for the Noteholders or any relevant Persons resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory;
- (xiii) under any obligation to disclose to any Noteholder, any Other Issuer Creditors or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other Person in connection with these Rules or the Transaction Documents and the Noteholders, the Other Issuer Creditors or any other party shall not be entitled to

take any action to obtain from the Representative of the Noteholders any such information (unless and to the extent ordered so to do by a court of competent jurisdiction);

- (xiv) bound to take any steps or institute any proceedings after a Trigger Notice is served upon the Issuer following the occurrence of a Trigger Event, or to take any other action (or direct any action to be taken) to enforce any security interest created by the Security Document or any rights under the Intercreditor Agreement unless it has been indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing;
- (xv) liable for acting upon any resolution purporting to have been passed at any Meeting of the relevant Class of Notes or Classes of Notes in respect whereof minutes have been made and signed, also in the event that, subsequent to its acting it transpires that the Meeting was not duly convened or constituted, such resolution was not duly passed or that the resolution was otherwise not valid or binding upon the Noteholders, in connection with matters in respect of which the Noteholders are entitled to direct the Representative of the Noteholders, and
- (xvi) liable for not having acted in any manner whatsoever for the protection of the Noteholders' interests in all circumstances where, according to these Rules and the Transaction Documents, it was not expressly required to take any such action.

The Representative of the Noteholders may:

- (i) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules or to any of the Transaction Documents which in the sole and absolute opinion of the Representative of the Noteholders it is expedient to make or is to correct a manifest error or is of a formal, minor or technical nature. Any such modification shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter;
- (ii) agree (in the name and on behalf of the Noteholders) amendments or modifications to these Rules (other than in respect of a Basic Terms Modification or any provision in these Rules referred to in the definition of Basic Terms Modification) or to the other Transaction Documents which, in the sole and absolute opinion the Representative of the Noteholders, it may be proper to make, provided that (i) the Representative of the Noteholders is of the sole and absolute opinion that such modification will not be materially prejudicial to the interests of the holders of the holder of the Most Senior Class of Notes; and (ii) a prior written notice is given to the Rating Agencies;
- (iii) act on the advice or a certificate or opinion of, or any information obtained from, any lawyer, accountant, banker, broker, credit or rating agencies or other expert whether obtained by the Issuer, or the Representative of the Noteholders or otherwise and shall not, in the absence of fraud (*"frode"*), gross negligence (*"colpa grave"*) or wilful misconduct (*"dolo"*) on the part of the Representative of the Noteholders, be responsible for any loss occasioned by so acting. Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, facsimile transmission, e-mail or cable and, in the absence of fraud (*"frode"*), gross negligence (*"colpa grave"*) or wilful misconduct (*"dolo"*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission, e-mail or cable notwithstanding any error contained therein or the non-authenticity of the same;

- (iv) call for and accept as sufficient evidence of any fact or matter, unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice to the contrary, a certificate duly signed by or on behalf of the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Representative of the Noteholders acting on such certificate;
- (v) have absolute discretion as to the exercise, non exercise or refraining from exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, save as expressly otherwise provided herein, and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or inconveniences that may result from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its fraud (“*frode*”), gross negligence (“*colpa grave*”) or wilful misconduct (“*dolo*”);
- (vi) hold or leave in custody these Rules, the Transaction Documents and any other documents relating hereto in any part of the world with any bank officer or financial institution or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Representative of the Noteholders to be of good repute, and the Representative of the Noteholders shall not be responsible for or required to insure against any loss incurred in connection with any such custody and may pay all sums required to be paid on account of or in respect of any such custody;
- (vii) call for, accept and place full reliance on and as sufficient evidence of the facts stated therein, a certificate or letter of confirmation certified as true and accurate and signed on behalf of any common depository as the Representative of the Noteholders considers appropriate, or any form of record made by any such depository to the effect that at any particular time or throughout any particular period, any particular Person is, was, or will be, shown in its records as entitled to a particular number of Notes;
- (viii) certify whether or not a Trigger Event is in its opinion materially prejudicial to the interests of the Noteholders and if any proceedings referred to under Condition 9(iv) (*Insolvency*) are disputed in good faith, and any such certificate or opinion shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other relevant Person and if the Representative of the Noteholders so certifies and serves a Trigger Notice pursuant to Condition 9 (*Trigger Events*), it shall, in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on its part, be fully indemnified by the Issuer against all fees, costs, expenses, liabilities, losses and charges which it may incur as a result;
- (ix) determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules or contained in the Notes or any of the other Transaction Documents is capable of remedy and, if the Representative of the Noteholders shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and any relevant Person and the Representative of the Noteholders shall not be responsible for or required to insure against any cost and loss incurred in connections with any such certificate;
- (x) assume without enquiry that no Notes are for the time being held by or for the benefit of the Issuer.

The Representative of the Noteholders shall be entitled to:

- (a) call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of any party to the Intercreditor Agreement or any other of the Other Issuer Creditors in respect of every matter and circumstance for which a certificate is expressly provided for hereunder or any other Transaction Document and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- (b) for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Transaction Documents or the Notes, in considering whether that such exercise would not be materially prejudicial to the interests of the Noteholders and the Other Issuer Creditors, take into account, among the other things, any confirmation from the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such exercise;
- (c) without prejudice for what provided in this Article 28 (*Exoneration of the Representative of the Noteholders*) point below, convene a Meeting of the Noteholders of the relevant Class of Notes or Classes of Notes, in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, in order to obtain from them instructions upon how the Representative of the Noteholders should exercise such discretion, provided that nothing herein shall be construed so as to oblige the Representative of the Noteholders to convene such a Meeting. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request at the Meeting to be indemnified and/or provided with security to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by taking such action.

