

PROSPECTUS
PONTORMO RMBS S.R.L.

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

Euro 181,656,000 Class A1 Asset Backed Floating Rate Notes due May 2060
Issue Price: 100%

Euro 360,925,000 Class A2 Asset Backed Floating Rate Notes due May 2060
Issue Price: 100%

Euro 54,137,000 Class B1 Asset Backed Floating Rate Notes due May 2060
Issue Price: 100%

Euro 107,562,000 Class B2 Asset Backed Floating Rate Notes due May 2060
Issue Price: 100%

This prospectus (the “Prospectus” or the “Offering Circular”) contains information relating to the issue by Pontormo RMBS S.r.l., a limited liability company organised under the laws of the Republic of Italy (the “Issuer”) of Euro 181,656,000 Class A1 Asset Backed Floating Rate Notes due May 2060 (the “Class A1 Notes”) and Euro 360,925,000 Class A2 Asset Backed Floating Rate Notes due May 2060 (the “Class A2 Notes”) and together with the Class A1 Notes, the “Senior Notes” or the “Class A Notes”). In connection with the issue of the Class A Notes the Issuer will issue 2 series of junior notes (each a “Series”) for an aggregate amount of Euro 161,699,000 divided as follows: Euro 54,137,000 Class B1 Asset Backed Floating Rate Notes due May 2060 (the “Class B1 Notes”) and Euro 107,562,000 Class B2 Asset Backed Floating Rate Notes due May 2060 (the “Class B2 Notes”, and together with the Class B1 Notes, the “Class B Notes”; the Class A Notes and the Class B Notes, together the “Notes”). The Class B Notes are not being offered pursuant to this Prospectus.

This Prospectus is issued pursuant to article 2, paragraph 3, of Italian Law No. 130 of 30 April 1999 (the “Law 130” or also the “Securitisation Law”) in connection with the issuance of the Notes. This Offering Circular is a prospectus with regard to Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 and the amendments thereto, including the Directive 2010/73/EU (the “Prospectus Directive”) and relevant implementing measures in Ireland.

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

All payments of principal and interest on the Notes will be made free and clear of any withholding or deduction for Italian withholding taxes, subject to the requirements of Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 of 23 November 2001 and as subsequently amended and supplemented, unless the Issuer is required by any applicable law to make such a withholding or deduction. If any withholding tax is applicable to the Notes, payments of interest on, and principal of the Notes will be made subject to such withholding tax, without the Issuer or any other Person being obliged to pay any additional amounts to any holder of Notes of any Class as a consequence. For further details see the section entitled “Taxation in the Republic of Italy”.

The Notes will be held in dematerialised form on behalf of the beneficial owners 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 Holder (as defined below). The expression “Monte Titoli Account Holder” 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 the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Commissione Nazionale per le Società e la Borsa (“CONSOB”) and the Bank of Italy, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes. The Notes have not and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are being offered only outside the United States (the “U.S.”) to persons other than U.S. persons in compliance with Regulation S of the Securities Act (“Regulation S”). See the section headed “Subscription and Sale” below. The Issuer will be relying on an exclusion or exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the “Investment Company Act”) contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Issuer. The Issuer is being structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act (both as defined in this Prospectus).

Calculations as to the expected average life of the Class A Notes can be made based on certain assumptions as set out in the section “Estimated Weighted Average Life of the Class A Notes”, including, but not limited to, the level of prepayments of the Claims. However, there is no certainty neither that the assumptions made will materialize nor that the Class A 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 could be reduced as a result of losses incurred in respect of the Portfolios. If the Notes cannot be redeemed in full on the Final Maturity Date, 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, because the Issuer has no assets other than those described in this Prospectus. If any amounts remain outstanding in respect of the Notes upon expiry of the Final Maturity Date, 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 amount and timing of repayment of principal under the Claims will affect also the yield to maturity of the Notes, which cannot be predicted depending, inter alia, on the level of prepayments which will occur under the Portfolios. The Notes will be subject to mandatory pro-rata 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 May 2060 (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 27 November 2017 (the **“Issue Date”**) and will be payable on 25th January 2018 (the **“First Payment Date”**) and thereafter monthly in arrears on the 25 day of each month in each year or if any such day is not a Business Day (as defined in the Conditions), the following Business Day (each a **“Payment Date”**). The Notes will bear interest from (and including) a Payment Date to (but excluding) the following Payment Date (each an **“Interest Period”**) provided that the first Interest Period (the **“Initial Interest Period”**) shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date. The Class A Notes shall bear interest at an annual rate equal to the higher of: (i) Euro-Zone Inter-bank offered rate for one month deposits in Euro (the **“One Month EURIBOR”**) and (ii) 0%, plus a margin of:

- (a) 0.45% per annum in relation to the Class A1 Notes; and
- (b) 0.45% per annum in relation to the Class A2 Notes;

provided that the One Month EURIBOR applicable to the Class A1 Notes shall not be, at any time, higher than 3.50% (three point fifty per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.50% (three point fifty per cent) per annum, in respect to the Class A1 Notes only, it shall be deemed as being equal to 3.50% (three point fifty per cent) per annum and the One Month EURIBOR applicable to the Class A2 Notes shall not be, at any time, higher than 3.52% (three point fiftytwo per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.52% (three point fiftytwo per cent) per annum, in respect to the Class A2 Notes only, it shall be deemed as being equal to 3.52% (three point fiftytwo per cent) per annum. The Class A Notes (the **“Rated Notes”**) are expected, on issue, to be rated AA (sf) by S&P Global Ratings Italy S.R.L. and AA- (sf) by Fitch Italia S.p.A. (Fitch Italia S.p.A. together with S&P Global Ratings Italy S.R.L., the **“Rating Agencies”**). As of the date of this Prospectus, each of S&P Global Ratings Italy S.R.L. and Fitch Italia S.p.A. is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011 (the **“CRA Regulation”**) and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority currently located at the following website address <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>, (for the avoidance of doubt, such website does not constitute part of this Prospectus) (the **“ESMA Website”**). According to the annual market share calculation for EU registered credit rating agencies published by ESMA on 16 December 2016 (ESMA/2016/1662) in accordance with article 8d of the CRA Regulation, the group to which each of S&P Global Ratings Italy S.R.L. and Fitch Italia S.p.A. belong have a market share of, respectively, 45% and 16.56%. No rating will be assigned to the Class B Notes. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the assigning rating organisation.**

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

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

Arranger
Banca Akros S.p.A.

Dated 24 November 2017

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

The net proceeds of the offering of the Notes will be mainly applied by the Issuer to fund the purchase of portfolios of monetary claims (the “**Portfolios**” and the “**Claims**”, respectively) arising under mortgage loans executed by Banca Cambiano 1884 S.p.A. (“**Banca Cambiano**”) and Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. (“**Banca di Pisa e Fornacette**” and collectively the “**Originators**”). The Portfolios have been purchased by the Issuer under the terms of 2 transfer agreements entered into on 14 November 2017, between respectively the Issuer and each Originator pursuant to Law 130 (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.

Responsibility Statements

None of the Issuer, the Representative of the Noteholders, the Arranger or any other party to any of the Transaction Documents (as defined below), other than the Originators, has undertaken or will undertake any investigations, searches or other actions to verify the details of the Claims sold by the Originators to the Issuer, nor have the Issuer, the Representative of the Noteholders, the Arranger or any other party to any of the Transaction Documents, 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), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer confirms that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

Each of the Originators has provided the information under the sections headed “**The Portfolios**”, “**The Originators**” and the “**Collection Policy and Recovery Procedures**” and any other information contained in this Prospectus relating to itself and the Portfolios and, together with the Issuer, accepts responsibility for the information contained in those sections. Each of the Originators has also provided the historical data for the information contained in the section headed “**Estimated Weighted Average Life of the Class A Notes**” on the basis of which the information contained in the same section have been extrapolated and, together with the Issuer, accepts responsibility for such historical data. To the best of the knowledge of each of the Originators (which have taken all reasonable care to ensure that such is the case), the information and data in relation to which they are responsible as described above are in accordance with the facts and does not omit anything likely to affect the import of such information and data.

The Bank of New York Mellon SA/NV – Milan branch has provided the information included in this Prospectus in the relevant parts of the sections headed “**The Agent Bank, the Transaction Bank and the Paying Agent**” and accepts responsibility for the information contained in that section. To the best of the knowledge of The Bank of New York Mellon SA/NV – Milan branch (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 Bank of New York Mellon SA/NV – Milan branch has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

KPMG Fides Servizi di Amministrazione S.p.A. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Representative of the Noteholders, the Back-up Computation Agent and the Stichting Corporate Services Provider**” and accepts responsibility for the information contained in that section. To the best of the knowledge of KPMG

Fides Servizi di Amministrazione S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, KPMG Fides Servizi di Amministrazione S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.

*Cabel Holding S.p.A. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Computation Agent and the Corporate Services Provider**” and accepts responsibility for the information contained in that section. To the best of the knowledge of Cabel Holding S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Cabel Holding S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

*Invest Banca S.p.A. has provided the information included in this Prospectus in the relevant parts of the section headed “**The Operating Bank**” and accepts responsibility for the information contained in that paragraph. To the best of the knowledge of Invest Banca S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Save as for aforesaid, Invest Banca S.p.A. has not, however, been involved in the preparation of, and does not accept responsibility for, this Prospectus or any part hereof.*

The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of the Irish Stock Exchange and trading on its regulated market (the Main Securities Market).

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, each of the Originators (in any capacity), the Arranger or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change, or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the Originators or the information contained herein since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

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

The Notes will be direct, secured, limited recourse obligations solely of the Issuer. By operation of Italian law, the Issuer’s rights, title and interest in and to the Portfolios and the other Issuer’s Rights (as defined in the Conditions) will be segregated from and all other assets of the Issuer.

The Notes will not be obligations or responsibilities of, or guaranteed by, the Arranger, the Originators (in any capacity), the quotaholder of the Issuer or any Other Issuer Creditor (as defined below). Furthermore, no Person and none of such parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

*Both before and after a winding-up of the Issuer, the Issuer’s rights, title and interest in and to the Portfolios and the other Issuer’s Rights (as defined in the Conditions) will be available exclusively for the purposes of satisfying the Issuer’s obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios (the “**Transaction**”) and to the corporate existence and good standing of the Issuer. The “**Other Issuer Creditors**” are the Originators, the Servicers, the*

Representative of the Noteholders, the Agent Bank, the Operating Bank, the Computation Agent, the Back-up Computation Agent, the Transaction Bank, the Paying Agent, the Back-up Servicers, the Corporate Services Provider and the Stichting Corporate Services Provider. The Noteholders will agree that the Single Portfolio Available Funds and the Issuer Available Funds (as defined in the Conditions) will be applied by the Issuer in accordance with the order of priority of application of the Single Portfolio Available Funds and of the Issuer Available Funds set forth in the Intercreditor Agreement (the “Orders of Priority”).

The Issuer’s rights, title and interest in and to the Portfolios and the other Issuer's Rights (as defined in the Conditions) 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 prospectus or any offering circular, 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 the section headed “**Subscription and Sale**”.*

*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 headed “**Subscription and Sale**”.*

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.

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

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

TABLE OF CONTENTS

OVERVIEW OF THE TRANSACTION	8
RISK FACTORS.....	45
THE PRINCIPAL PARTIES.....	86
TRANSACTION DIAGRAM.....	89
THE PORTFOLIOS.....	90
THE ISSUER.....	103
THE ORIGINATORS AND THE SERVICERS	105
REGULATORY CAPITAL REQUIREMENTS	114
THE AGENT BANK, THE TRANSACTION BANK, THE PAYING AGENT.....	116
THE REPRESENTATIVE OF THE NOTEHOLDERS, THE BACK-UP COMPUTATION AGENT AND THE STICHTING CORPORATE SERVICES PROVIDER	117
THE COMPUTATION AGENT AND THE CORPORATE SERVICES PROVIDER	118
THE OPERATING BANK	119
COLLECTION POLICY AND RECOVERY PROCEDURE	120
USE OF PROCEEDS	121
DESCRIPTION OF THE TRANSFER AGREEMENTS.....	122
DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT	124
DESCRIPTION OF THE SERVICING AGREEMENT AND THE BACK-UP SERVICING AGREEMENT.....	130
DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS	134
ESTIMATED WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES.....	137
TERMS AND CONDITIONS OF THE NOTES	139
EXHIBIT 1 - RULES OF THE ORGANISATION OF THE NOTEHOLDERS	191
SELECTED ASPECTS OF ITALIAN LAW	209
TAXATION IN THE REPUBLIC OF ITALY	219
SUBSCRIPTION AND SALE.....	226
GENERAL INFORMATION.....	230
DOCUMENTS INCORPORATED BY REFERENCE.....	233

OVERVIEW OF THE TRANSACTION

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

PRINCIPAL FEATURES OF THE NOTES

Title	<p>The Notes will be issued by the Issuer on the Issue Date in the following classes:</p> <p>Euro 542,581,000 Class A Asset Backed Floating Rate Notes due May 2060 (the “Class A Notes” or the “Senior Notes”).</p> <p>Euro 161,699,000 Class B Asset Backed Floating Rate Notes due May 2060 (the “Class B Notes” or the “Junior Notes”, and together with the Senior Notes, the “Notes”).</p> <p>The Class A Notes will be issued by the Issuer on the Issue Date in the following series (each a “Series”):</p> <p>Euro 181,656,000 Class A1 Asset Backed Floating Rate Notes due May 2060 (the “Class A1 Notes”);</p> <p>Euro 360,925,000 Class A2 Asset Backed Floating Rate Notes due May 2060 (the “Class A2 Notes”).</p> <p>The Class B Notes will be issued by the Issuer on the Issue Date in the following series (each a “Series”):</p> <p>Euro 54,137,000 Class B1 Asset Backed Floating Rate Notes due May 2060 (the “Class B1 Notes”);</p> <p>Euro 107,562,000 Class B2 Asset Backed Floating Rate Notes due May 2060 (the “Class B2 Notes”).</p> <p>The aggregate amount of the Class B Notes will be Euro 161,699,000 (the “Class B Notes Aggregate Amount”).</p>						
Issue Price	<p>The Notes will be issued at the following percentages of their principal amount:</p> <table><thead><tr><th><i>Class</i></th><th><i>Issue Price</i></th></tr></thead><tbody><tr><td>Class A Notes</td><td>100%</td></tr><tr><td>Class B Notes</td><td>100%</td></tr></tbody></table>	<i>Class</i>	<i>Issue Price</i>	Class A Notes	100%	Class B Notes	100%
<i>Class</i>	<i>Issue Price</i>						
Class A Notes	100%						
Class B Notes	100%						

Interest

The rate of interest applicable from time to time in respect of the Class A Notes (the “**Interest Rate**”) will be the higher of: (i) EURIBOR for one month deposits in Euro (the “**One Month EURIBOR**”) and (ii) 0%, plus (a) a margin of 0.45% per annum in respect of the Class A1 Notes and (b) a margin of 0.45% per annum in respect of the Class A2 Notes, provided that the One Month EURIBOR applicable to the Class A1 Notes shall not be, at any time, higher than 3.50% (three point fifty per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.50% (three point fifty per cent) per annum, in respect to the Class A1 Notes only, it shall be deemed as being equal to 3.50% (three point fifty per cent) per annum and that the One Month EURIBOR applicable to the Class A2 Notes shall not be, at any time, higher than 3.52% (three point fiftytwo per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.52% (three point fiftytwo per cent) per annum, in respect to the Class A2 Notes only, it shall be deemed as being equal to 3.52% (three point fiftytwo per cent) per annum.