In case the Representative of the Noteholders exercises its discretion in accordance with Article 4 (*General*) points (v) and (vii) of these Rules, the Representative of the Noteholders shall convene a Meeting of the Class A Noteholders in order to obtain an Extraordinary Resolution of the Class A Noteholders providing instructions upon how the Representative of the Noteholders should exercise such discretion. Upon determination by the Meeting of the Class A Noteholders, the Representative of the Noteholders shall comply and shall act in accordance with the instructions contained in the Extraordinary Resolution of the Class A Noteholders.

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

Any consent, approval or waiver by the Representative of the Noteholders shall be notified to the Rating Agencies.

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if the Representative of the Noteholders shall have reasonable grounds for believing that it will not be reimbursed for any amounts, or that it will not be indemnified against any loss or liability, which it may incur as a result of such action.

#### ***Article 29 (Security Document)***

The Representative of the Noteholders in its capacity as Security Trustee is entitled to exercise all rights granted by the Issuer to it in its capacity as trustee for the Other Issuer Creditors under the Deed of Charge.

The Representative of the Noteholders, acting on behalf of the Secured Parties, agrees:

- (a) prior to the enforcement of the Security Document, to permit the Issuer to collect, in the Secured Parties' interest and on their behalf, any amounts deriving from the pledged claims and rights and may instruct, jointly with the Issuer, the relevant debtors of the pledged claims to make any payments to be made thereunder to an Account of the Issuer;
- (b) that all funds credited to the Accounts from time to time shall be applied in accordance with the Cash Administration and Agency Agreement and the Intercreditor Agreement and that available funds standing to the credit of certain Accounts specified in the Cash Administration and Agency Agreement may be used for investments in Eligible Investments.

The Secured Parties have irrevocably waived any right which they may have hereunder in respect of cash deriving from time to time from the pledged claims and amounts standing to the credit of the Accounts which is not in accordance with the foregoing. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged and secured claims under the Security Document except in accordance with the foregoing and the Intercreditor Agreement.

#### ***Article 30 (Indemnity)***

It is hereby acknowledged that the Issuer shall reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all adequately documented costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (the “**Requests**” including, without limitation, legal fees and any applicable value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders, or any Person to whom any power, authority or discretion has been delegated by the Representative of the Noteholders, in relation to the preparation and execution of, the exercise, non exercise or purported exercise of its powers and performance of its duties under, and in any other manner in relation to, these Rules or the Transaction Documents, including but not limited to duly documented and reasonable legal and travelling expenses and any duly documented stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant the Transaction Documents, or against the Issuer or any other Person for enforcing any obligations hereunder, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of gross negligence (“*colpa grave*”) or wilful misconduct (“*dolo*”) of the Representative of the Noteholders. It remains in any case understood that no amounts shall be paid by the Issuer for Requests that would have been avoided had the Representative of the Noteholders acted with professional care and diligence.

### **TITLE IV - THE ORGANISATION OF NOTEHOLDERS UPON A SERVICE OF A TRIGGER NOTICE**

#### ***Article 31 (Powers)***

It is hereby acknowledged that, upon service of a Trigger Notice and/or failure by the Issuer to exercise its rights under the Transaction Documents, the Representative of the Noteholders shall, pursuant to the Intercreditor Agreement, be entitled to exercise, in the name and on behalf of the Issuer and as *mandatario*



*in rem propriam* of the Issuer, all and any of the Issuer's Rights, including the right to give directions and instructions to the relevant parties to the Transaction Documents. In connection with any proposed sale of one or more Claims comprised in the Portfolios, the Representative of the Noteholders may, but shall not be obliged to, convene a Meeting in accordance with the provisions set forth in these Rules to resolve on the proposed sale.

## **TITLE V - DISPUTES RESOLUTIONS**

### ***Article 32 (Law and Jurisdiction)***

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

Any disputes arising out of or in connection with the present Rules, including those concerning its validity, interpretation, performance and termination, as well as all non-contractual obligations arising out or in connection with the present Rules, shall be submitted to the exclusive jurisdiction of the courts of Milan, Italy.

## SELECTED ASPECTS OF ITALIAN LAW

*The following is a description of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.*

### The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the “true” sale (by way of non-gratuitous assignment) of claims, where the sale is to a company created in accordance with Article 3 of the Securitisation Law and all amounts paid by the assigned debtors in respect of the claims are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction. It should be noted that Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”) converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”) and Italian Law Decree no. 91 of 24 June 2014 (“*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l’efficientamento energetico dell’edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea*”) converted with amendments into Law No. 116 of 11 August 2014, (“**Law 116/2014**”) introduced certain amendments to the Securitisation Law to the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law.

In particular, the following main changes have been introduced by such laws in respect of the Securitisation Law:

1. the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned claims and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law (“*data certa*”) on which the relevant purchase price (even if partial) has been paid;
2. payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law;
3. the assignment of receivables owed by public entities made under the Securitisation Law will now be subject only to the formalities contemplated by the Securitisation Law (*i.e.*, the publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled) and no other formalities shall apply; and
4. where the Notes issued by the special purpose vehicle are subscribed by qualified investors, the underwriter can also be a sole investor.
5. if the servicer, the sub-servicer or the depositary bank, with which the accounts for the deposit of the collections received from the assigned debtors of securitisation transactions have been opened,

becomes subject to insolvency proceedings, the amounts credited on such accounts will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan;

6. securitisation companies established under the Securitisation Law are allowed to grant direct financings to entities which are not individuals or so called micro-companies, subject to certain conditions;
7. certain consequential changes are made to the Securitisation Law to reflect such new possibility;
8. the segregation principle set out in the second paragraph of article 3 of the Securitisation Law is widened to include any right arising in favour of the securitisation company in the context of the relevant securitisation transaction, the relevant collections and the financial assets acquired with such collections.

### **The Assignment**

The assignment of the claims under the Securitisation Law is governed by Article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provisions, which has been strengthened by Article 4 of the Securitisation Law, the assignment can be perfected against the originator, assigned debtors and third party creditors by way of publication of the relevant notice in the Official Gazette and registration of the transfer in the companies' register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor.

Upon compliance with the formalities set forth by the Securitisation Law, the assignment becomes enforceable against:

- (a) the assigned debtors and any creditors of the originator who have not, prior to the date of publication of the notice of assignment in the Official Gazette and registration of the assignment in the companies' register where the assignee is enrolled, commenced enforcement proceedings in respect of the relevant claims;
- (b) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to Article 67 of the Bankruptcy Law; and (ii) the liquidator of the originator (provided that the originator has not been subjected to insolvency proceeding prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled); and
- (c) other permitted assignees of the originator who have not perfected their assignment prior to the date of publication of the notice of assignment in the Official Gazette and the registration of the assignment in the companies' register where the assignee is enrolled.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned claims will automatically be transferred to and perfected with the same priority in favour of the company which has purchased the claims, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration of the assignment in the companies' register where the assignee is enrolled, no legal action may be brought

against the claims assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant claims and to meet the costs of the transaction.

Notice of the assignment of the Claims pursuant to the Transfer Agreements was published in the Official Gazette No. 60 of 24 May 2018 and registered with the Register of Enterprises of Milan on 22 May 2018.

Assignments executed under the Securitisation Law are subject to revocation upon bankruptcy under Article 67 of the Bankruptcy Law but only in the event that the securitisation transaction is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where paragraph 1 of Article 67 of the Bankruptcy Law applies, within six months of the adjudication of bankruptcy.

### **Ring Fencing of the Assets**

Pursuant to operation of Article 3 of the Securitisation Law, the assets relating to each securitisation transaction are segregated, by operation of law, for all purposes from all other assets of the company which purchases the claims (including, for the avoidance of doubt, any other portfolio purchased by the company pursuant to the Securitisation Law). Prior to and on a winding up of such a company, such assets (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will only be available to holders of the notes issued to finance the acquisition of the relevant claims and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

In addition to the above, it should be noted that, pursuant to the amendments recently introduced to the Securitisation Law by Law 9/2014 and Law 116/2014, it has been provided for that *inter alia*:

- (i) the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited, may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation and to pay the expenses to be borne in connection with the securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and
- (ii) in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors may be credited, the creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement

and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan. Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

### **Claw-Back of the sale of the Claims**

The sale of the Portfolios by the Originators to the Issuer may be clawed back by a receiver of the relevant Originator under Article 67, paragraphs 1(4) and 2 of the Bankruptcy Law but only in the event that the relevant Originator was insolvent when the assignment was entered into and was executed within three months of the admission of the relevant Originator to compulsory liquidation (*liquidazione coatta amministrativa*) pursuant to Title IV, Heading I, Section III of the Consolidated Banking Act or in cases where paragraphs 1(1), 1(2) and 1(3) of Article 67 of the Bankruptcy Law apply, within six months of the admission to compulsory liquidation.

### **Payments made by the debtors to the Issuer**

Pursuant to Article 4 of the Securitisation Law (as recently amended by Law 9/2014 and Law 116/2014) the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action pursuant to Article 67 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the six months or one year suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation (*liquidazione coatta amministrativa*) may be subject to claw-back action according to Article 67 of the Bankruptcy Law. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

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

The Securitisation Law, as recently amended, expressly provides that (i) the claw-back provisions set forth under Article 67 of the Bankruptcy Law do not apply to payments made by assigned debtors to the Issuer in respect of the securitised Claims and (ii) the payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law.

### **Recent amendments on NPLs and UTPs securitisation transaction**

By the Law Decree n. 50 of 24 April 2017 (containing urgent provisions on financial matters, initiatives in favour of territorial authorities, further actions for areas affected by seismic events and development measures), converted with amendments by Law n. 96 of 21 June 2017, some changes and supplements have been made to the Securitisation Law in order to, mainly, be a more useful management tool of the non performing loans (the “NPLs”) of leasing companies, the non performing loans secured by assets and the unlikely to pay debts (the “UTPs”).

The above provisions apply to NPLs’ and UTPs securitisation transactions and are mainly aimed to:

- (i) facilitate the NPLs' trade of leasing companies and secured NPLs;

- (ii) facilitate the trade of NPLs' and UTPs owed to banks by companies that are in a situation of crisis.

### ***Mutui Fondiari***

The Mortgage Loans include *inter alia* mortgage loans qualifying as *mutui fondiari*. In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation (*credito fondiario*) which provides for a number of rights in favour of the mortgage lender that are not provided for by general legislation.

Agreements relating to *mutui fondiari* executed before 1 January 1994 are regulated by the Italian legislation on *credito fondiario* in force prior to that date, which permitted only credit institutions having special license to grant *mutui fondiari*. All other credit institutions were not permitted to conduct mortgage lending business. As of 1 January 1994, under the new legislative framework under the Consolidated Banking Act, all banks having a general banking license became qualified to enter into *mutui fondiari* agreements. The new legislation applies only to *mutui fondiari* agreements executed, and foreclosure proceedings commenced, on or after 1 January 1994.

With respect to the legislative framework under the Consolidated Banking Act, certain provisions under the *mutuo fondiario*'s legislation entitle the lender to commence or continue foreclosure proceedings also after the declaration of insolvency (*fallimento*) of the affected debtor, to receive repayment from the price paid for a mortgaged property at auction up to the price corresponding to the *mutui fondiari* debt directly from the purchaser (without having to await disbursement by the court) and to an assignment of any rentals earned by the mortgaged property, net of administration expenses and taxes.