Interest due on each Series of Class B Notes on each Payment Date will be equal to the relevant Single Series Class B Notes Interest Payment Amount (as defined below) as at such Payment Date.

Single Series Class B Notes Interest Payment Amount

Means with respect to each Payment Date and to each Series of Class B Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to (without duplication):

- (i) the aggregate of all Interest Instalments accrued on the Claims of the Relevant Portfolio in the immediately preceding Collection Period (excluding Interest Accruals); *plus*
- (ii) the aggregate of all fees for prepayment paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; *plus*
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; *plus*
- (iv) all amounts received or recovered by the Issuer in the immediately preceding Collection Period with respect to the Claims of the Relevant Portfolio which are or have been Defaulted Claims; *plus*
- (v) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account and the Collection and Recoveries Account and paid into the same during the immediately preceding Collection Period; and (b) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the relevant Transitory Collections and Recoveries Account, Principal Amortisation Reserve Account and Cash Reserve Account and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Reserve Account which were paid into it out of the relevant Single Portfolio

Available Funds, during the immediately preceding Collection Period; *plus*

- (vi) (a) the amounts credited on the immediately preceding Payment Date on the relevant Principal Amortisation Reserve Account; and (b) the amounts credited on the immediately preceding Payment Date on the Reserve Account out of the Claims of the Relevant Portfolio, but in any case other than the portion of such amounts deriving from Principal Installments on the Claims; *minus*
- (vii) the difference between (i) the relevant Single Portfolio Amortised Principal due on the immediately preceding Payment Date and (ii) the amount paid under item (*Eight*) of the Pre-Acceleration Order of Priority at such immediately preceding Payment Date; *minus*
- (viii) (a) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items (*First*) to (*Sixth*) (included) of the Pre-Acceleration Order of Priority, or

(b) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Acceleration Order of Priority to the Servicer (or the Back-up Servicer) of the Relevant Portfolio, *plus* the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*), (*Sixth*) and (*Ninth*) of the Acceleration Order of Priority, or

(c) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Cross Collateral Order of Priority to the Servicer (or the Back-up Servicer) of the Relevant Portfolio, *plus* the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*), (*Sixth*), (*Seventh*) and (*Eleventh*) of the Cross Collateral Order of Priority; *minus*
- (ix) (a) the amounts credited on such Payment Date on the relevant Principal Amortisation Reserve Account; and (b) the amounts credited on such Payment Date on the Reserve Account out of the Claims of the Relevant Portfolio, but in any case other than the portion of such amounts deriving from Principal Installments on the Claims; *minus*
- (x) the Outstanding Balance of all the Claims of the Relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date; *plus*
- (xi) the Cash Reserve Amortisation Amount of the Relevant Portfolio; *plus*
- (xii) any repurchase price of the relevant Claims received in the immediately preceding Collection Period (or at any time upon

exercise of the Optional Redemption or the Redemption for Taxation) up to an amount equal to the amount in excess of the Outstanding Balance of such Claims.

Payment Date

Interest is payable in respect of the Notes, monthly in arrears in Euro on the 25 day of each month in each year or, if such date is not a Business Day, on the following Business Day (each such date a “**Payment Date**”) until the Final Maturity Date. The first Payment Date will fall on 25th January 2018 (the “**First Payment Date**”) and will relate to the period from (and including) the Issue Date to (but excluding) such Payment Date.

Form and Denomination

The Notes will be held in dematerialised form on behalf of the beneficial owners 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. Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by CONSOB and the Bank of Italy, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

The Class A Notes will be issued in denominations of Euro 100,000, plus integral multiples of Euro 1,000 in excess thereof. Each Series of Class B Notes will be issued in denominations of Euro 1,000.

The Issuer will elect Ireland as Home Member State for the purpose of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the “**Transparency Directive**”).

Status

In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:

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

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:

- a. the Relevant Series of Class A 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 Relevant Series of Class B Notes, but subordinated to the payment of interest on the Relevant Series of Class A Notes; and

- b. the Relevant Series of Class B Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Relevant Series of Class A Notes, the repayment of principal on the Class A Notes and to the payment of interest on the Relevant Series of Class B 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 and the payment of interest and the repayment of principal on the Class B Notes; and
- (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 but subordinated to the payment of interest and repayment of principal on the Class A 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 but subordinated to the payment of interest on the Class A Notes; and
- (ii) the Class B 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 and to the payment of interest on the Class B Notes.

In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Cross Collateral 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 and the payment of interest and the repayment of principal on the Class B Notes; and
- (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 but subordinated to the payment of interest and repayment of principal on the Class A Notes.

In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Cross Collateral 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 but subordinated to the payment of interest on the Class A Notes; and
- (ii) the Class B 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 and to the payment of interest on the Class B Notes.

Principal on each Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of available funds deriving from collections and recoveries from the Relevant Portfolio provided that following occurrence of a Cross Collateral Event and in case of acceleration of the reimbursement of the Notes, principal on all Series of Class B Notes will be reimbursed and interest accrued thereon will be paid out of the aggregate available funds deriving from collections and recoveries of all the Portfolios, but in an amount which is a function of the performance of the Relevant Portfolio.

Issuer Available Funds

Means, in respect of each Payment Date, the aggregate (without duplication) of:

- (i) all Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period (expressly including, for avoidance of doubts, also the proceeds arising from the sale (in whole or in part) of the Portfolios;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the Transitory Collections and Recoveries Accounts into the Collections and Recoveries Account;
- (iii) all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period;
- (iv) all amounts paid into the Principal Amortisation Reserve Accounts in the immediately preceding Payment Date (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (v) all amounts, if any, received from the Originators pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made to the Issuer by any other party to the Transaction Documents, during the immediately preceding Collection Period;
- (vi) any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Issuer Available Funds utilised on the immediately preceding Payment Date;
- (vii) all amounts paid into the Reserve Account in any preceding Payment Date and not yet utilised as Single Portfolio Available Funds or Issuer Available Funds (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (viii) until full repayment of the Class A Notes:
 - (a) the amount of the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash

Administration and Agency Agreement) necessary to pay amount due under items from (*First*) to (*Sixth*) (included) of the Acceleration Order of Priority, or the Cross Collateral Order of Priority (as applicable) in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date;

- (b) the amount equal to the difference (if positive) between (i) the amount of the Cash Reserves (including any amount to be credited on the Cash Reserve Accounts in accordance with item (*Seventh*) of the Cross-Collateral Order of Priority on such Payment Date and each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and (ii) an amount equal to 85% of the sum of each Target Cash Reserve Amounts as at the immediately preceding Payment Date, in respect of payments ranking as item (*Eighth*) of the Cross Collateral Order of Priority, in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date;
- (c) only on the Payment Date on which the amount under item (ii) of the Class A Notes Principal Payment Amount is to be utilised towards redemption of the Class A Notes, a corresponding amount of the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement), and
- (d) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the amount of the Cash Reserves necessary to redeem in full the Class A Notes (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement);
- (ix) the Cash Reserve Excess of all Portfolios and the Cash Reserve Amortisation Amount of the Relevant Portfolio;
- (x) the sums standing to the credit of the Suspension Accounts.

Single Portfolio Available Funds

Means, in respect of each Payment Date and each Portfolio, the aggregate (without duplication) of:

- (i) all the Collections received by the Issuer, through the Servicer, during the immediately preceding Collection Period in relation to the Claims of the Relevant Portfolio (expressly including, for avoidance of doubts, also the proceeds arising from the sale (in whole or in part) of such Portfolio;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;

- (iii) the relevant Outstanding Notes Ratio of all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period;
- (iv) all amounts paid into the credit of the relevant Principal Amortisation Reserve Account in the immediately preceding Payment Date (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (v) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the Claims of the Relevant Portfolio, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements in respect of the Claims of the Relevant Portfolio and the relevant Outstanding Notes Ratio of all Payments made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
- (vi) the relevant Outstanding Notes Ratio of any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Single Portfolio Available Funds utilised on the immediately preceding Payment Date, and;
- (vii) the amounts paid into the Reserve Account in the preceding Payment Date out of the relevant Single Portfolio Available Funds (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (viii) in relation to the First Payment Date only, the relevant Initial Cash Reserve Amount, and thereafter, until full repayment of the Class A Notes:
 - (a) the amount of the Relevant Cash Reserve (increased, if necessary, by the amount made available on such Payment Date by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) necessary exclusively to pay amount due under items from (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the relevant Single Portfolio Available Funds in respect of such amounts on such Payment Date, and
 - (b) the amount equal to the difference (if positive) between (i) the amount of the Relevant Cash Reserve (including amounts to be credited on the Relevant Cash Reserve Account on such Payment Date and increased as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and (ii) an amount equal to 85% of the relevant Target Cash Reserve

Amount as at the immediately preceding Payment Date, in respect of payments ranking as items (*Eighth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the relevant Single Portfolio Available Funds in respect of such amounts on such Payment Date,

- (c) only on the Payment Date on which the amount under item (viii) of the relevant Single Portfolio Amortised Principal is to be utilised towards payment of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, a corresponding amount of the Relevant Cash Reserve, and
- (d) on the Final Maturity Date or, if earlier, on the Payment Date in which the Class A Notes are redeemed in full, the amount of the Relevant Cash Reserve necessary to pay in full the relevant Single Portfolio Class A Notes Principal Amount Outstanding;
- (ix) the Cash Reserve Excess of the Relevant Portfolio and the Cash Reserve Amortisation Amount of the Relevant Portfolio;
- (x) any amount received on the same Payment Date under item (*Ninth*) of the Pre-Acceleration Order of Priority of the other Portfolio;
- (xi) (a) on any Payment Date other than the Final Maturity Date, the sums standing to the credit of the relevant Suspension Account only to the extent necessary to cover the shortfall (if any) in the payments of amount due under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority on such Payment Date, following application of any other item of the relevant Single Portfolio Available Funds, determined by the Computation Agent in accordance with clause 6.3.1 (l) of the Cash Administration and Agency Agreement; and (b) on the Final Maturity Date, the sums standing to the credit of the relevant Suspension Account.

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.

Single Portfolio Notes Principal Amount Outstanding

Means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class B1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class B2 Notes;

in each case as at the immediately preceding Collection Date.

Single Portfolio Class A Notes Principal Amount Outstanding	Means, with respect to each Payment Date and (i) to Portfolio No. 1, the Single Portfolio Class A1 Notes Principal Amount Outstanding and (ii) to Portfolio No. 2 the Single Portfolio Class A2 Notes Principal Amount Outstanding.
Single Portfolio Class A1 Notes Principal Amount Outstanding	Means, with respect to each Payment Date and to Portfolio No. 1, the difference between: <ul style="list-style-type: none"> (1) the Single Portfolio Initial Class A1 Notes Principal Amount Outstanding; and (2) the aggregate of all the Single Portfolio Class A1 Notes Principal Payment Amounts paid in respect of the Portfolio No. 1 to the Class A1 Noteholders on the preceding Payment Dates.
Single Portfolio Class A2 Notes Principal Amount Outstanding	Means, with respect to each Payment Date and to Portfolio No. 2, the difference between: <ul style="list-style-type: none"> (1) the Single Portfolio Initial Class A2 Notes Principal Amount Outstanding; and (2) the aggregate of all the Single Portfolio Class A2 Notes Principal Payment Amounts paid in respect of the Portfolio No. 2 to the Class A2 Noteholders on the preceding Payment Dates.
Single Portfolio Initial Class A1 Notes Principal Amount Outstanding	Means with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of the Class A1 Notes, equal to Euro 181,656,000.
Single Portfolio Initial Class A2 Notes Principal Amount Outstanding	Means with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of the Class A2 Notes, equal to Euro 360,925,000.
Single Portfolio Initial Class A Notes Principal Amount Outstanding	Means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of the Class A1 Notes, equal to Euro 181,656,000; and (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of the Class A2 Notes, equal to Euro 360,925,000.
Single Series Available Class B Notes Redemption Funds	Means with respect to each Payment Date and to each Series of Class B Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lower of: <ul style="list-style-type: none"> (i) the Single Portfolio Available Funds with respect to the Relevant Portfolio, available for redemption of the Principal Amount Outstanding of such Series of Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and (ii) the Principal Amount Outstanding of such Series of Class B Notes.

Class A Notes Principal Payment Amount

Means (i) with respect to each Payment Date and to each Portfolio, the relevant Single Portfolio Class A Notes Principal Payment Amounts (but excluding amounts payable under item (viii) of the definition of Single Portfolio Amortised Principal), *plus* (ii) only on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising the Cash Reserves (available on such Payment Date following payment in full of all items ranking higher in the Cross Collateral-Order of Priority), an amount equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under item (i) above); *provided that* on the Final Maturity Date the Class A Notes Principal Payment Amount will be equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding.

Single Portfolio Class A1 Notes Principal Payment Amount

Means with respect to each Payment Date and to Portfolio No. 1 the lower of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) Single Portfolio Class A1 Notes Principal Amount Outstanding as at the immediately preceding Collection Date; *provided that* on the Final Maturity Date the Single Portfolio Class A1 Notes Principal Payment Amount will be equal to the Single Portfolio Class A1 Notes Principal Amount Outstanding.

Single Portfolio Class A2 Notes Principal Payment Amount

Means with respect to each Payment Date and Portfolio No. 2 the lower of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) the Single Portfolio Class A2 Notes Principal Amount Outstanding as at the immediately preceding Collection Date; *provided that* on the Final Maturity Date the Single Portfolio Class A2 Notes Principal Payment Amount will be equal to the Single Portfolio Class A2 Notes Principal Amount Outstanding.

Single Portfolio Class A Notes Principal Payment Amount

Means the Single Portfolio Class A1 Notes Principal Payment Amount and/or the Single Portfolio Class A2 Notes Principal Payment Amount, as the case may be.

Single Portfolio Amortised Principal

Means, with respect to each Payment Date and to each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the relevant Claims collected during the immediately preceding Collection Period, excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the relevant Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the relevant Claims that have become Defaulted Claims during the immediately preceding

Collection Period, as of the date when such Claims became Defaulted Claims;

- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of the relevant Claims pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the relevant Originator as indemnities in respect of the renegotiations of the Mortgage Loan Agreements of the Relevant Portfolio in accordance with the Servicing Agreement;
- (v) any repurchase price of the relevant Claims received in the immediately preceding Collection Period (or at any time upon exercise of the Optional Redemption or the Redemption for Taxation) for an amount not higher than the Outstanding Balance of such Claims;
- (vi) (a) upon any of the Originators becoming subject to an insolvency proceeding, any amount not received by the Issuer in the immediately preceding Collection Period as a result of the set-off by any Borrower between its claims towards such Originator (in respect of the Borrower's deposits with such Originator) and the Claims; and (b) (without any duplication with the amount under points (i) and (ii) hereabove) upon any of the Servicers becoming subject to an insolvency proceeding any amount collected by such Servicer and not duly transferred to the Issuer in accordance with the Servicing Agreement;
- (vii) the relevant Single Portfolio Amortised Principal unpaid at the previous Payment Date;
- (viii) only on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), an amount equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under items from (i) to (vii) above); and
- (ix) unless a Cross Collateral Notice or a Trigger Notice has been served on the Issuer, upon the occurrence of a Disequilibrium Event, with respect to a Portfolio, any relevant Single Portfolio Available Fund left after payment of item (*Seventh*), included, of the Pre-Acceleration Order of Priority, provided that such payment will be done exclusively with reference to the Portfolio in relation to which the Disequilibrium Event has occurred.