With respect to the borrowers, such *mutuo fondiario*'s legislation provides that: (a) the borrower is entitled to a thirty calendar day grace period on payments of instalments; delays in payment of instalments of not over one hundred and eighty days may justify termination of the mortgage loan only starting from the eighth (also non consecutive) unpaid instalment; and (b) each time the borrower has repaid one fifth of its original debt, it is entitled to a corresponding reduction of the amount covered by the mortgage; to the extent that a mortgage loan is secured by mortgages on more than one asset, the borrower is entitled to the release of one or more assets from the mortgage to the extent it is able to prove that the remaining assets would be sufficient to ensure a loan to value of at least 120% (or, according to an interpretation, the original loan to value, if higher).

### **Foreclosure Proceedings**

Mortgages may be “voluntary” (“*ipoteche volontarie*”) if granted by a borrower or a third party guarantor by way of a deed or “judicial” (“*ipoteche giudiziarie*”) if registered in the appropriate land registry (“*Conservatoria dei Registri Immobiliari*”) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

A mortgage lender (whose claim is secured by a mortgage whether “voluntary” or “judicial”) may commence foreclosure proceedings by seeking a court order or injunction for payment in the form of an enforcement order (“*titolo esecutivo*”) from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain an enforcement order (*titolo esecutivo*) from

the court. A writ of execution ("*atto di precetto*") is notified to the debtor together with either the enforcement order ("*titolo esecutivo*") or the loan agreement, as the case may be.

Within ten days of filing, but not later than ninety days from the date on which notice of the writ of execution ("*atto di precetto*") is served, the mortgage lender may request the attachment of the mortgaged property.

The property will be attached by a court order, which must then be filed with the appropriate land registry ("*Conservatoria dei Registri Immobiliari*"). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

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

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral (i.e. land registry) certificates ("*certificati catastali*"), which usually take some time to obtain. Law No. 302 should reduce the duration of the foreclosure proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

If the court decides to proceed with an auction ("*vendita con incanto*") of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the foreclosure proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the foreclosure proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of foreclosure proceedings beginning with the court order or injunction of payment until the final sharing out is between six and seven years. In the medium-sized central and northern Italian cities,

it can be significantly less whereas in major cities or in southern Italy, the duration of the procedure can significantly exceed the average.

### ***Mutui Fondiari* Enforcement Proceedings**

Almost all the Mortgage Loans comprised in the Portfolios are “*mutui fondiari*”. Enforcement proceedings in respect of “*mutui fondiari*” commenced after 1 January 1994 are currently regulated by Article 38 *et seq.* of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of “*mutui fondiari*” is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondionario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender’s debt directly to the lender.

Pursuant to Article 58 of the Consolidated Banking Act, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a “*mutuo fondiario*” loan.

Enforcement proceedings for “*mutui fondiari*” commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the “*mutuo fondiario*” lender rights and privileges that are not provided for by the Consolidated Banking Act with respect to enforcement proceedings on “*mutui fondiari*” commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the “*mutuo fondiario*” provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the “*mutuo fondiario*” agreement without having to have a further expert appraisal.

### **The impact of Law No. 302**

Italian Law No. 302 of 3 August 1998, Italian Law No. 80 of 15 May 2005, Italian Law No. 263 of 28 December 2005 and the Italian Code of Civil Procedure as amended thereby have introduced certain rules according to which some of the activities to be carried on in a foreclosure procedure may be entrusted to a notary public, lawyers or chartered accountants duly registered with the relevant register as kept and updated from time to time by the chairman of the competent court (*Presidente del Tribunale*).

In particular, if requested by a creditor, the notary public may issue a notarial certificate attesting the results of the searches with the “*catasto*” and with the appropriate land registry (*Conservatoria dei Registri Immobiliari*). Such notarial certificate replaces several documents that are usually required to be attached to the motion for the auction and reduces the timing normally required to obtain the documentation from the relevant public offices. Moreover, if appointed by the foreclosure judge, the notary public may execute the sale by auction by: (a) determining the value of the property; (b) deciding on the offers received after the auction and concerning the payment of the relevant price; (c) initiating further auctions or transfer; (d) executing certain formal documents relating to the registration and filing with the land registry of the



transfer decree prepared by the same notary public and issued by the foreclosure judge; and (e) preparing the proceeds' distribution plan and forwarding the same to the foreclosure judge.

With regard to the above, the involvement of a notary public by the foreclosure judge is permitted when: (a) the foreclosure judge has not yet decided on the motion for an auction; (b) a sale without auction has not been performed successfully and the foreclosure judge after consultation with the creditors decides to proceed with an auction; and (c) a possible receivership has ceased and the foreclosure judge decides to proceed with a sale by auction. On the other hand, the involvement of a notary public does not seem to be possible both when a decree providing for the sale without auction has already been issued and when an auction before the foreclosure judge has already been fixed. If the auction is concluded without a sale, it is possible that the foreclosure judge may delegate the power to execute further auctions to the notary public.

### **Priority of Interest Claims**

Pursuant to Article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of: (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years; and (ii) the interest accrued at the legal rate (currently 0.5%) from the end of the calendar year in which the initial stage of the enforcement proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

### **Cancellation of mortgages**

Art. 40-*bis* of the Consolidated Banking Act and Law decree No. 7 of 31 January 2007 (the “**Bersani Decree**”) as converted into law by Law No. 40 of 2 April 2007, as applicable, set out certain provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

### **Insolvency proceedings**

A company or individual qualifying as commercial entrepreneur (*imprenditore che esercita un'attività commerciale*) under Article 1 of the Bankruptcy Law may be subject to insolvency proceedings (*procedure concorsuali*). Insolvency proceedings (*procedure concorsuali*) under Bankruptcy Law may take the form of, *inter alia*, bankruptcy (*fallimento*) or a composition with creditors (*concordato preventivo*).

Bankruptcy proceedings are applicable to commercial entrepreneurs (companies or individuals) that are in state of insolvency (*stato di insolvenza*) pursuant to Article 5 of the Bankruptcy Law. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors) if it is not able to timely and duly fulfil its obligations. The debtor loses control over all its assets and of the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*).

Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the court-appointed receiver (*curatore fallimentare*), and the creditors' claims have been approved, the sale

of the borrower's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically suspended.

An entrepreneur that is in a crisis situation (*stato di crisi*) may propose, pursuant to Articles 160 and following of the Bankruptcy Law, to its creditors a creditors' composition (*concordato preventivo*). The proposed composition plan may provide for the restructuring of debt and terms for the satisfaction of creditors, the transfer of business activities, the grouping of creditors in classes and their proposed treatment. The proposed composition plan must be accompanied by specific documentation relating to, *inter alia*, the financial situation of the enterprise and a report by an expert certifying that the data relating to the enterprise are true and the proposed composition plan is feasible.

A proposal for a composition plan is approved if it receives the favourable vote of creditors representing the majority of the claims admitted to vote; in case of classes of creditors, such majority shall be verified also in respect of the majority of the classes. If an approved composition plan is not challenged in court, the court will validate the composition plan by decree; such decree terminates the procedure.

Pursuant to the newly introduced Italian Law 27 January 2012, No. 3 (*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*), a debtor who is not eligible to be adjudicated bankrupt under the Bankruptcy Law is entitled to file to the competent court a restructuring plan, to be approved by its creditors representing at least 60% of the outstanding debts, in order to request, among others, up to a one-year suspension of the payments of the outstanding debts and a rescheduling of any other payments.

### **Recent Amendment to Enforcement and Bankruptcy Proceedings**

On June 30, 2016, the Italian Parliament approved Law no. 119 ("**Conversion Law**"), which converts law decree no. 59/2016, published on the Official Gazette no. 102, on May 3, 2016 introducing "*urgent provisions relating to the enforcement and insolvency proceedings, as well as in favor of investors of banks subject to winding up*" ("**Law Decree**"). The Conversion Law has been published on the Official Gazette no. 153 dated July 2, 2016 and entered into force on July 3, 2016. The Conversion Law confirmed almost in full the content of the Law Decree, with certain amendments and integrations. The Law Decree has been adopted with the aim of improving the efficiency of the civil justice system and the insolvency proceedings, with particular regard to the safeguard and the valorization of credits recovery. The main relevant changes introduced by the Law Decree and by the Conversion Law relate to:

1. the enforcement proceedings regulated by the Italian Code of Civil Procedure;
2. the insolvency proceedings regulated by the Bankruptcy Law.

For some of the changes introduced by the Law Decree, especially in relation to forced expropriation issues, a transitory period is provided. More in particular, the Law Decree provides that certain provisions shall apply:

- only to enforcement proceedings commenced after the entry into force of the Conversion Law;
- also to enforcement proceedings already pending, but only to the extent that the enforcement acts subject to the provisions amended by the Law Decree shall be carried out once a certain period of

time has elapsed (which varies between 30 and 90 days) following the entry into force of the Conversion Law.

The Law Decree demonstrates the attention paid to enterprises and investors in relation to the difficulties that, for a long time, have been affecting the civil justice system. Two significant bills concerning the civil process and the insolvency proceedings system are in any case subject to the parliamentary scrutiny and may introduce more important changes in such context, and in accordance with the improvements already adopted.

However, the guidelines of the reform project are the following:

- to optimize the overall functioning of the judicial offices with a progressive implementation of their computerization - especially with respect to the enforcement proceedings (some cases the duty) to perform procedural steps by digital means;
- to ensure more transparency to investors and economic subjects in relation to relevant information concerning their debtors, if such debtors are parties to enforcement or insolvency proceedings or if they made recourse to other instruments aimed at the management of the business crisis;
- to reduce the duration of recovery proceedings, both individual and insolvency ones, and consequently to fasten the timing of credit recovery, through the restriction of the terms of certain procedural steps (e.g., introduction of a term for the opposition against the enforcement, introduction of a limit in the number of sales attempts in the context of expropriation procedures concerning movable assets together with the introduction of a time limit for their performance, etc.), the disempowering of the specious initiatives of the debtors and the optimization of the negotiation of the pledged assets;
- to increase the instruments aimed at safeguarding the creditors providing more flexible securities which allow a faster credit recovery and, in some cases, without the need to make recourse to the judicial authorities.

With respect to the provisions concerning the use of digital instruments, their actual application will require the adoption of ministerial implementing provisions. As of today, the timing for the actual entry into functioning of such systems remains unknown.

## TAXATION IN THE REPUBLIC OF ITALY

*The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Rated Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Notes, some of which may be subject to special rules. The following description does not discuss the treatment of the Notes that are held in connection with a permanent establishment or fixed base through which a non Italian resident beneficial owner carries on business or performs professional services in Italy.*

*This description is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are however subject to a potential retroactive change. Prospective noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.*

*Prospective noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions' tax consequences of the subscription, purchase, ownership and disposition of the Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.*

### **Tax Treatment of the Rated Notes**

#### **1. Income Tax**

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of Law 130, Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated ("**Law 239**") and Law Decree No. 66 of 24 April 2014 converted into Law No. 89 of 23 June 2014 ("**Decree 66/2014**"), payments of interest and other proceeds in respect of the Rated Notes:

- (i) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Rated Notes will not be included in the general taxable base of the above mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Rated Notes or in the transfer of the Rated Notes;

- (ii) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; and (iii) Italian resident public and private entities, other than companies; any of them engaged in an entrepreneurial activity – to the extent permitted by law – to which the Rated Notes are connected;

- (iii) will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Rated Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-*bis* of law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Rated Notes, to an Italian authorised financial intermediary and have opted for the so-called “*risparmio gestito regime*” according to Article 7 of Legislative Decree No. 461 of 21 November 1997 - the “Asset Management Option” and (iv), non Italian resident with no permanent establishment in Italy to which Rated Notes are effectively connected, provided that:
- (a) they are (i) resident of a country which allows an adequate exchange of information with Italy, which are those countries listed in the Ministerial Decree of 4 September 1996 (pursuant to Article 1-*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries; and
  - (b) the Rated Notes are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm (“**SIM**”) resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system which has a direct relationship with the Italian Ministry of Economy and Finance; and
  - (c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and its further amendments and is valid until revoked by the investor. A self statement does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and
  - (d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited Rated Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 26 per cent. tax (*imposta sostitutiva*) on interest and other proceeds on the Rated Notes if any or all of the above conditions (a), (b), (c) and (d) are not satisfied. In this case, *imposta sostitutiva* may be reduced under double taxation treaties, where applicable.

Italian resident individuals holding Rated Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to an annual substitute tax levied at the rate of 26 per cent. (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Rated Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Rated Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Rated Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Rated Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, “**IRES**”); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, “**IRPEF**”) plus local surtaxes, if applicable; or (iii) entrepreneurial income tax (*imposta sul reddito di impresa*, “**IRI**”); under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “**IRAP**”).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF or a SICAV (“*Società di investimento a capitale variabile*”) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the “**Fund**”), and the relevant Rated Notes are held by an authorised intermediary, interest accrued during the holding period on the Rated Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the “**Collective Investment Fund Tax**”).

Italian resident pension funds are subject to a 20 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Rated Notes and their issue price is deemed to be interest for capital income (*redditi di capitale*) tax purposes. In general terms, income from capital is treated as a separate classification of tax liability only for tax-payers who are not engaged in entrepreneurial activities.

## **2. Capital Gains**

Any capital gain realised upon the sale for consideration or redemption of Rated Notes would be treated for the purpose of corporate income tax, of individual income tax and of entrepreneurial income tax as part of the taxable business income of the holders of the Rated Notes (and, in certain cases, depending on the status of the holders of the Rated Notes, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by the holders of the Rated Notes who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Rated Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding the Rated Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Rated Notes would be subject to an *imposta sostitutiva* at the rate of 26 per cent.. Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Rated Notes not in connection with an entrepreneurial activity pursuant to all disposals on Rated Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Rated Notes not in connection with an entrepreneurial activity may elect to pay *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Rated Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Rated Notes being deposited with Italian banks, società di intermediazione mobiliare (SIM) or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. The financial intermediary, on the basis of the information provided by the taxpayer, accounts for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Rated Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Rated Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding the Rated Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the calculation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration.

Any capital gains realised by an holder of the Rated Notes which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by the holders of the Rated Notes who are Italian resident pension funds will be included in the calculation of the taxable basis of Pension Fund Tax.

The 26 per cent. *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Rated Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Rated Notes are effectively connected, if the Rated Notes are held in Italy.

However, pursuant to Article 23 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected, through the sale for consideration or redemption of the Rated Notes are exempt from taxation in Italy to the extent that the Rated Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Rated Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the authorized financial intermediary an appropriate affidavit (*autodichiarazione*) stating that the investor is not resident in Italy for tax purposes.

In case the Rated Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Rated Notes with no permanent establishment in Italy to which the Rated Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Rated Notes if they are resident, for tax purposes, in a country which allows an adequate exchange of information with Italy, which are those countries listed in the Ministerial Decree of 4 September 1996 (pursuant to Article 1-*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), as amended from time to time, or, in the case of qualifying institutional investors not subject to tax, they are established in such a country (see Article 5, paragraph 5, letter a) of Italian Legislative Decree No. 461 of 21 November 1997); in this case, if non Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirements indicated above; and
- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Rated Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of the Rated Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Rated Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Rated Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

### **3. Anti - Abuse Provisions and General Abuse of Law Doctrine**

With Legislative Decree 5 August 2015, no. 128, the Italian Government introduced a new definition of “abuse of law or tax avoidance” (“*abuso del diritto o elusione fiscale*”) that replaces all definitions and doctrines previously developed by the Italian tax authorities and endorsed by case law. Under the new definition, abuse of law occurs when one or more transactions, formally compliant with tax law, instead are lacking economic substance and are essentially aimed at obtaining undue tax advantages. There is no abuse of law when a transaction is justified by sound and material non-tax reasons, including managerial and organizational ones, aimed at improving the structure or the functionality of the business. Consequently, it is not possible to exclude, if the parties involved are not able to demonstrate that this securitisation



transaction has been implemented not essentially for the purpose of obtaining a tax saving or reduction and that there are alternative or concurring financial motivation that are not of a merely marginal or theoretical character, that the tax regime of the securitisation as herein outlined is disallowed by the Italian Tax Authority, thereby possibly causing, amongst other, the recharacterisation of the Notes as shares-like securities or in any case securities not having the legal nature of a bond.

#### **4. Inheritance and Gift Taxes**

Italian inheritance and gift taxes were first abolished by Law No. 383 of 18 October, 2001 in respect of gifts made or succession proceedings started after 25 October, 2001 and then reintroduced by Law Decree No. 262 of 3 October 2006, converted with amendments into Law No. 286 of 24 November 2006, entered into force on 29 November 2006 and further modified by Law No. 296 of 27 December 2006, effective as of 1 January 2007.

Further to the above amendments to the legislation in force, the transfer by inheritance of the Notes is currently subject to inheritance tax at the following rates:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;
- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent. rate.

The transfer of the Notes by donation is subject to gift tax at the same rates as in case of inheritance.

#### **5. Tax Monitoring**

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals resident in Italy who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). This obligation is also provided for those individuals who are not direct holders (*“possessori diretti”*) of foreign investments or foreign financial activities but who are the beneficial owners (*“titolari effettivi”*) of such investments or financial activities.

#### **6. Stamp Duty**

Article 13, paragraph 2-ter, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (“Stamp Duty Law”), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the

clients as of 1 January 2012 (“Statement Duty”). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate of 0.2 per cent. (but in any case not exceeding € 14,000.00. This cap is not applied to individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as “financial instruments”. The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement.