ACCOUNTS AND DESCRIPTION OF CASH FLOWS

The Issuer has directed Invest Banca S.p.A. to establish, maintain and operate the following account as separate account in the name of the Issuer:

Quota Capital Account an account (the “**Quota Capital Account**”) (*Conto Capitale Sociale*) with IBAN No. IT75 N030 1737 8300 0001 4090 047:

into which all sums contributed by the Quotaholder as quota capital and any interest thereon will be credited.

The Issuer has directed the Transaction Bank to establish, maintain and operate the following accounts as separate accounts in the name of the Issuer:

Expenses Account an account (the “**Expenses Account**”) (*Conto Spese*) with account No. 6983879780:

into which (i) within the Issue Date the Retention Amount and the amounts indicated in the Notes Subscription Agreement necessary to pay certain upfront costs and expenses of the Issuer shall be paid; and (ii) on each Payment Date an amount shall be paid from the Payments Account so that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount; and

out of which the amounts necessary to pay certain upfront costs and expenses of the Issuer pursuant to the Notes Subscription Agreement and any taxes due and payable by 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 Noteholders and the Other Issuer Creditors) incurred in relation to the Transaction shall be paid on any Business Day;

Transitory Collections and Recoveries Accounts 2 (two) accounts denominated with reference to each Portfolio (each a “**Transitory Collections and Recoveries Account**”) (*Conto Incassi e Recupero Transitorio*) with account No. 6983919780 (in respect of the Portfolio No. 1), with account No. 6983899780 (in respect of the Portfolio No. 2):

into which (i) all amounts received or recovered by each Servicer under each Relevant Portfolio will be paid within 1 (one) Business Day following the date of receipt and (ii) any amount due by each Servicer as indemnity for the renegotiations of the Claims included in the Relevant Portfolio pursuant to the Servicing Agreement will be paid; and

out of which all amounts standing to the credit of each such account will be transferred to the Collection and Recoveries Account on the earlier of (a) the Business Day following the date of receipt or (b) upon the aggregate balance of all the Transitory Collection and Recoveries Accounts being equal to or greater than Euro 500,000 (*five hundred thousand*);

provided that, pursuant to the Servicing Agreement, following replacement of a Servicer, amounts received or recovered in respect

of the Claims of the Relevant Portfolio may be directly credited to the Collection and Recoveries Account in accordance with the Servicing Agreement.

Payments Account

an account (the “**Payments Account**”) (*Conto Pagamenti*) with account No. 6983929780:

into which (i) all amounts received by the Issuer under the Transaction Documents (other than the collections and recoveries on the Claims) will be credited if not credited to other accounts pursuant to the Transaction Documents; (ii) all amounts standing to the credit of the General Account shall be transferred 2 (two) Business Days prior to each Payment Date; (iii) all amounts to be transferred from the Cash Reserve Accounts 2 (two) Business Days prior to each Payment Date in order to increase the Issuer Available Funds or the Single Portfolio Available Funds and as Cash Reserve Excess and Cash Reserve Amortisation Amount shall be credited; (iv) the amount standing to the credit of the Suspension Accounts which shall form part of the Issuer Available Funds or the Single Portfolio Available Funds, as the case may be, (as determined by the Computation Agent in accordance with the terms of the Cash Administration and Agency Agreement) shall be credited 2 (two) Business Days before each relevant Payment Date; and (v) 2 (two) Business Days prior to the First Payment Date, the Initial Cash Reserve Amount will be transferred from the Cash Reserve Accounts;

out of which (i) all amounts standing to credit thereof will be transferred to the General Account 1 (one) Business Day after each Payment Date and (ii) 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 allocation of fund or reserve shall be made in accordance with the applicable Order of Priority and the relevant Payments Report (provided that amounts necessary to pay interest and principal on the Notes shall be transferred to the Paying Agent 2 (two) Business Days before each Payment Date);

Suspension Accounts

2 (two) accounts denominated with reference to each Portfolio (each a “**Suspension Account**”) (*Conto Sospensioni*) with account No. 6983949780 (in respect of the Portfolio No. 1), with account No. 6983939780 (in respect of the Portfolio No. 2):

into which all the relevant Suspension Amounts shall be credited in accordance with the Servicing Agreement; and *out of which*: (i) the amount standing to the credit thereof which shall form part of the Single Portfolio Available Funds or the Issuer Available Funds, as the case may be, with respect to each relevant Payment Date (as determined by the Computation Agent in accordance with the terms of the Cash Administration and Agency Agreement) shall be transferred to the Payments Account 2 (two) Business Days prior to each relevant Payment Date; and (ii) on each Payment Date, the relevant Repayment Amount shall be transferred to the relevant Servicer upon instruction of the Issuer in accordance with the

Servicing Agreement.

"Banca Cambiano Suspension Amounts" means any amount to be paid by Banca Cambiano, acting as Servicer, into the relevant Suspension Account prior to the authorisation by Banca Cambiano to the relevant Borrower to suspend the payment of the Instalments, in accordance with the provisions of the Servicing Agreement.

"Banca di Pisa e Fornacette Suspension Amounts" means any amount to be paid by Banca di Pisa e Fornacette, acting as Servicer, into the relevant Suspension Account prior to the authorisation by Banca di Pisa e Fornacette to the relevant Borrower to suspend the payment of the Instalments, in accordance with the provisions of the Servicing Agreement.

"Banca Cambiano Repayment Amount" means an amount, calculated on each Calculation Date, equal to the difference (if positive) between:

- (a) the Banca Cambiano Suspension Amount credited from the Effective Date until the last day of the immediately preceding Collection Period related to the Mortgage Loans in respect of which the relevant Suspension Period granted by Banca Cambiano pursuant to clause 7.4 of the Servicing Agreement has expired and the relevant Borrowers have started to repay the Instalments (as set out in the Monthly Servicing Report);
less
- (b) the aggregate amount transferred and to be transferred from the relevant Suspension Account to the Payments Account in accordance with clause 3.2 item (d) (i) of the Cash Administration and Agency Agreement from the Issue Date until the immediately following Payment Date (included);
less
- (c) any amount transferred from the relevant Suspension Account to the relevant Servicer of the Banca Cambiano Portfolio pursuant to clause 3.2 item (d) (ii) of the Cash Administration and Agency Agreement from the Issue Date until the immediately preceding Payment Date (included),

provided however that, on the Calculation Date immediately preceding the Payment Date on which the Class A Notes will be redeemed in full, the Banca Cambiano Repayment Amount shall be equal to the balance standing to the credit of the relevant Suspension Account.

"Banca di Pisa e Fornacette Repayment Amount" means an amount, calculated on each Calculation Date, equal to the difference (if positive) between:

- (a) the Banca di Pisa e Fornacette Suspension Amount credited from the Effective Date until the last day of the immediately preceding Collection Period related to the Mortgage Loans in respect of which the relevant Suspension Period granted by

Banca di Pisa e Fornacette pursuant to clause 7.4 of the Servicing Agreement has expired and the relevant Borrowers have started to repay the Instalments (as set out in the Monthly Servicing Report); *less*

- (b) the aggregate amount transferred and to be transferred from the relevant Suspension Account to the Payments Account in accordance with clause 3.2 item (d) (i) of the Cash Administration and Agency Agreement from the Issue Date until the immediately following Payment Date (included); *less*
- (c) any amount transferred from the relevant Suspension Account to the relevant Servicer of the Banca di Pisa e Fornacette Portfolio pursuant to clause 3.2 item (d) (ii) of the Cash Administration and Agency Agreement from the Issue Date until the immediately preceding Payment Date (included),

provided however that, on the Calculation Date immediately preceding the Payment Date on which the Class A Notes will be redeemed in full, the Banca di Pisa e Fornacette Repayment Amount shall be equal to the balance standing to the credit of the relevant Suspension Account.

“**Repayment Amount**” means the Banca Cambiano Repayment Amount or the Banca di Pisa e Fornacette Repayment Amount, as the case may be.

“**Suspension Amounts**” means the Banca Cambiano Suspension Amounts or the Banca di Pisa e Fornacette Suspension Amounts, as the case may be.

Collection and Recoveries Account

an account (the “**Collection and Recoveries Account**”) (*Conto Incassi e Recupero*) with account No. 6983979780

into which all amounts standing to the credit of each Transitory Collections and Recoveries Account will be transferred on the earlier of (a) the Business Day following the date of receipt or (b) upon the aggregate balance of all the Transitory Collection and Recoveries Accounts being equal to or greater than Euro 500,000 (*five hundred thousand*);); and

out of which any amount standing to the credit of the Collection and Recoveries Account will be transferred on a daily basis, upon receipt, into the General Account;

Cash Reserve Accounts

2 (two) accounts denominated with reference to each Relevant Portfolio (each a “**Cash Reserve Account**”) with account No. 6984009780 (in respect of the Portfolio No. 1), with account No. 6983999780 (in respect of the Portfolio No. 2):

into which (i) on the Issue Date the relevant Class B Notes Subscriber shall credit the relevant Initial Cash Reserve Amount pursuant to the Notes Subscription Agreement; and (ii) on each Payment Date all sums payable from the Relevant Portfolio under

item (*Seventh*) of the Pre-Acceleration Order of Priority or the relevant quota of sums payable under item (*Seventh*) of the Cross Collateral Order of Priority, shall be credited; and

out of which (i) 2 (two) Business Days prior to the First Payment Date, the amounts under item (i) above will be transferred to the Payments Account; and (ii) 2 (two) Business Days prior to each Payment Date, an amount equal to the sum of (x) the amount of each Relevant Cash Reserve necessary to increase the Issuer Available Funds or the Single Portfolio Available Funds as calculated by the Computation Agent (also in accordance with the provisions of the Cash Administration and Agency Agreement as indicated in the relevant Payments Reports) in respect of the immediately following Payment Date, (y) each relevant Cash Reserve Excess in respect of the immediately following Payment Date, and (z) each relevant Cash Reserve Amortisation Amount in respect of the immediately following Payment Date, will be transferred to the Payments Account.

General Account

a cash account with account No. 6983989780 (the “**General Account**”):

into which (i) all the amounts standing to the credit of the Collection and Recoveries Account will be transferred on a daily basis; (ii) all the amounts standing to credit of the Payments Account will be transferred 1 (one) Business Day after each Payment Date; and (iii) all the amounts standing to the credit of the Reserve Account and the Principal Amortisation Reserve Accounts will be transferred on the Business Day following the date on which the relevant amounts shall be credited on each of such account; and

out of which any amounts standing to the credit thereof shall be credited to the Payments Account 2 (two) Business Days before each Payment Date.

Reserve Account

an account (the “**Reserve Account**”) (*Conto di Riserva*) with account No. 6984049780

into which on each Payment Date following the occurrence of a Detrimental Event, the Reserve Amount shall be paid from the Payments Account; and

out of which all the amounts standing to the credit thereof will be transferred to the General Account on the Business Day following the date on which the relevant amounts shall be credited;

Principal Amortisation Reserve Accounts

2 (two) accounts denominated with reference to each Relevant Portfolio (each a “**Principal Amortisation Reserve Account**”) (*Conto di Riserva Ammortamento Capitale*) with account No. 6984039780 (in respect of the Portfolio No. 1), with account No. 6984019780 (in respect of the Portfolio No. 2):

into which on each Payment Date following the occurrence of a

Disequilibrium Event, , with respect to a Portfolio the relevant Principal Amortisation Reserve Amount shall be paid from the Payments Account; and

out of which all the amounts standing to the credit thereof will be transferred to the General Account on the Business Day following the date on which the relevant amounts shall be credited.

ORDERS OF PRIORITY

Pre-Acceleration Order of Priority

In each of the following cases: (i) prior to the delivery of a Cross Collateral Notice or a Trigger Notice, (ii) in case of Optional Redemption, or (iii) in case of Redemption for Taxation, the Single Portfolio Available Funds relating to each of the Portfolios 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):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of (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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay the fees and expenses of the Servicer in respect of the Relevant Portfolio pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement,

as the case may be (to the extent not expressly included in any following items);

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding of the Relevant Series of Class A Notes on such Payment Date;

Seventh, to credit the relevant Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the relevant Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* according to the amounts then due) the Single Portfolio Class A Notes Principal Payment Amount of the Relevant Series of Class A Notes;

Ninth, to increase (*pari passu* and *pro rata* according to the amounts then due) the Single Portfolio Available Funds of the other Portfolio for an amount equal to the corresponding portion of Relevant Cash Reserve of the other Portfolio which has been utilized on any preceding Payment Date to increase the Single Portfolio Available Funds of the Relevant Portfolio (deducted by (i) the amount due by the other Portfolio under the same item of its Pre-Acceleration Order of Priority and (ii) any amount already paid under this item in any preceding Payment Date).

Tenth, upon the occurrence of a Disequilibrium Event with respect to a Portfolio, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in relation to the Portfolio to which a Disequilibrium Event has not occurred;

Eleventh, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the relevant Reserve Amount into the Reserve Account;

Twelfth, to pay to (i) the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) the relevant Servicer any amount due by the Issuer under the Servicing Agreement in respect of the Relevant Portfolio, to the extent not already paid under other items of this Order of Priority;

Thirteenth, to pay to the relevant Originator the Interest Accruals in relation to its Relevant Portfolio;

Fourteenth, to pay (*pari passu* and *pro rata* according to the amounts then due) to (a) the relevant Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant

to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item (*Twelfth*) above) and pursuant to the Notes Subscription Agreement and (b) the relevant Class B Notes Subscriber or the relevant Originator any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Fifteenth, to pay to the relevant Originator, any amount due and payable as restitution of the insurance price and relevant expenses advanced by it under the relevant Transfer Agreement;

Sixteenth, to pay the Single Series Class B Notes Interest Payment Amount of the Relevant Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pro rata* according to the amounts then due);

Seventeenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Relevant Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds;

Eighteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator.

Acceleration Order of Priority

Following the delivery of a Trigger Notice, 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):

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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay to each Servicer all the fees and expenses pursuant to the Servicing Agreement (*pro rata* according to the performance of the Relevant Portfolio) and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be, to the extent not expressly included in any following item;

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

Seventh, to pay (*pari passu* and *pro rata* according to the amounts then due) the Principal Amount Outstanding on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

Eighth, to pay to (i) each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) each Servicer (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer under the Servicing Agreement in respect of the Relevant Portfolio, to the extent not already paid under other items of this Order of Priority;

Ninth, to pay to each Originator (*pari passu* and *pro rata* to the amounts then due), the difference (if positive) accrued on any preceding Payment Date on which the Cross Collateral Order of Priority or the Acceleration Order of Priority has applied, between (i) the amounts it would have received under items (*Thirteenth*) to (*Eighteenth*) of the Pre-Acceleration Order of Priority, had the Pre-Acceleration Order of Priority been applied, and (ii) the amounts it actually received under items (*Twelfth*) to (*Seventeenth*) of the Cross Collateral Order of Priority and under items (*Tenth*) to (*Fifteenth*) of the Acceleration Order of Priority (less any amount already paid under this item and under item (*Eleventh*) of the Cross Collateral Order of Priority on any preceding Payment Date), *provided that*, should an Originator cease to be a Class B Noteholder, starting from the immediately following Payment Date, the difference accrued in respect of each of the above indicated items shall be paid to the Originators and the Class B Noteholders in the same priority applicable to each item in respect of which each such difference is calculated;

Tenth, to pay to each Originator (*pro rata* according to the

performance of the Relevant Portfolio) the Interest Accruals with respect to the Relevant Portfolio;

Eleventh, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item (*Eighth*) above) and pursuant to the Notes Subscription Agreement;

Twelfth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable as restitution of the insurance price and relevant expenses advanced by such Originator under the relevant Transfer Agreement;

Thirteenth, to pay the Single Series Class B Notes Interest Payment Amount due and payable on each Series of Class B Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fourteenth following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of each Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fifteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator.