The stamp duty must be levied on:

- (i) whoever executes or takes advantage (in Italian known as the “caso d’uso”) of the document included in the Tariff, as the main obligors (*obbligati in via principale*);
- (ii) whoever signs, receives, accepts or negotiates the document included in the Tariff, if the stamp duty has not already been properly paid, as the joint obligors (*obbligati in via solidale*).

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients and qualified it as an “*ente gestore*” (managing entity). Such “*ente gestore*”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

The Issuer seems not to fall within the list of the obligors, as set forth in the Stamp Duty Law, neither in the definition of “ente gestore”. However, the lack of an interpretation by the Italian tax authority with respect to securitisation transactions and the broad scope of the Statement Duty could lead the Italian tax authority to a different interpretation and may induce the authority to include the Issuer among the obligors.

## **SUBSCRIPTION, SALE AND SELLING RESTRICTIONS**

Pursuant to the Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Originators, the Representative of the Noteholders and the Originators have agreed to subscribe and pay the Issuer for the Notes and each of them shall pay to the Issuer the Issue Price for the relevant Notes and shall appoint the Representative of the Noteholders to act as the representative of the Noteholders, subject to the conditions set out therein.

The Notes Subscription Agreement will be subject to a number of conditions and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

Under the Notes Subscription Agreement and the Intercreditor Agreement, each of the Originators has undertaken that it will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option 2(d) of Article 254 of the Solvency II Regulation. As at the Issue Date, such interest will be comprised of an interest in the first loss tranche (being the Junior Notes). Please refer to section headed “Regulatory Capital Requirements”.

### **UNITED STATES OF AMERICA**

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

The Originators under the Notes Subscription Agreement have represented and agreed that they have not offered or sold the Notes, and will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all Notes except in accordance with Rule 903 of the Regulation S promulgated under the Securities Act. None of the Originators, under the Notes Subscription Agreement, nor their respective Affiliates nor any persons acting respectively on behalf of the Originators or on behalf of their respective Affiliates have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect.

The Notes covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(iii), (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the completion of the distribution of Securities as determined and certified by the Originators, except in either case in accordance with Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Notwithstanding the foregoing, in no event shall any Notes be sold, directly or indirectly, to or for the account of a U.S. person (as that term is defined in the U.S. Risk Retention Rules) nor otherwise in a manner intended to evade the requirements of the U.S. Risk Retention Rules.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

## **REPUBLIC OF ITALY**

Each of the Issuer and the Originators under the Notes Subscription Agreement acknowledges that no action has been or will be taken by it, its affiliates or any other person acting on its behalf which would allow an offering (or an “*offerta al pubblico di prodotti finanziari*”) of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Individual sales of the Notes to any Persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Pursuant to the Notes Subscription Agreement, each of the Issuer and the Originators has acknowledged that no application has been made by the Issuer to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Accordingly, each of the Issuer and the Originators under the Notes Subscription Agreement, has represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, this Prospectus nor any other offering material relating to Notes other than to professional investors (“*investitori qualificati*”), pursuant to article 100, paragraph 1, letter (a), of the Consolidated Financial Act or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or CONSOB regulation number 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Class J Notes may not be offered to individuals or entities not being professional investors in accordance with the Securitisation Law. Additionally the Class J Notes may not be offered to any investor qualifying as “*cliente al dettaglio*” pursuant to CONSOB regulation number 16190/2007.

Each of the Issuer and the Originators under the Notes Subscription Agreement has represented and agreed that any offer by it of the Notes of the relevant Class or Classes in the Republic of Italy shall be made only by banks, investment firms or financial companies permitted to conduct such activities in Italy in accordance with Legislative Decree number 385 of 1 September 1993, as amended, the Consolidated Financial Act, CONSOB Regulation number 16190 of 31 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

In connection with the subsequent distribution of the Notes in the Republic of Italy, article 100-bis of the Consolidated Financial Act requires to comply also on the secondary market with the public offering rules and disclosure requirements set forth under the Consolidated Financial Act and relevant CONSOB implementing regulations, unless the above subsequent distribution is exempted from those rules and requirements according to the Consolidated Financial Act and relevant CONSOB implementing regulations.

## **FRANCE**

Each of the Issuer and the Originators, under the Notes Subscription Agreement, has represented and agreed that this Prospectus has not been prepared in the context of a public offering in France within the meaning

of Article L. 411-1 of the Code monétaire et financier and Title I of Book II of the Règlement Général de l'Autorité des marchés financiers (the "AMF") and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed by it to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

Each of the Issuer and the Originators, under the Notes Subscription Agreement, has also represented and agreed in connection with the initial distribution of the Notes by it that:

- (a) there has not been and there will be no offer or sale, directly or indirectly, of the Notes by it to the public in the Republic of France (an *offre au public de titres financiers* as defined in Article L. 411-1 of the French Code monétaire et financier);
- (b) offers and sales of the Notes in the Republic of France will be made by it in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with Articles L411-1, L.411-2 and D.411-1 of the French Code monétaire et financier; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in Article L. 411-2 and D. 411-4 of the French Code monétaire et financier acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) as mentioned in Article L. 411-2, L. 533-16 and L. 533-20 of the French Code monétaire et financier (together the "Investors");
- (c) offers and sales of the Notes in the Republic of France will be made by it on the condition that:
  - (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors; and
  - (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code monétaire et financier).

## **UNITED KINGDOM**

Each of the Issuer and the Originators under the Notes Subscription Agreement, has represented and warranted with respect to itself, that:

- (i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

#### **GENERAL RESTRICTIONS**

Other than admission of the Rated Notes to the Official List of the Luxembourg Stock Exchange and the admission of the Rated Notes to trading on its Regulated Market, no action has been taken by the Issuer or the Originators that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Each of the Issuer and the Originators shall comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell Notes. Furthermore, they will not, directly or indirectly, offer, sell or deliver of any Notes or distribute or publish any prospectus, form of application, prospectus (including this Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken by them to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

## GENERAL INFORMATION

### Authorisation

Since the date of its incorporation, the Issuer has not entered into any agreement or effected any transaction other than those related to the purchase of the Claims or which are instrumentals to the Transaction. The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by quotaholder's resolutions of the Issuer which took place on 11 May 2018 and 6 June 2018. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Funds available to the Issuer

The principal source of funds available to the Issuer for the payment of interest and the repayment of principal on the Notes will be collections made in respect of the Claims thereunder.

### Listing

Application has been made to the Luxembourg Stock Exchange for the Senior Notes and Mezzanine Notes to be admitted to the official list and trading on its regulated market.

The estimated aggregate fees and expenses in relation to the admission to listing on the Official List and to trading on the Regulated Market of the Luxembourg Stock Exchange of the Senior Notes and of the Mezzanine Notes are Euro 7,000 (inclusive of any applicable value added tax) which will be paid up-front on or about the date of this Prospectus.

### Clearing systems

The Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli will act as depository for Euroclear and Clearstream, Luxembourg. The ISIN Codes for the Notes are as follows:

|                | <b>ISIN Codes</b> |
|----------------|-------------------|
| Class A Notes  | IT0005335630      |
| Class B Notes  | IT0005335648      |
| Class J1 Notes | IT0005335655      |
| Class J2 Notes | IT0005335663      |

### No significant change

Save as disclosed in this Prospectus in the section headed "*The Issuer*", there has been no material adverse change in the financial position, trading and prospects of the Issuer since the date of its incorporation.

### Litigation

The Issuer is not involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, since the date of its incorporation, a significant effect on the financial position or profitability of the Issuer.

### **Accounts**

The Issuer will produce, and will make available at its registered office, proper accounts (“*ordinaria contabilità interna*”) and audited (to the extent required by applicable law or regulation) financial statements in respect of each financial year but will not produce interim financial statements. The annual audited financial statements has not yet been produced but will be made available once produced.

### **Post Issuance Reporting**

Under the terms of the Cash Administration and Agency Agreement, the Computation Agent has undertaken to prepare not later than each Investors’ Report Date, the Investors Report related to the immediately preceding Payment Date, based on the data contained in the Quarterly Servicing Report and in the Payments Report and setting forth the performance of the Portfolios and information, and amounts paid, payable and/or unpaid on the Notes in respect to the immediately preceding Payment Date. Each Investors Report will be made available for collection at the registered office of the Issuer and the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent (as set forth in Condition 12 (*Notices*)) and on a quarterly basis via the Computation Agent’s internet website currently located at [www.securitisation-services.com](http://www.securitisation-services.com).

### **Borrowings**

Save as disclosed in this Prospectus in the section headed “*The Issuer*” and as provided in the Conditions, after the issue of the Notes, the Issuer will have no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor will the Issuer create any mortgages or charges or given any guarantees.

### **Documents**

Copies of the following documents in electronic form may be inspected during usual office hours on any weekday at the registered office of the Issuer and of the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent (as set forth in Condition 12 (*Notices*)), at any time after the Issue Date and so long as any of the Notes remain listed in the Luxembourg Stock Exchange:

- (a) the by-laws (“*statuto*”) and the deed of incorporation (“*atto costitutivo*”) of the Issuer;
- (b) the Quarterly Servicing Report, which has a quarterly frequency, setting forth the performance of the Claims and the Collections made in respect of the Claims prepared by the Master Servicer;
- (c) the Investors Report, which has a quarterly frequency, setting forth the performance of the Portfolios and amounts paid, payable and/or unpaid on the Notes in respect to each Payment Date and information on the material net economic interest (of at least 5%) in the Transaction maintained by the Originators in accordance with (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation or any permitted alternative method thereafter, prepared by the Computation Agent; each Investors Report will be also made available on a quarterly basis via the Computation Agent’s internet website currently located at [www.securitisation-services.com](http://www.securitisation-services.com). The Computation Agent’s website does not form part of the



information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon.

(d) copies of the following documents:

- (i) the Transfer Agreements;
- (ii) the Servicing Agreement;
- (iii) the Back-Up Servicing Agreement;
- (iv) the Warranty and Indemnity Agreement;
- (v) the Intercreditor Agreement;
- (vi) the Cash Administration and Agency Agreement;
- (vii) the Notes Subscription Agreement;
- (viii) the Corporate Services Agreement;
- (ix) the Quotaholder Agreement;
- (x) the Swap Agreement;
- (xi) the Stichting Corporate Services Agreement;
- (xii) the Deed of Charge; and
- (xiii) this Prospectus.

### **Websites and webpages**

The websites and webpages referred to in this Prospectus and the information contained in such websites and webpages do not form part of this Prospectus. Neither the Issuer nor any of the parties listed under this Prospectus take responsibility for the further information available in the websites and webpages referred to in this Prospectus.

### **Annual fees**

The proceeds arising out of the Notes amount to Euro 802,929,213.03. The Issuer estimates that its aggregate ongoing expenses in relation to the Transaction amount to approximately Euro 170,000 *per annum* (VAT excluded), excluding Servicing Fee and Master Servicer Fee. The upfront expenses for admission to trading of the Rated Notes will be borne by the Originators.

### **Home Member State for the purpose of the Transparency Directive**

The Issuer will elect Luxembourg as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

**ISSUER**

2018 Popolare Bari RMBS S.r.l.  
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Italy

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70122 Bari (BA)  
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**ORIGINATOR AND SERVICER**

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**ORIGINATOR AND SERVICER**

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**REPRESENTATIVE OF THE  
NOTEHOLDERS, SECURITY TRUSTEE,  
COMPUTATION AGENT AND  
CORPORATE SERVICES PROVIDER**

Securitisation Services S.p.A.  
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**PRINCIPAL PAYING AGENT, AGENT BANK,  
TRANSACTION BANK AND  
CASH MANAGER**

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**BACK-UP SERVICER**

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