The Issuer is entitled, pursuant to the Intercreditor Agreement and the Conditions, to dispose of the Claims in order to finance the redemption of the Notes following the service of a Trigger Notice.

Cross Collateral Order of Priority

Following the delivery of a Cross Collateral Notice (and before the delivery of a Trigger Notice), 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):

First, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay (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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and

expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay the fees and expenses of the Servicers pursuant to the Servicing Agreement (*pro rata* according to the performance of the Relevant Portfolio) and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be (to the extent not expressly provided in any following items);

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding of each Series of Class A Notes on such Payment Date;

Seventh, to credit, *pari passu* and *pro rata* according to the amounts then due, each Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the relevant Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* according to the amounts then due) the Class A Notes Principal Payment Amount due and payable on each Series of Class A Notes on such Payment Date;

Ninth, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Reserve Amount into the Reserve Account;

Tenth, to pay to (i) each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) each Servicer (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer under the Servicing Agreement in respect of the Relevant

Portfolio, to the extent not already paid under other items of this Order of Priority;

Eleventh, to pay to each Originator (*pari passu* and *pro rata* to the amounts then due), the difference (if positive) accrued on any preceding Payment Date on which the Cross Collateral Order of Priority has applied, between (i) the amounts it would have received under items (*Thirteenth*) to (*Eighteenth*) of the Pre-Acceleration Order of Priority, had the Pre-Acceleration Order of Priority been applied, and (ii) the amounts it actually received under items (*Twelfth*) to (*Seventeenth*) of the Cross Collateral Order of Priority (less any amount already paid under this item on any preceding Payment Date), provided that, should an Originator cease to be a Class B Noteholder, starting from the immediately following Payment Date, the difference accrued in respect of each of the above indicated items shall be paid to the Originators and the Class B Noteholders in the same priority applicable to each item in respect of which each such difference is calculated.

Twelfth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) the Interest Accruals with respect to the Relevant Portfolio;

Thirteenth, to pay (a) to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item (*Tenth*) above) and (b) the relevant Class B Notes Subscriber or the relevant Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Fourteenth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable as restitution of the insurance price and relevant expenses advanced by such Originator under the relevant Transfer Agreement;

Fifteenth, to pay the Single Series Class B Notes Interest Payment Amount due and payable on each Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Sixteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the relevant Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds;

Seventeenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory

Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator (*pro rata* according to the performance of the Relevant Portfolio).

Trigger Events

If any of the following events (each a “**Trigger Event**”) occurs:

(a) *Non-payment:*

- (i) the Issuer defaults in the payment of the amount of principal then due and payable on the Most Senior Class of Notes on the Final Maturity Date;
- (ii) on any Payment Date (provided that a 3 (three) Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of Notes is lower than (A) the relevant Interest Amount on the Class A Notes (in case the Most Senior Class of Notes are the Class A Notes), or (B) the relevant Single Series Class B Notes Interest Payment Amount on the Class B Notes (in case the Most Senior Class of Notes are the Class B Notes), as the case may be; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes (other than (i) the obligation to pay principal on the Notes in case the Issuer has not enough Single Portfolio Available Funds or Issuer Available Funds (as the case may be) to such purpose on any Payment Date, and (ii) any payment obligation on the Notes under paragraph (a) 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 will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer certifying that such default is, in the sole opinion of the Representative of the Noteholders, materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) *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 when made or deemed to be made; or

(d) *Insolvency:*

- (i) 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* 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 (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
 - (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
 - (iii) 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 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) an order is made or an effective resolution is passed for the winding-up, liquidation, administration 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.
- (e) *Unlawfulness:*

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

then the Representative of the Noteholders in any case acting in accordance with the Conditions and the Rules of the Organisation of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (a) above;
- (ii) shall if so requested in writing 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 requested in writing by an Extraordinary Resolution of the holders of 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 each of the Servicers) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

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

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes and to the Other Issuer Creditors shall be made in accordance with the Acceleration Order of Priority.

Cross Collateral Events

If any of the following events occurs (each a “**Cross Collateral Event**”):

- (a) *Disequilibrium Event*

With respect to 12 successive Payment Dates, a Disequilibrium Event occurs;

- (b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than 5%; or

(c) *Cash Reserve*

On any Calculation Date, with reference to the immediately following Payment Date, the aggregate of the Single Portfolio Negative Balances with respect to such Payment Date is equal to or exceeds the Cash Reserves;

then the Representative of the Noteholders, upon receipt of written notice from the Computation Agent, shall serve a written notice (a “**Cross Collateral Notice**”) to the Issuer (with a copy to each Servicer) and from the immediately following Payment Date the Cross Collateral Order of Priority shall apply without any further action or formality (provided that a Trigger Notice has not been already served).

“**Default Ratio**” means, with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Effective Date, and (ii) the Outstanding Principal of the Claims as at the Effective Date.

“**Single Portfolio Negative Balance**” means with respect to any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the difference, if positive, between:

- (a) all amounts due to be paid by the Issuer on such Payment Date under items from (*First*) to (*Sixth*) (included) and (*Eighth*) of the Pre-Acceleration Order of Priority, and
- (b) the Single Portfolio Available Funds with respect to such Payment Date but excluding the amounts under item (viii) of the Single Portfolio Available Funds.

Disequilibrium Event

A Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding while the Single Portfolio Available Funds relating to the other Portfolio are sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding or the relevant Single Portfolio Class A Notes Principal Amount Outstanding has already been reduced to zero on a previous Payment Date.

Upon the occurrence of a Disequilibrium Event with respect to a Portfolio (unless a Cross Collateral Notice or a Trigger Notice has been served on the Issuer), the Issuer shall be obliged to (i) apply the relevant Single Portfolio Available Funds left after payment of item (*Seventh*), included, of the Pre-Acceleration Order of Priority as relevant Single Portfolio Amortized Principal, provided that such payment shall be drawn only from the Portfolio in relation to which a Disequilibrium Event has occurred and (ii) pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in accordance with the Pre-

Acceleration Order of Priority; provided that such Principal Amortisation Reserve Amount shall be drawn only from the Portfolio in relation to which a Disequilibrium Event has not occurred.

“**Principal Amortisation Reserve Amount**” means with respect to a Payment Date on which a Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items (*First*) to (*Ninth*) of the Pre-Acceleration Order of Priority.

Detrimental Event

A Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are redeemed in full) when the Cash Reserves (calculated taking into account any amount to be paid into and out of the Cash Reserve Accounts on such Payment Date) are less than 90% (*ninety per cent*) of the aggregate of the Target Cash Reserve Amounts.

Upon the occurrence of a Detrimental Event, the Issuer shall be obliged to pay the Reserve Amount into the Reserve Account with respect to each Portfolio having enough funds available for such purpose in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

CASH RESERVES

On the Issue Date the Issuer will establish a reserve fund in each Cash Reserve Account through the proceeds arising from the issuance of the relevant Class B Notes. Specifically, pursuant to the Notes Subscription Agreement:

(a) in respect to the Portfolio No. 1, the relevant Class B Notes Subscriber shall credit the amount of Euro 2,724,840 into the relevant Cash Reserve Account (the “**Banca di Pisa e Fornacette Initial Cash Reserve Amount**”);

(b) in respect to the Portfolio No. 2, the relevant Class B Notes Subscriber shall credit the amount of Euro 5,413,875 into the relevant Cash Reserve Account (the “**Banca Cambiano Initial Cash Reserve Amount**” and the Banca di Pisa e Fornacette Initial Cash Reserve Amount and/or the Banca Cambiano Initial Cash Reserve Amount, as the case may be, the “**Initial Cash Reserve Amount**”);

to fund each Relevant Cash Reserve, for an aggregate amount of Euro 8,138,715 (equal to 1.5% of the Principal Amount Outstanding of the Class A Notes as of the Issue Date) necessary to fund the Cash Reserves as at the Issue Date.

Following the Issue Date, on each Payment Date prior to the delivery of a Trigger Notice to (but excluding) the Payment Date on which the Class A Notes are redeemed in full, the Issuer will, in accordance with the Pre-Acceleration Order of Priority or the Cross

Collateral Order of Priority (as applicable), pay into the relevant Cash Reserve Account an amount to bring the balance of such account equal to the relevant Target Cash Reserve Amount.

“**Relevant Cash Reserve**” means with respect to the relevant Portfolio and with reference to any given Payment Date and Calculation Date, the monies standing from time to time to the credit of the relevant Cash Reserve Account (including amounts to be credited on the relevant Cash Reserve Account on such Payment Date and increased as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement), on the immediately preceding Payment Date (after application of the Single Portfolio Available Funds or the Issuer Available Funds, in accordance with the applicable Order of Priority).

“**Cash Reserves**” means all of the Relevant Cash Reserve.

“**Target Cash Reserve Amount**” means:

(i) with respect to Portfolio No. 1, on each Payment Date, an amount equal to the higher of (a) 1.5% of the Single Portfolio Class A1 Notes Principal Amount Outstanding calculated 1 (one) Business Day following the immediately preceding Payment Date (and with reference to the First Payment Date, the Issue Date), and (b) 0.8% of the Single Portfolio Initial Class A1 Notes Principal Amount Outstanding;

(ii) with respect to Portfolio No. 2, on each Payment Date, an amount equal to the higher of (a) 1.5% of the Single Portfolio Class A2 Notes Principal Amount Outstanding calculated 1 (one) Business Day following the immediately preceding payment Date (and with reference to the First Payment Date, the Issue Date), and (b) 0.8% of the Single Portfolio Initial Class A2 Notes Principal Amount Outstanding;

provided that each Target Cash Reserve Amount will be equal to 0 (zero) on the earlier of the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter) and the Final Maturity Date.

(A) Before the delivery of a Trigger Notice or a Cross Collateral Notice and until full repayment of the Class A Notes, each Relevant Cash Reserve, in the event of a Single Portfolio Negative Balance:

(a) *firstly*, shall provide support (being included in the relevant Single Portfolio Available Funds) with respect to the Relevant Portfolio in respect of payments under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority;

(b) *secondly*, shall provide support (being included in the relevant Single Portfolio Available Funds) with respect to the Relevant Portfolio in respect of

payments under item (*Eighth*) of the Pre-Acceleration Order of Priority for an amount not higher than the difference (if positive) between the amount of the Relevant Cash Reserve available after making the payments under letter (a) above, and an amount equal to 85% of the relevant Target Cash Reserve Amount as at the immediately preceding Payment Date;

- (c) thereafter, (to the extent not utilised under items (a) and (b) above and item (B) below and in any case taking into account for each Cash Reserve its relevant limit under item (b) above), shall increase the Single Portfolio Available Funds in respect of the other Portfolio, pursuant to the terms of the Cash Administration and Agency Agreement, in case the other Relevant Cash Reserve is not sufficient to meet the Single Portfolio Negative Balance of the Relevant Portfolio.
- (B) In addition (i) on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), the Relevant Cash Reserve of each Portfolio will be utilised to such purpose, and (ii) on the Final Maturity Date each Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority) will be utilised towards payment of the Single Portfolio Class A Notes Principal Amount Outstanding of the relevant Portfolio.

In the event that any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable and until full repayment of the Class A Notes, the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement), in case of a Portfolio Negative Balance:

- (a) *firstly*, shall provide support (being included in the Issuer Available Funds) with respect to all Portfolios in respect of payments under items (*First*) to (*Sixth*) of the Cross Collateral Order of Priority or the Acceleration Order of Priority (as applicable);
- (b) *secondly*, shall provide support (being included in the relevant Issuer Available Funds) with respect to the aggregate of all the Portfolios in respect of payments under item (*Eighth*) of the Cross Collateral Order of Priority, for an amount not higher than the difference (if positive) between the amount of the Cash Reserve available after making the payments under letter (a) above, and an amount equal to 85% of the sum of each Target Cash Reserve Amount as at the immediately preceding

Payment Date.

In addition (i) on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Cash Reserves (available on such Payment Date following payment in full of all items ranking higher in the Cross Collateral Order of Priority), the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) will be utilised to such purpose, and (ii) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the Cash Reserves (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority, as applicable) will be utilised (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) to redeem in full the Class A Notes.

If, on any Calculation Date it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve Accounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, each amount standing to the credit of each relevant Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used on the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (each relevant amount, the “**Cash Reserve Excess**”) (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Single Portfolio Available Funds of the Relevant Portfolio or the Issuer Available Funds, as applicable.

On any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve Accounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date), the difference, if positive, between (i) the amount standing to the credit of each relevant Cash Reserve Account on the Business Day following the immediately preceding Payment Date and (ii) the Target Cash Reserve Amount applicable to the immediately following Payment Date (each relevant amount, the “**Cash Reserve Amortisation Amount**”)(if any) shall, on the immediately following Payment Date, form part of the Single Portfolio Available Funds of the Relevant Portfolio or the Issuer Available Funds, as applicable.

Final Redemption

To the extent not otherwise redeemed, the Class A Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling in May 2060 and the Class B Notes will be redeemed at their Principal Amount Outstanding on the Payment Date falling in May 2060 (the “**Final Maturity Date**”).

The “**Principal Amount Outstanding**” of each of the Notes on any date shall be 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.

Mandatory Redemption of the Class A Notes

Each of the Class A Notes will be subject to mandatory redemption in full or in part:

- (A) on each Payment Date (other than the Payment Dates under item (B) below), in a maximum amount equal to the relevant Class A Notes Principal Payment Amount with respect to such Payment Date;
- (B) on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); (ii) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding,

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

Optional Redemption

Provided that no Trigger Notice has been served on the Issuer, the Issuer may redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, on any Payment Date following the Collection Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 40% of the Purchase Price (as calculated by the Computation Agent and resulting from the Payments Report) (such relevant Payment Date the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than 45 (*forty-five*) nor less than 15 (*fifteen*) days' prior written notice to the Representative of the Noteholders and to the Class A Noteholders in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably 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 Notes (or the Class A Notes only, if all the Class B Noteholders consent) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the relevant Notes to be redeemed.

Redemption for Taxation

If the Issuer 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, to the effect

that the Issuer:

- (a) (also through the Issuer's Agent) 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 Class A 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 by any applicable authority having jurisdiction (or that amounts payable to the Issuer in respect of the Portfolios would be subject to withholding or deduction); 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;

and in each case will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities with respect to the Notes (or with the consent of the Class B Noteholders the Class A Notes only) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes),

the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and together with all payments ranking in priority or *pari passu* with the relevant Notes to be redeemed, in accordance with the Pre-Acceleration Order of Priority, provided that the Issuer shall have given not more than 45 (*forty-five*) nor less than 15 (*fifteen*) days' prior written notice to the Representative of the Noteholders, to the Servicers and to the Noteholders in accordance with Condition 13 (*Notices*).

Upon redemption of the Class A Notes the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class B Notes.

Sale of the Portfolios

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*),
- (ii) in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*),
- (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicers and the Rating Agencies) pursuant to Condition 9 (*Trigger Events*) if an Extraordinary Resolution

of the holders of the Class A Notes resolve to request the Issuer to sell all (or part only) 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 be entitled to sell the Portfolios acting in accordance with the provisions of the Intercreditor Agreement. In any case neither the Issuer nor the Representative of the Noteholders will be allowed to sell the Portfolio in case a bankruptcy or similar proceeding has been commenced against the Issuer or in any other case such a sale would be prohibited under Italian law. Should such a sale of the Portfolios take place, the proceeds of such sale shall be treated by the Issuer as the 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.

No authorisation to the sale of the Portfolios shall be necessary in case of exercise of the option by the Originators pursuant to article 11 of the Intercreditor Agreement.

The Portfolios

The principal source of payment of interest and principal on the Notes will be recoveries and collections made in respect of the following portfolios of monetary claims and connected rights arising under mortgage loan agreements purchased by the Issuer pursuant to the Transfer Agreements:

Portfolio No. 1, the portfolio of Claims which are sold to the Issuer by Banca di Pisa e Fornacette;

Portfolio No. 2, the portfolio of Claims which are sold to the Issuer by Banca Cambiano,

(collectively the “**Portfolios**”).

Segregation of the Issuer's Rights

The Notes have the benefit of the provisions of article 3 of Law 130, pursuant to which the Issuer's Rights 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 Issuer's Rights (for so long as such amounts are credited to one of the Issuer's accounts under this Transaction and not commingled with other sums) will be available exclusively for the purpose of satisfying the Issuer's obligations to the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes, costs, fees or expenses incurred by the Issuer in relation to the securitisation of the Portfolios and to the corporate existence and good standing of the Issuer.

The Issuer's Rights may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other third party creditors in respect of any taxes,

costs, fees or expenses incurred by the Issuer in relation to the Transaction and to the corporate existence and good standing of the Issuer, until full redemption or cancellation of the Notes and full discharge by the Issuer of its obligations *vis-à-vis* the Other Issuer Creditors and any such third party.

Pursuant to the terms of the Intercreditor Agreement, the Issuer has granted irrevocable instructions to the Representative of the Noteholders, upon the Notes becoming due and payable following the delivering of a Trigger Notice, to exercise, in the name and on behalf of the Issuer, all the Issuer's rights, powers and discretions under the Transaction Documents and generally to take such actions in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Issuer's Rights. Such instructions are governed by Italian law. See for further details "*Description of the other Transaction Documents*".

Ratings

The Class A Notes are expected, on issue, to be rated AA- (sf) by Fitch Italia S.p.A. and AA (sf) by S&P Global Ratings Italy S.R.L.

As of the date of this Prospectus, each of Fitch Italia S.p.A. and S&P Global Ratings Italy S.R.L. is established in the European Union and was registered on 31 October 2011 in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

No ratings will be assigned to the Class B 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.

Taxation

Payments under the Notes may, in certain circumstances referred to in the section headed "*Taxation*" of this Prospectus, be subject to withholding for or on account of tax including, without limitation, a Law 239 Deduction. In such circumstances, a Noteholder of any Class will receive interest payments amounts (if any) payable on the Notes of such Class, net of such withholding tax.

Upon the occurrence of any withholding for or on account of tax from any payments under the Notes, neither the Issuer nor any other Person shall have any obligation to pay any additional amount(s) to any Noteholder of any Class.

Listing

Application has been made to list and admit to trading the Class A Notes on the Irish Stock Exchange. No application has been made to list the Class B Notes on the Irish Stock Exchange or on any other stock exchange.

Governing Law

The Notes and all of the Transaction Documents will be governed by Italian law.

RISK FACTORS

The following is a description of certain aspects of the issue of the Rated Notes of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should make their own independent valuation of all of the risk factors and should also read the detailed information set forth elsewhere in this Prospectus and in the Transaction Documents. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.

1. CONSIDERATIONS RELATING TO THE ISSUER

1.1. 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*”.

1.2. 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 Arranger, the Representative of the Noteholders, the Quotaholders, the Stichting Corporate Services Provider, the Computation Agent, the Back-up Computation Agent, the Paying Agent, the Listing Agent, the Transaction Bank, the Agent Bank, the Back-up Servicers, the Corporate Services Provider, the Servicers, or Banca Cambiano and Banca di Pisa e Fornacette (in any capacity under the Transaction Documents). None of the aforementioned parties, other than the Issuer, accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on the Notes.

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

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

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

extinguished.

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

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

1.3. Liquidity and Credit Risk

The Issuer is subject to the risk of delay arising between the scheduled payment dates and the date of receipt of payments due from the Borrowers. The Issuer is also subject to the risk of, among other things, default in payments by the Borrowers and the failure by the Servicers to collect and recover sufficient funds in respect of the Portfolios in order to enable the Issuer to discharge all amounts payable under the Notes. In respect of the Class A Notes, these risks are mitigated by the liquidity and credit support provided by (i) the subordination of the Class B Notes (see for further details the section headed "*Subordination*" below) and (ii) the Cash Reserves.

The amounts standing to the credit of the Cash 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 Cash Reserve (in the case of the Rated Notes) will be adequate to ensure punctual and full receipt of amounts due under the Notes.

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Banca Cambiano, Banca di Pisa e Fornacette 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 to recover the amounts due in respect of the defaulted claims. It is not certain that the Servicers will duly perform at all times their obligations under the Servicing Agreement and that a suitable alternative Servicer could be available to service the Portfolios if Banca Cambiano and/or Banca di Pisa e Fornacette 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 Banca Cambiano as Back-up Servicer of Banca di Pisa e Fornacette and Banca di Pisa e Fornacette as Back-up Servicer of Banca Cambiano. In addition, the Issuer is subject to the risk that, in the event of insolvency of one or both the Servicers, the collections then held by such Servicer/s 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 the relevant Transitory Collections and Recoveries Account the Collections related to the

Claims comprised in the relevant Portfolio 1 (one) Business Day following the date of receipt in accordance with the Servicing Agreement. Prospective Noteholders should further note that, following the insolvency of one or both 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 Servicers (so that the risk of delay in the replacement of the initial Servicers 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 Agreement. 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 (or any permitted successors or assignees appointed under the Servicing Agreement) and the other parties to the Transaction Documents as well as the timely receipt of any amount required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the Transaction Documents.

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

1.4. Counterparty Risk

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Originators, the Servicers, the other parties to the Transaction Documents and the Insurance Companies of their respective obligations under the Transaction Documents to which they are parties or the Insurance Policies. Whereas all of the above-mentioned counterparties may be affected by the general economic conditions which, in turn, will affect their ability to provide the services, the timely payment of amounts due on the Notes will depend, in particular, on the ability of the Servicers to service the Portfolios and to recover the amounts relating to Defaulted 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 Servicer, (ii) as Back-up Servicer, (iii) to indemnify the Issuer under the Warranty and Indemnity Agreement and the Notes Subscription Agreement and (iv) the relevant obligations to make the payments due to the Issuer in order to adjust the Claims purchase price (i.e. to take into account the additional payment or the reimbursement to be made for any such Claim) in the event that, following the entering into of the Transfer Agreements, it appears that one or more Claims listed

under the schedule 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 relevant Warranty and Indemnity Agreement and the Notes Subscription Agreement, or as an indemnity for the renegotiation of the Claims under the relevant 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 Banca Cambiano or Banca di Pisa e Fornacette become insolvent or the appointment of either of them as Servicer under the Servicing Agreement is otherwise terminated, a suitable alternative servicer could be found to service the relevant Portfolio. If such an alternative servicer were to be found it is not certain whether it would service the relevant Portfolio on the same terms as those provided for in the Servicing Agreement.

On or about the Issue Date, the Issuer, Banca Cambiano and Banca di Pisa e Fornacette entered into the Back-up Servicing Agreement pursuant to which (i) Banca Cambiano (in its quality of Back-up Servicer) has agreed, upon termination of the appointment of Banca di Pisa e Fornacette as Servicer, to replace that Servicer under the Servicing Agreement and (ii) Banca di Pisa e Fornacette (in its quality of Back-up Servicer) has agreed, upon termination of the appointment of Banca Cambiano as Servicer, to replace that Servicer under the Servicing Agreement.

In addition, given the recent conversion of Decree 145 into law and in the absence of official interpretations and/or implementing rules, it is not possible to assess precisely whether the Issuer would be exempted from any risk that, in the event of insolvency of any Servicer, any Collection held by such Servicer is lost or frozen (see the risk factor entitled “*Commingling Risk*”). In order to mitigate any possible risk of commingling, under the Servicing Agreement each Servicer has undertaken to transfer, to the the relevant Transitory Collections and Recoveries Account the Collections related to the Claims comprised in the relevant Portfolio 1 (one) Business Day following the date of receipt. 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 the Collection and Recoveries Account or a new Euro denominated account opened in the name of the Issuer with an Eligible Institution. However, there is no assurance that the Servicer will timely issue the new payment instructions and the Collections paid by the Borrowers may be lost or temporarily unavailable to the Issuer. (For other risks relating to the Originators, please see the paragraphs entitled “*Claw back of the sale of the Portfolios*”, “*Commingling Risk*” and “*Bank Recovery and Resolution Directive*” and section entitled “*The Originators and the Servicers*”).

However it is to be noted that according to the relevant Transfer Agreement, each Originator has provided the Issuer in respect of the relevant Portfolio with a (i) a solvency certificate in the form attached to the relevant 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 (for further details, see the section entitled “*Description of the Transaction Documents - Intercreditor Agreement*”). However, there is no assurance that a purchaser could be found nor that the net proceeds of the sale of the Portfolios would be sufficient to pay in full all amounts due to the Noteholders.

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

1.5. Servicing of the Portfolios

Pursuant to the Servicing Agreement, the Banca Cambiano Portfolio and Banca di Pisa e Fornacette Portfolio are serviced, respectively, by Banca Cambiano and Banca di Pisa e Fornacette. Each

Servicer will carry out the administration, collection and enforcement of its Portfolio in accordance with the Servicing Agreement and the respective Credit and Collection Policy. Such Credit and Collection Policies may change over time and no assurance can be given that such changes will not have an adverse effect on the Issuer's ability to make payments on the Notes. In any case, it shall be considered that, under the Servicing Agreement, any material change to the Credit and Collection Policies proposed by the relevant Servicer is subject to the prior written consent of the Representative of the Noteholders Issuer and the prior notice to the Issuer 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 as Servicer). 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 Servicers' appointment – see for further details “*Description of the Transaction Documents - The Servicing Agreement*”).

Each Servicer has undertaken to prepare and submit to, *inter alios*, the Issuer, the other Servicer, the Computation Agent, the Representative of the Noteholders, the Corporate Services Provider and the Rating Agencies on each Monthly Report Date the Servicer Report in the form set forth in the Servicing Agreement.

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

Replacement of the Servicer

Following the occurrence of a termination event of Banca Cambiano as Servicer under the Servicing Agreement, the performance of the Banca Cambiano's obligations under the Servicing Agreement will be undertaken by Banca di Pisa e Fornacette (in its quality of Back-up Servicer) in accordance with the terms of the Back-Up Servicing Agreement. Following the occurrence of a termination event of Banca di Pisa e Fornacette as Servicer under the Servicing Agreement, the performance of the Banca di Pisa e Fornacette's obligations under the Servicing Agreement will be undertaken by Banca Cambiano (in its quality of Back-up Servicer) in accordance with the terms of the Back-Up Servicing Agreement. There can be no assurance that the relevant Back-up Servicer will be able to provide the servicing of the relevant Portfolio at the same level as the relevant Servicer.

The failure to appoint a replacement servicer in the event that each of the Servicers can no longer perform its agreed function and the relevant Back-up Servicer has communicated its impossibility in performing its obligations under the Back-up 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 Servicers.

The Back-up Servicer

If the appointment of a 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 relevant 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 relevant Servicer following the termination of the appointment of such 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.

1.6. 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 and to pay other costs of the Securitisation. Amounts deriving from the Portfolios and the other Issuer's Rights (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction and not commingled with other sums) will not be available to any other creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

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

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

It should be noted that the recent amendments made to the Securitisation Law, provide, among others, that the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to Article 3 of the Securitisation Law with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited, may be utilized only to fulfill the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation, and to pay the expenses to be borne in connection with the securitisation. Should any insolvency or administrative proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

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

any distribution plan.

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

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

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

1.7. 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 Securitisations). According to such condition, it is a condition precedent, inter alia, to any such securitisation that (i) the Rating Agencies have been notified in writing of the Issuer's intention to carry out a Further Securitisation and (ii) the Representative of the Noteholders (having notified the Rating Agencies) has confirmed that the conditions set out in Condition 3.10 (Covenants - Further Securitisations) are fully satisfied.

2. CONSIDERATIONS RELATING TO THE NOTES

2.1. 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 or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:

- (i) the Relevant Series of Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Relevant Series of Class A Notes and to the payment of interest and the repayment of principal on the Relevant

Series of Class B Notes; and

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

In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:

- (i) the Relevant Series of Class A 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 Relevant Series of Class B Notes, but subordinated to the payment of interest on the Relevant Series of Class A Notes; and
- (ii) the Relevant Series of Class B Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Relevant Series of Class A Notes, the repayment of principal on the Class A Notes and to the payment of interest on the Relevant Series of Class B 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 and the payment of interest and the repayment of principal on the Class B Notes; and
- (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 but subordinated to the payment of interest and repayment of principal on the Class A 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 but subordinated to the payment of interest on the Class A Notes; and
- (ii) the Class B 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 and to the payment of interest on the Class B Notes.

In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Cross Collateral 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 and the payment of interest and the repayment of principal on the Class B Notes; and
- (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 but subordinated to the payment of interest and repayment of principal on the Class A Notes.

In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Cross Collateral 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 but subordinated to the payment of interest on the Class A Notes; and
- (ii) the Class B 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 and to the payment of interest on the Class B 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.

2.2. 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.

2.3. 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.

2.4. Yield and Payment Considerations

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

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

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

2.5. Limited Secondary Market and Liquidity Risk

There is not at present an active and liquid secondary market for the Rated Notes. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to, or for

the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Although an application has been made to the Irish Stock Exchange for the Rated Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Regulated Market of the Irish 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 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.

2.6. Certain Material Interests

Certain parties to the transaction, such as the Originators, may perform multiple roles. Banca Cambiano is, in addition to being an Originator, also a Servicer, a Back-up Servicer and an initial

subscriber of the Notes and Banca di Pisa e Fornacette is, in addition to being an Originator, also a Servicer, a Back-up Servicer and an initial subscriber of the Notes. 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.

2.7. No Independent Investigation in Relation to the Portfolios

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

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

The Issuer will rely instead on the representations and warranties given by the Originators in the Warranty and Indemnity 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 Mortgage Loan Agreements; (iii) the perfection of the Mortgages; and (iv) the validity of the assignment to the Issuer by the Originators of their rights under the insurance policies entered into in connection with the Mortgage Loan Agreements. Please see the section headed “*Description of the Transaction Documents*”.

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

2.8. Interest Rate Risk

The Claims have or may have interest payments calculated on a fixed rate basis or a floating rate basis (which may be different from the EURIBOR applicable under the Rated Notes, have a different fixing mechanism than the EURIBOR applicable under the Rated Notes and may be capped at a certain maximum level), whilst the Rated Notes will bear interest at a rate based on One 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.

2.9. 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.

2.10. The Representative of the Noteholders and Conflicts of Interests Between Holders of Different Classes of Notes

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

2.11. 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 Junior Noteholders.

2.12. 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 likelihood of timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date, not that such repayment of principal will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies' determination of the value of the Portfolios, the reliability of the payments on the Portfolios and the availability of credit enhancement.

The ratings do not address the following:

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

A rating is not a recommendation to purchase, hold or sell the Rated Notes. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the sole judgement of the Rating Agencies, the credit quality of the Rated Notes has declined or is in question. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Rated Notes.

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

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

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

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

The Regulation 2015/3 will apply from 1 January 2017, with the exception of Article 6(2) of the CRA Regulation, which applies from 26 January 2015 and obliges ESMA to publish on its website at the

latest on 1 July 2016 the technical instructions in accordance with which the reporting entity shall submit data files containing the information to be reported starting from 1 January 2017. However, as at the date of this Prospectus, such technical instructions have not been published yet.

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

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

2.13. Suitability

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

Investment in the Notes is only suitable for investors who:

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

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

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

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

3. CONSIDERATIONS RELATING TO THE PORTFOLIOS

3.1. Mutui Fondiari

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

3.2. Mortgage Loans' Performance

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

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

These factors which can have a significant effect on the length of the proceedings include, *inter alia*, the following: (i) certain courts may take longer than the national average to enforce the Mortgage Loans and the Mortgages; (ii) obtaining title deeds from land registries which are in the process of digitising their records can take up to 2 (two) or 3 (three) years; and (iii) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the Borrower raises a defence or counterclaim to the proceedings. In the Republic of Italy it takes an average of 6 (six) to 8 (eight) years from the time lawyers commence enforcement proceedings to the time an auction date is set for the forced sale of any Real Estate Asset. In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 (“*Norme in tema di espropriazione forzata e di atti affidabili ai notai*”) (the “**Law No. 302**”) has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 (“*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell’ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*”) extends such activity

to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years, although at the date of this Prospectus, the impact which the mentioned laws will have on the Mortgage Loans comprised in the Portfolios cannot be fully assessed. See the sections headed “*Selected Aspects of Italian Law*” and “*The Portfolios*”.

3.3. Risk of Losses Associated with Declining Property Values

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

3.4. Risk of Losses Associated with Borrowers

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

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

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

3.5. Restructuring Arrangements in Accordance with Law No. 3 of 27 January 2012

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

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

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

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

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

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

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

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

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

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

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

3.6. 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 2017). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of

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

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

The Italian Government has intervened in this situation with Law Decree no. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law no. 24 by the Italian Parliament on 28 February 2001, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree has also provided that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

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

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

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

3.7. Perfection of the Sale of the Portfolios

The sale of the Portfolios by the Originators to the Issuer has been made in accordance with the Securitisation Law. Pursuant to Article 4 of the Securitisation Law, the publication in the Official Gazette of a notice of the sale of each Portfolio by the Originators to the Issuer (each notice was published on the Official Gazette No. 137, Part II, on 21 November 2017) and the registration of such sales with the competent Register of Enterprises of Florence (such registration was made on 16 November 2017) has rendered the assignment of the Portfolios and the proceeds deriving therefrom immune from any attachment or other action under Italian law (other than a claw-back action: see “*Claw-Back of the Sale of the Portfolios*” below), except to the extent that any such attachment or action is intended to protect the rights of the Noteholders and the Other Issuer Creditors. In addition, the publication of such notice means that the sale of the Portfolios cannot be challenged or disregarded by: (i) any third party to whom the Originators may previously have assigned the Portfolios or any part thereof but who has not perfected the assignment prior to the date of publication; (ii) a creditor of the Originators who has a right to enforce its claim on the relevant Originator's assets; or (iii) a receiver or administrative receiver or a liquidator of any assigned Borrower in the case of the Borrower's bankruptcy.

3.8. 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*”).

3.9. 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.

3.10. 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.

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

3.11. 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.

3.12. Article 120-quater of the Consolidated Banking Act

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

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

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

3.13. Compounding of Interest

According to Article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest can be capitalised after a period of not less than 6 (six) months provided that the capitalisation has been agreed after the date on which it has become due and payable or from the date when the relevant legal proceedings are commenced in respect of that monetary claim or receivable. According to Article 1283 of the Italian civil code, such provision may be derogated from only in the

event that there are recognised customary practices (*usi*) to the contrary. Traditionally, capitalisation of interest (including the capitalisation of interest on bonds and other debt instruments) in the Republic of Italy was a common market practice on the grounds that such practice could be characterised as a customary rule (*uso normativo*). However, according to certain judgements from Italian courts (including judgements no. 2374/99 and no. 2593/03 of the Italian Supreme Court (*Corte di Cassazione*)), such practice has been re-characterised as an agreed clause (*uso negoziale*) and, as such, has been deemed not to permit derogation from the aforementioned provisions of the Italian civil code.

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

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

With respect to this matter, a ruling dated 29 October 2008 by the Court of Bari declared some mortgage loan agreements (executed in 1988 and 1989) that were based upon the amortisation method known as “French amortisation” (i.e. mortgage loans with fixed instalments, made up of an amount of principal (that progressively increases) and an amount of interest (that decreases as repayments are made) calculated with a compound interest formula, as partially void. In the case at hand, the technical consultancy requested by the judge showed that the instalments were calculated with a compound interest formula not expressly stated in the agreement, and that from the application of such formula the effective interest was higher than the nominal interest. The borrowers were not able to realise, therefore, at the time of execution of the relevant mortgage loans, the effective high interest to be paid, as the nominal annual interest was that resulting from the agreement while the effective interest could only be inferred from time to time on the basis of the amortisation plan. Considering that the calculation of compound interest is permitted only within the limits of Article 1283 of the Italian civil code, as described above (i.e. the compounding has to follow the maturation of interest and never to precede it, as occurs in such French amortisation), the judge declared that the relevant mortgage loans were partially void and recalculated the amortisation plans with reference to the applicable legal rate, so determining an interest rate lower than to that paid by the borrowers.

It should be noted that paragraph 2 of Article 120 of the Consolidated Banking Act, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by Article 17-bis of Law Decree number 18 of 14 February 2016 (as converted into law by Law number 49 of 8 April 2016), providing that interests (other than defaulted interests) shall not accrue on capitalised interests. Paragraph 2 of Article 120 of the Consolidated Banking Act also delegated to the CICR to establish the methods and criteria for the compounding of interest. In this respect, the CICR, pursuant to a resolution dated 3 August 2016, (the “**2016 Resolution**”) has provided, *inter alia*, that: (i) interest is to be accounted separately from principal; (ii) as already provided under new Article 120

of the Consolidated Banking Act, interest becomes due from the 1st of March after the year in which it accrued. Provided that, in any case, such interest becomes payable, after a 30-day period (which begins from the day on which the relevant Debtor becomes aware of the amount to be paid) during which the Debtor could pay such interest without being in default; and (iii) the Debtor and the bank can agree in advance - in order to avoid payment of the arrears or the beginning of legal proceedings – to charge the interest directly to the relevant Debtor’s account using including via an overdraft facility (with the consequent accrual of interest on the amounts used to extinguish such debt). Intermediaries shall apply 2016 Resolution, at the latest, from 1st October 2016. However, due to the recent enactment, the impact of such implementation provisions may not be predicted as at the date hereof.

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

3.14. Historical Information

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

3.15. Suspension of Mortgage Instalments

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

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

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

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

- (i) termination of an employment contract of indeterminate duration;
- (ii) termination of a fixed term employment contract;

- (iii) termination of one of the employment relationships provided for by Article 409, No. 3) of the Italian civil procedure code; or
- (iv) death or declaration of handicap or disability for at least 80%.

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

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

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

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

It should be noted that, according to the selection Criteria set out in the Transfer Agreements, the Portfolios do not comprise Mortgage Loan Agreements in respect of which, as at the Valuation Date, the relevant borrower has been granted with suspension of the payments of the mortgage loan instalments (for the principal or also for the interest component), other than suspensions granted to the borrowers in accordance with the Families Plan (as defined below). 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*".

3.16. The Families Plan

On 31 March 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.

4. TAX CONSIDERATIONS

4.1. Tax treatment of the Issuer

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

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

A transfer of claims falls within the scope of VAT if it can be characterised as a supply of services rendered by the purchaser. In this respect, a transfer of claims entails a supply of services in the event and to the extent that (i) it has a “financial purpose” pursuant to Article 3, paragraph 2, item 3) of Presidential Decree of 26 October 1972, No. 633 and (ii) it is effected for consideration pursuant to Article 3, paragraph 1 of the above mentioned Presidential Decree. In such a case, the transfer of the claims is subject to VAT at the zero percent. rate (VAT exempt transaction) provided that it could not be qualified as credit recovery (*attività di recupero crediti*) subject to VAT rate of 22 percent. As far as the “financial purpose” is concerned, it must be pointed out that the transfer of the claims related to the securitisation in question takes place in the context of a “financial transaction” because (a) the Originators transfer the claims to the Issuer in order to enable the latter to raise funds (through the issuance of Notes collateralised by the claims) to be advanced to the Originators as transfer price of the claims; (b) the Issuer will effectively be entitled to retain for itself all collection and recoveries proceeds of the claims to the extent necessary to repay the principal amount of the Notes and to pay interest thereon and all costs borne by the Issuer in the context of the Transaction. In this respect, the transfer of claims in the context of a securitisation transaction should not be deemed as credit recovery (*attività di recupero crediti*) subject to a VAT rate of 22 per cent., based on the clarification given by the Italian Tax Authority in Resolution No. 32/E of 11 March 2011. As far as the transfer of claims for a consideration is concerned, it must be pointed out that this matter has been analysed by the EU Court of Justice and by *Agenzia delle Entrate* in cases dealing with the VAT analysis of the transfer of claims within the context of a factoring transaction and without specifically considering a securitisation transaction (among others EU Court of Justice judgment of June 26, 2003 on case C-305/01 and Resolution No. 32/E of 11 March 2011 issued by *Agenzia delle Entrate*). However it is also to be mentioned that since both factoring and securitisation transaction share similar “financial purposes”, the general consensus in the tax doctrine is that the transfer of claims must be treated similarly within the context of both transactions. According to the above mentioned judgments and resolutions, the remuneration of the “financial transaction” executed through the assignment of claims would be represented by any existing positive difference between the face value of the claims and the purchase price paid by the purchaser for the purchase of the same claims (i.e. the so-called

“Discount”) as well as by any commission paid by the transferor with the purpose to remunerate the transferee for the payment in advance made before the expiration of the claim, which in substance constitutes a financing. In such a case, the transfer of the claims is subject to VAT at the zero per cent. rate (VAT exempt transaction). In the absence of a remuneration for the financing granted through the transfer of claims, such transfer cannot result in the supply of a “financial transaction” for VAT purposes. In a judgment (Judgment of October 27, 2011 on case C-93/10), the EU Court of Justice took an even more restrictive view on this matter, by stating, with specific reference to non-performing claims, as follows “*an operator who, at his own risk, purchases defaulted debts at a price below their face value does not effect a supply of services for consideration and does not carry out an economic activity falling within the scope of that directive when the difference between the face value of those debts and their purchase price reflects the actual economic value of the debts at the time of their assignment*”. On the basis of a cross interpretation of principles embodied in Resolution No. 32/E of 2011 and EU Court of Justice C-93/10, it can be summarised that, with specific reference to non-performing claims, whenever the amount paid by a purchaser in exchange for the acquisition of the claims reflects the actual economic value of the claims, no “financial service” for VAT purposes would be rendered by the purchaser. According to the above in a context of a securitisation transaction, as the one at stake, if (i) a portfolio of performing claims is not transferred either for a consideration due by the transferor to the transferee or for a discount below the face value of the claims or (ii) a portfolio of non-performing claims is transferred for a price not below the actual economic value of the claims at the time of their assignment, the relevant transfer could be treated not as a “financial transaction” rendered by the Issuer and therefore the transaction could not qualify for VAT purposes as “*operazione esente*” (VAT exempt subject to VAT at the zero per cent. rate) and could qualify instead as “*operazione fuori campo*” (out of the scope of VAT and not subject to VAT). In this respect, if a transaction does not fall within the scope of VAT, VAT is not due and proportional registration tax will be applicable. Should for any reason the Transfer Agreements be subject, either voluntarily or in case of use or enunciation, to registration, 0.5% registration tax will be payable by the relevant parties thereto on the nominal value of the transferred claims.

Pursuant to Legislative Decree No. 141/2010 which modified Article 3, paragraph 3, of Securitisation Law, the Issuer is not any longer required to be registered as financial intermediary under Article 106 of the Consolidated Banking Act while it is enrolled in the register for securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy’s regulation dated 30 September 2014. The Italian tax authority (*Agenzia delle Entrate*) has not changed its tax guidelines and the Issuer has been advised that the current tax regime has not been modified by the new regulations of Bank of Italy.

4.2. 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*”.

5. OTHER CONSIDERATIONS

5.1. 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 Arranger nor the Originators nor any other person takes responsibility for the Class A Notes being recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the Class A Notes satisfying the Eurosystem eligibility criteria (as amended from time to time).

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

None of the Issuer, the Originators, the Arranger 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.

5.2. 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, 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, 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.

5.3. Projections, Forecasts and Estimates

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

None of the Issuer, the Originators, the Arranger 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 and the Arranger have not verified these statements nor are giving any representations on these statements.

5.4. 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.

5.5. Regulatory Initiatives May Result in Increased Regulatory Capital Requirements and/or Decreased Liquidity in Respect of the Notes

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

any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alia*, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds, credit institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. Such requirements are provided, *inter alia*, by the following EU regulations (without prejudice to any other applicable EU regulations):

A) *The CRR*

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

The main role of CRD IV and CRR is to implement in the EU the key Basel III reforms agreed in December 2010. These include, *inter alios*, amendments to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements. In particular, in the context of this new European regulatory capital framework, the provisions of Article 122-*bis* of Directive 2006/48/EC, as amended by Directive 2009/111/EC have been re-cast by the new provisions of Articles 404 to 409 of CRR (which includes, *inter alios*, the extension of the applications of the requirements also to regulated investment firms). In addition, the current guidelines on the abovementioned Article 122-*bis* have been replaced by regulatory technical standards (“**RTS**”) and implementing technical standards (“**ITS**”) on the convergence of supervisory practices related to the implementation of additional risk weights in the case of non-compliance with the retention rules consultation paper. These RTS and ITS have been developed respectively in accordance with Article 410(2) and 410(3) of the CRR. In this respect, it has to be noted that (i) with respect to RTS, on 13 June 2014, it has been published in the Official Journal of the European Union the Commission Delegated Regulation (EU) No. 625/2014 (which has entered into force the twentieth day following the date of such publication), supplementing the CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk; and (ii) with respect to ITS, on 5 June 2014, it has been published in the Official Journal of the European Union, the Commission Delegated Regulation (EU) No. 602/2014 (which has entered into force the twentieth day following the date of such publication), laying down implementing

technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weights according to the CRR. No assurance can be *provided that* any changes made or that will be made in connection with CRD IV and/or CRR (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

In particular, in Europe, investors should be aware that the Capital Requirements Regulation restricts an institution (credit institution, investment firm or other financial institution) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to such institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 (five) per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Article 405 of the CRR (“**Article 405**”). In addition, Article 406 of the CRR requires an EU regulated credit institution, before becoming exposed to the risks of a securitisation, and as appropriate thereafter, to be able to demonstrate to the competent authorities, for each of its securitisation transaction, that it has a comprehensive and thorough understanding of the key terms and risks of the transaction and it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis.

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

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

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

B) The AIFM

On 22 July 2013, Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers (“**AIFM**”) became effective. Article 17 of AIFM required the EU Commission to adopt level 2 measures similar to those set out in CRR, permitting EU managers of alternative

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

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

C) The Solvency II Directive

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

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

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

where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

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

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any and all relevant requirements applicable to it and none of the Issuer, the Originators, the Servicers, the Arranger 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.

5.6. Bank Recovery and Resolution Directive

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (collectively with secondary and implementing EU rules, and national implementing legislation, the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) established a framework for the recovery and resolution of credit institutions and investment firms. The aim of the BRRD is to provide national authorities in EU Member States (the “**Resolution Authorities**”) with common tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The BRRD applies, *inter alia*, to credit institutions, 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. Recently Banca Marche S.p.A., Banca popolare dell’Etruria e del Lazio S.c., Cassa di Risparmio di Ferrara S.p.A. and Cassa di Risparmio di Chieti S.p.A. have been declared resolved (*in risoluzione*) in compliance with the Legislative Decree No. 180 and No. 181 of 16 November 2015; the impact of such recent events on the outstanding transactions conducted by such four banks is still under analysis and cannot be predicted as of the date of this Prospectus.

If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution’s failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents to which such institutions are party not otherwise subject to an exception, could be subject to the exercise of “bail-in” powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to “bail-in” the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD,

the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

In addition to the above, it should be noted that due to the fact that the Originators are credit institution established in the European Union, it is subject to the BRRD. Therefore, in case of failure by the Originators 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, each of the Originators 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 (please see the paragraphs entitled “Counterparty risk”, “Claw back of the sale of the Portfolios” and “Commingling Risk”).

5.7. Measures for the Territory Affected by the Earthquakes of August 2016, October 2016 and January 2017

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

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

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

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

Moreover, the Italian Government has also enacted Law Decree No. 189 of 17 October 2016 headed “*Interventi urgenti in favore delle popolazioni colpite dal sisma del 24 agosto 2016*”, published in the Official Gazette No. 244 of 18 October 2016, as subsequently converted with modifications into Law No. 229 of 15 December 2016 (the “**Decree No. 189**”). Article 48, letter (g) of the Decree No. 189 has provided for the suspension, until 31 December 2016, of payment of instalments arising under loan agreements of whatever nature (not only residential mortgage agreement) granted in favour of (i) individuals having their place of residence and (ii) enterprises having their registered office or carrying out their activities in the areas affected by the earthquake, being those 62 municipalities listed in the schedule 1 attached to the Decree No. 189. Article 48, letter (g) of the Decree No. 189 has been amended by article 14, paragraph 6, of Law Decree No. 244 of 30 December 2016, published in the Official Gazette No. 304 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.

Following an other earthquake occurred on 30 October 2016 in the central Italy area, the Italian Government has enacted the Law Decree No. 205 of 11 November 2016 headed “*Nuovi interventi urgenti in favore delle popolazioni e dei territori interessati dagli eventi sismici del 2016*”, published in the Official Gazette of 11 November 2016 (the “**Decree No. 205**”), providing the extension of the measures under the the Decree No. 189 to individuals having their place of residence and enterprises having their registered office or carrying out their activities in the areas affected by such second earthquake, being 69 municipalities listed in the schedule 2 attached to the Decree No. 189 (as amended). 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.

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 Valuation Date there was in place a suspension of payment of the instalments (entirely or for the principal instalments only).

5.8. Mortgage Credit Directive

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

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

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

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

In Italy the Government has approved the Legislative Decree No. 72 of 21 April 2016, implementing the Mortgage Credit Directive and published on the Official Gazette of the Republic of Italy on 20 May 2016 (the “**Mortgage Legislative Decree**”). The Mortgage Legislative Decree clarifies that the new legal framework shall apply, inter alia, to (i) residential mortgage loans and (ii) loans relating to the purchase or preservation of the property rights on a residential immovable. Moreover such decree sets forth certain rules of correctness, diligence and transparency and information undertakings applicable to the lenders and intermediaries which offer loans to the consumers and introduced into the Consolidated Banking Act, under Title VI, a new Chapter 1-bis in relation to consumer mortgage credit, including, inter alia, a new Article 120- quinquiesdecies providing 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. On 29 September 2016, the Ministry of Economy and Finance - Chairman of CICR (*Comitato Interministeriale per il Credito e il Risparmio*) issued a decree published in the Official Gazette of the Republic of Italy No. 241, on 14th of October 2016 which implemented Chapter 1-bis of Title VI of the Consolidated Banking Act as amended by Mortgage Legislative Decree, with the view to creating a transparent and efficient market for consumer mortgage credit and providing an adequate level of protection to consumers.

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.

5.9. 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.

5.10. “Brexit” risk

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

5.11. 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.

5.12. 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, as a result of its reliance on the exemption from the definition of "investment company" set forth in Section 3(c)(7) of the Investment Company Act; and (ii) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be a "covered fund" within the meaning of the regulations adopted to implement Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**") because the Issuer may rely on an exception from the "covered fund" definition provided for entities involved in the securitisation of loans. The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (or by 21 July 2016 in respects of investments in and relationships with covered funds that were in place prior to 31 December 2013, with the possibility of a further one-year extensions). Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Although prior to the deadlines for conformance, banking entities were or are required to make good-faith efforts to conform their activities and investments to the Volcker Rule, the general effects of the Volcker Rule remain uncertain. Any prospective investor, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

5.13. Dodd Frank Act

Similar to EMIR in the EU, the United States adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which, among other things, provides for new regulation of the derivatives market and its participants subject to the Dodd-Frank Act's jurisdiction.

Under Dodd-Frank Act, the Commodity Futures Trading Commission (the “CFTC”) has primary regulatory authority over “swaps,” which are defined to include interest rate swaps, floors and caps, foreign exchange swaps and forwards, commodity swaps, and other transactions. Limited categories of transactions, including physically-settling foreign exchange swaps and forwards, are exempt from the central clearing, exchange trading and margin requirements of the Dodd-Frank Act.

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

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

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

THE PRINCIPAL PARTIES

ISSUER

Pontormo RMBS S.r.l., a limited liability company incorporated under article 3 of the Law 130, fiscal number and Register of Companies of Firenze No. 06272000487, REA n. 614663, paid-in share capital equal to Euro 10,000.00, enrolled in the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 7 June 2017 with No. 35038.9, whose registered office is located in Via Cherubini, 99 Empoli (FI), Italy.

THE ORIGINATORS

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A., a bank incorporated in Italy as a *società cooperativa per azioni*, whose registered office is at Lungarno Pacinotti, 8 – 56126 Pisa, Italy, share capital fully paid up equal to Euro 55,738,109.00, Fiscal Code, VAT number and registration with the Companies Register of Pisa No. 00179660501, enrolled with the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 4646, registered in the Chamber of Commerce of Pisa, REA No. 32860, ABI Code No. 08562 ("**Banca di Pisa e Fornacette**").

Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a *società per azioni*, whose registered office is at Viale Antonio Gramsci, 34 – 50132 Firenze, Italy, share capital fully paid up equal to Euro 232,800,000.00, Fiscal Code, VAT number and registration with the Companies Register of Firenze No. 02599341209, enrolled with the register of banks held by the Bank of Italy pursuant to Article 13 of the Consolidated Banking Act with No. 5667, registered in the Chamber of Commerce of Florence, REA No. 648868, ABI Code No. 08425 ("**Banca Cambiano**").

AGENT BANK

The Bank of New York Mellon SA/NV – Milan branch, a bank incorporated under the laws of Belgium, having its registered office at 46 Rue Montoyer, Montoyerstraat 46 - B-1000 Brussels, Belgium, acting through its Milan branch at via Mike Bongiorno 13, Diamantino Building – 5th Floor, 20124 Milan, Italy, fiscal code and enrolment with the companies register of Milan number 09827740961, enrolled as a "filiale di banca estera" under number 3351.4 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act ("**BNYM, Italian Branch**"), or any other person from time to time acting as Agent Bank

OPERATING BANK

Invest Banca S.p.A., a bank incorporated in Italy as a *società per azioni*, with paid-in share capital of Euro 15,300,000.00, enrolled with the Companies Register of Firenze, Italy, under No. 02586460582, registered in the register of the banks kept by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act with No. 5341, whose registered office is at Via L. Cherubini, 99, Empoli (FI), Italy ("**Invest Banca**") or any other person from time to time acting as Operating Bank.

TRANSACTION BANK

BNYM, Italian Branch, or any other person from time to time

acting as Transaction Bank.

PAYING AGENT

BNYM, Italian Branch, or any other person from time to time acting as Paying Agent.

REPRESENTATIVE OF THE NOTEHOLDERS

KPMG Fides Servizi di Amministrazione S.p.A., a joint stock company incorporated in Italy as a *società per azioni*, enrolled with the Companies Register of Milano, Italy, under No. 00731410155, whose registered office is at Via Vittor Pisani 27, Milano (MI), Italy, acting through its office in Rome, at Via Eleonora Duse, 53 ("**KPMG**"), or any other person from time to time acting as Representative of the Noteholders.

SERVICERS

Banca di Pisa e Fornacette and **Banca Cambiano**, or any other person from time to time acting as Servicers.

BACK-UP SERVICERS

(i) with respect to Banca di Pisa e Fornacette, Banca Cambiano; and

(ii) with respect to Banca Cambiano, Banca di Pisa e Fornacette;

or any other person from time to time acting as Back-up Servicer.

"**External Back-up Servicer**" means the back-up servicer to be appointed pursuant to clause 9.1.4 of the Servicing Agreement in case an insolvency event occurs in respect of any of the Originators (or in case of merger among the Originators) and which must be an entity different from the Originators.

CORPORATE SERVICES PROVIDER

Cabel Holding S.p.A., a joint stock company incorporated in Italy as a *società per azioni*, enrolled with the Companies Register of Firenze, Italy, under No. 04492970480, whose registered office is at Via L. Cherubini, 99, Empoli (FI), Italy ("**Cabel Holding**"), or any other person from time to time acting as Corporate Services Provider.

COMPUTATION AGENT

Cabel Holding, or any other person from time to time acting as Computation Agent.

BACK-UP COMPUTATION AGENT

KPMG, or any other person from time to time acting as Back-up Computation Agent.

STICHTING CORPORATE SERVICES PROVIDER

KPMG, or any other person from time to time acting as Stichting Corporate Services Provider.

QUOTAHOLDERS

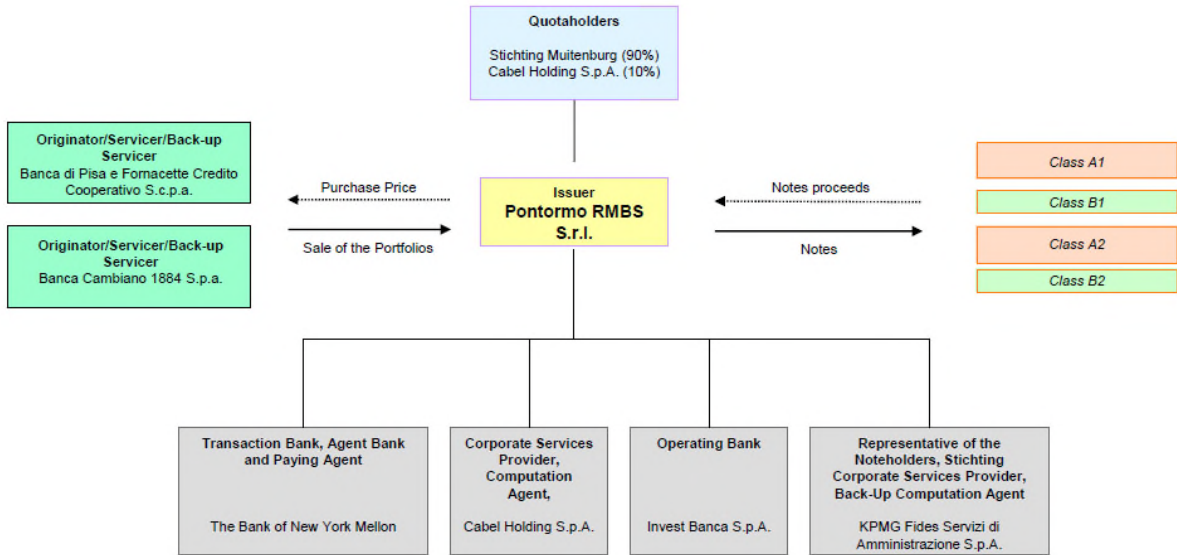
(i) **Stichting Muitenburg**, a Dutch law foundation (*Stichting*) incorporated on 4 May 2012 (hereinafter the "**Date of Incorporation**") under the laws of the Netherlands and having its registered office at Hoogoorddreef 15, 1101BA Amsterdam, The Netherlands, and enrolled at the Chamber of Commerce in Amsterdam at the No. 55248780; and

(ii) **Cabel Holding**.

ARRANGER

Banca Akros S.p.A., a bank incorporated in Italy as a *società per azioni*, having its registered office at Viale Eginardo 29, 20149 Milan, Italy, with paid-in share capital of Euro 39,433,803, registered with the Companies' Register of Milan under number 03064920154 and with the register of banks held by the Bank of Italy under number 5328, participant to the banking group "Bipiemme - Banca Popolare di Milano", subject to the activity of management and coordination ("*attività di direzione e coordinamento*") of Banca Popolare di Milano S.c.a.r.l., authorised to carry out business in Italy pursuant to the Consolidated Banking Act ("**Banca Akros**") or any other person from time to time acting as Arranger.

TRANSACTION DIAGRAM



THE PORTFOLIOS

The Portfolios purchased by the Issuer comprise debt obligations arising out of loans classified as performing by the relevant Originator. The Originators are not allowed to transfer to the Issuer additional portfolios of claims.

1. SELECTION CRITERIA OF THE CLAIMS

The Claims included in the Portfolios have been selected on the basis of the following general criteria (the “**General Criteria**”) as at the Valuation Date (or at the specific date indicated with respect to the relevant General Criteria), as well as on the basis of further specific objective criteria (the “**Specific Criteria**”), as the Valuation Date (or at the specific date indicated with respect to the relevant Specific Criteria) and as set out for each Originator below, in order to ensure that the Claims have the same legal and financial characteristics.

The General Criteria are as follows:

- (a) Mortgage Loans denominated in Euro and deriving from Mortgage Loan Agreements which do not provide for the possibility to switch into a different currency;
- (b) Mortgage Loans deriving from Mortgage Loan Agreements governed by Italian law;
- (c) Mortgage Loans granted to individuals resident in Italy that, in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors ("*settore di attività economica*") No. 600 ("*famiglie consumatrici*"), No. 614 ("*artigiani*") or No. 615 ("*famiglie produttrici*");
- (d) Mortgage Loans secured by a Mortgage on one or more Real Estate Assets located in Italy, in respect of which the mortgaged Real Estate Asset (or, in the case of Mortgage Loans secured by one or more Mortgages on more than one Real Estate Asset, the Prevailing Real Estate Asset) is a residential Real Estate Asset (meaning that its cadastral category (*categoria catastale*) falls within "Group A1 – A8");
- (e) Mortgage Loans (a) secured by a first economic priority Mortgage in favour of the relevant Originator (meaning (i) a first legal priority mortgage or (ii) a mortgage having a priority ranking lower than first legal priority provided that all obligations secured by mortgage/mortgages with prevailing priority, have been fully satisfied; (iii) a mortgage having a priority ranking lower than first legal priority provided that all mortgages with prevailing priority are registered in favour of the same Originator as a security for the claims that satisfy all the other Criteria related to the relevant Originator and transferred pursuant to the relevant Receivables Transfer Agreement); or (b) secured by a second economic priority Mortgage in favour of the Originator (meaning a mortgage in respect to which there is only a mortgage having a priority ranking higher (the secured obligations of which have been not fully satisfied);
- (f) Mortgage Loans deriving from Mortgage Loan Agreements which provide for monthly, quarterly or semi-annually Instalments;
- (g) Mortgage Loans which provide (on the basis of the amortization plan of the relevant Mortgage Loan as at the Valuation Date) for a maturity date falling later than 31 December 2017;

- (h) Mortgage Loans in relation to which at least an Installment, including interest and principal quota, has been paid;
- (i) Mortgage Loans deriving from Mortgage Loan Agreements which, as at the Valuation Date, do not hold due and Unpaid Installments;

excluding:

- (i) mortgage loans which provide for a maturity date falling later than 30 April 2053 (including mortgage loans having fixed installments and variable duration, in relation to which maturity date means the maximum date of extension of the amortisation plan of the relevant mortgage loan);
- (ii) mortgage loans deriving from loan agreements (i) entered into pursuant to any law, rule or regulation providing for interest or principal quota financial facilitations of any kind, granted by a third party in favour of the relevant borrower (so-called "*mutui agevolati*" or "*mutui convenzionati*") or (ii) which are secured by a subsidiary guarantee given by any "*consorzi di garanzia collettiva dei fidi*" ("*Confidi*");
- (iii) mortgage loans granted through agents or brokers;
- (iv) mortgage loans granted to individuals being directors or employees of either the Originator or any company of which the Originator results as a shareholder;
- (v) mortgage loans granted to public entities ("*pubbliche amministrazioni*"), *fondazioni*, *associazioni* or religious entities ("*enti religiosi*");
- (vi) mortgage loans jointly granted to the relevant borrower by a pool of banks/credit institutions, including the Originator ("*mutui in pool*"); or mortgage loans which have been subject to syndication;
- (vii) mortgage loans not fully disbursed pursuant to the relevant mortgage loan agreement;
- (viii) mortgage loans secured by a mortgage on real estate assets which are not completely built;
- (ix) mortgage loans granted to borrowers which, as at the Valuation Date, have towards the Originator: (a) are classified as "unlikely to pay" (in accordance with the section B, paragraph 2 of the circular letter no. 272 issued by Bank of Italy on 30 July 2008 (*Matrice dei Conti*), as subsequently amended); or (b) impaired past due exposures ("*esposizioni scadute e/o sconfinanti deteriorate*" (in accordance with the section B, paragraph 2 of the circular letter no. 272 issued by Bank of Italy on 30 July 2008 (*Matrice dei Conti*), as subsequently amended and with reference to the single borrower);
- (x) mortgage loans deriving from loan agreements which, as at the Effective Date, have (i) due and unpaid instalments for more than 30 (thirty) days and (ii) due and unpaid instalments for 30 (thirty) days or less which are not completely paid as at the 6 October 2017;
- (xi) mortgage loans whose claims are as at the Effective Date or have been classified before the Effective Date by the relevant Originator as either defaulted loans ("*sofferenze*"), or "unlikely to pay" (in accordance with the section B, paragraph 2 of the circular letter no. 272 issued by Bank of Italy on 30 July 2008 (*Matrice dei Conti*), as subsequently amended), or impaired past due exposures ("*esposizioni scadute e/o sconfinanti deteriorate*" in accordance with the section B, paragraph 2 of the circular letter no. 272 issued by Bank of Italy on 30 July 2008 (*Matrice dei Conti*), as subsequently amended (meaning those claims

in respect of which there are one or more late payments of the instalments which have remained unpaid for more than 90 (ninety) days from its scheduled payment date);

- (xii) mortgage loans not utilised for the purchase, renovation or building of residential real estate assets (as resulting from the declaration of the relevant borrower released at the moment of the request of the relevant mortgage loan for the purposes of the substitute tax (*imposta sostitutiva*));
- (xiii) mortgage loans in relation to which as at the Effective Date, the Originator and the relevant borrower have in force a moratorium agreement which provide for the suspension of payment of the instalments (either entirely or only for its principal quota).

The Specific Criteria with reference to the Banca di Pisa e Fornacette Portfolio are as follows:

- (A) Mortgage Loans deriving from Mortgage Loan Agreements which provide for a "French" reimbursement plan, i.e. a progressive amortization method according to which each Instalment is divided into a principal quota constantly increasing in order to reimburse the loan, and an interest quota (including Mortgage Loans having variable duration, floating interest rate and Installments with constant initial amount, which provide, in case of increasing of the interest rates which would involve the failing to reimburse such Mortgage Loan within the maximum extension date of the reimbursement plan as contractually agreed, for the payment of Installments (in relation to its amount outstanding) with variable amount, in order to comply with the maximum duration established in the relevant Mortgage Loan Agreement;
- (B) Mortgage Loans whose amount disbursed as at the disbursement date is: (A) lower than or equal to Euro 1,000,000 (one million/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 600 ("*famiglie consumatrici*"); (B) lower than or equal to Euro 300,000 (three hundred thousand/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 614 ("*artigiani*"); (C) lower than or equal to Euro 330,000 (three hundred thirty thousand/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 615 ("*famiglie produttrici*").

excluding:

- (i) mortgage loans included in the list notarized on 14 November 2017 by Notary Mario Marinella, which is available for examination by each borrower at the office of the same Notary located in Pontedera (PI) and at the registered office of the Originator, as identified by the category number, as specified in the relevant mortgage loan agreement and/or in the relevant accounting documents pertaining to the disbursement or installments payment.

The Specific Criteria with reference to the Banca Cambiano Portfolio are as follows:

- (A) Mortgage Loans deriving from Loan Agreements which provide for a "French" reimbursement plan, meaning a progressive amortization method according to which each Instalment is divided into a principal quota constantly increasing in order to reimburse the loan, and an interest quota;
- (B) Mortgage Loans whose amount disbursed as at the disbursement date is: (A) lower than or equal to Euro 1,700,000 (one million and seven hundred thousand/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 600 ("*famiglie consumatrici*"); (B) lower than or equal to Euro 500,000 (five hundred thousand/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 614 ("*artigiani*"); (C) lower than or equal to Euro 670,500 (six hundred seventy thousand and five hundred/00) in respect of Mortgage Loans granted to individuals that in compliance with the selection criteria set forth by the circular letter of the Bank of Italy No. 140 of 11 February 1991 (as subsequently amended), fall within the SAE activity sectors (*settore di attività economica*) No. 615 ("*famiglie produttrici*").

excluding:

- (i) mortgage loans included in the list notarized on 10 november 2017 by Notary Federico Favilli, which is available for examination by each borrower at the office of the same Notary located in Castelfiorentino (FI) and at the registered office of the Originator, as identified by the category number, as specified in the relevant mortgage loan agreement and/or in the relevant accounting documents pertaining to the disbursement or installments payment.

The following tables describe the characteristics of the Portfolios compiled from information provided by the Originators in connection with the acquisition of the Claims by the Issuer on 14th November 2017. The information in the following tables reflects the position as at the 31st March 2017*. The characteristics of the Portfolios as at the Issue Date may vary from those set out in the tables as a result, *inter alia*, of repayment or repurchase of the Loans prior to the Issue Date (in relation to the real property backing the Claims, there has been no revaluation of such properties for the purpose of the issue of the Notes and the valuation quoted are as at the date of the original initial mortgage loan origination).

Unless stated otherwise, in the following range breakdown tables the lower boundary is intended included, the upper boundary is intended excluded.

Portafoglio Summary as of Valuation Date*

Current Balance	EUR	695,618,219
Original Balance	EUR	954,517,096
Average Current Balance	EUR	86,017
Average Original Balance	EUR	118,031
Maximum Current Balance	EUR	1,106,291
Maximum Original Balance	EUR	1,700,000

Number of Mortgage Loans	number	8,087
Number of Borrowers	number	7,812
Weighted Average Seasoning	Years	4.66
Weighted Average Residual Terms	Years	17.65
Weighted Average Current LTV (1) (2)	%	50.55%
Weighted Average Original LTV (2)	%	62.63%
Weighted Average Interest Rate (fixed rate loans) (3)	%	2.23%
Weighted Average Margin (floating rate loans) (4)	%	2.13%
Top Loans	%	
	<i>Top 1</i>	% 0.16%
	<i>Top 10</i>	% 1.21%
	<i>Top 50</i>	% 3.77%

Notes:

(1) The Weighted Average Current LTV is calculated considering the valuation of the asset as of the origination date.

(2) In case of more than one loan backed by the same property, the LTV has been calculated considering the pro rata property value.

In case of a single loan backed by more than one property, the LTV has been calculated considering the aggregate value of such properties

(3) The Weighted Average Interest Rate of fixed rate loans is calculated including modular loans currently at fixed rate

(4) The Weighted Average Margin of floating rate loans is expressed over the relevant reference rate for floating rate loans, including modular loans currently at floating rate

(*) Current Balance, Number of Mortgage Loans, Number of Borrowers, Seasoning and Residual Terms refer to data as at the Effective Date, i.e. 30th September 2017

Breakdown by Portfolios

Portfolios	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
Banca Cambiano Portfolio	5,506	68.1%	462,725,142	66.5%	641,352,020	67.2%
Banca di Pisa e Fornacette Portfolio	2,581	31.9%	232,893,077	33.5%	313,165,076	32.8%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Current Loan Balance

Current Loan Balance	Nr of Loans	% of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-100000	5355	66.2%	275,910,643	39.7%	+1,142,773.79	48.4%
100000-200000	2413	29.8%	326,903,323	47.0%	385,677,605.31	40.4%
200000-300000	233	2.9%	54,518,089	7.8%	61,815,158.25	6.5%
300000-400000	47	0.6%	16,318,831	2.3%	19,445,152.25	2.0%
400000-500000	24	0.3%	10,819,983	1.6%	12,348,170.05	1.3%
500000-600000	6	0.1%	3,314,827	0.5%	3,504,993.03	0.4%
600000-700000	2	0.0%	1,329,222	0.2%	1,383,243.19	0.1%
700000-800000	1	0.0%	705,168	0.1%	850,000.00	0.1%
800000-900000	2	0.0%	1,739,175	0.3%	2,150,000.00	0.2%
900000-1000000	2	0.0%	1,901,055	0.3%	2,300,000.00	0.2%
>1000000	2	0.0%	2,157,903	0.3%	2,900,000.00	0.3%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Original Loan Balance

Original Loan Balance	Nr of Loans	% of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-100000	3394	42.0%	143,765,247	20.7%	220,116,437	23.1%
100000-200000	3887	48.1%	388,240,804	55.8%	518,887,681	54.4%
200000-300000	634	7.8%	107,004,673	15.4%	142,481,886	14.9%
300000-400000	98	1.2%	23,153,643	3.3%	31,654,867	3.3%
400000-500000	29	0.4%	10,056,510	1.4%	12,371,585	1.3%
500000-600000	30	0.4%	12,510,037	1.8%	15,660,476	1.6%
600000-700000	7	0.1%	3,693,010	0.5%	4,410,920	0.5%
700000-800000	1	0.0%	690,996	0.1%	733,243	0.1%
800000-900000	1	0.0%	705,168	0.1%	850,000	0.1%
900000-1000000	2	0.0%	1,809,777	0.3%	1,950,000	0.2%
>1000000	4	0.0%	3,988,356	0.6%	5,400,000	0.6%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Seasoning

Seasoning (yrs)	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-2	2,086	25.8%	237,629,466	34.2%	252,039,063	26.4%
2-4	1,437	17.8%	142,268,457	20.5%	163,216,469	17.1%
4-6	778	9.6%	66,639,780	9.6%	87,446,569	9.2%
6-8	1,247	15.4%	103,815,292	14.9%	154,266,921	16.2%
8-10	1,071	13.2%	78,407,675	11.3%	133,744,193	14.0%
10-12	702	8.7%	44,004,918	6.3%	87,032,477	9.1%
12-14	617	7.6%	20,570,897	3.0%	63,107,829	6.6%
14-16	141	1.7%	2,137,554	0.3%	12,767,892	1.3%
16-18	6	0.1%	124338.37	0.0%	632289.14	0.1%
18-20	2	0.0%	19,842	0.0%	263,393	0.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Residual Term

Residual Term (yrs)	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-5	1,128	13.9%	22,538,194	3.2%	95,423,341	10.0%
5-10	1,668	20.6%	89,759,006	12.9%	160,785,365	16.8%
10-15	1,690	20.9%	138,824,764	20.0%	191,922,053	20.1%
15-20	1,701	21.0%	182,796,106	26.3%	217,404,269	22.8%
20-25	1,219	15.1%	160,094,355	23.0%	180,916,185	19.0%
25-30	681	8.4%	101,605,793	14.6%	108,065,882	11.3%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Year of Origination

Year of Origination	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
1997	1	0.0%	5,660.11	0.0%	160,101.64	0.0%
1999	1	0.0%	14,181.62	0.0%	103,291.38	0.0%
2000	1	0.0%	3,488.78	0.0%	98,126.81	0.0%
2001	7	0.1%	179,970.57	0.0%	756,238.79	0.1%
2002	23	0.3%	544,922.95	0.1%	2,292,315.67	0.2%
2003	141	1.7%	1,921,646.27	0.3%	12,376,901.74	1.3%
2004	259	3.2%	6,644,485.35	1.0%	25,703,383.34	2.7%
2005	390	4.8%	15,746,074.57	2.3%	41,323,044.22	4.3%
2006	333	4.1%	19,181,279.09	2.8%	40,332,653.84	4.2%
2007	382	4.7%	27,444,973.87	3.9%	49,288,595.16	5.2%
2008	533	6.6%	37,939,803.37	5.5%	65,583,396.47	6.9%
2009	593	7.3%	45,360,140.28	6.5%	75,277,398.66	7.9%
2010	651	8.0%	53,335,072.11	7.7%	80,739,011.27	8.5%
2011	575	7.1%	50,810,359.57	7.3%	71,220,876.50	7.5%
2012	349	4.3%	30,019,762.49	4.3%	39,720,676.96	4.2%
2013	428	5.3%	35,868,826.47	5.2%	45,579,851.77	4.8%
2014	670	8.3%	64,295,963.64	9.2%	74,809,443.65	7.8%
2015	1006	12.4%	107,755,758.91	15.5%	119,582,766.14	12.5%
2016	1455	18.0%	165,989,467.67	23.9%	175,871,380.14	18.4%
2017	289	3.6%	32,556,381.60	4.7%	33,697,641.72	3.5%
Total	8,087	100.0%	695,618,219	100%	954,517,096	100%

Breakdown by Original Loan Term

Original Loan Term (yrs)	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-5	13	0.2%	353,200	0.1%	671,496	0.1%
5-10	220	2.7%	8,391,570	1.2%	14,441,564	1.5%
10-15	1,090	13.5%	50,389,174	7.2%	88,807,990	9.3%
15-20	1,940	24.0%	106,414,033	15.3%	186,593,470	19.5%
20-25	2,458	30.4%	223,619,759	32.1%	305,336,381	32.0%
25-30	1,438	17.8%	174,125,189	25.0%	206,103,938	21.6%
30-35	922	11.4%	131,301,736	18.9%	150,973,097	15.8%
35-40	6	0.1%	1,023,559	0.1%	1,589,160	0.2%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Current Loan to Value

Current LTV Range	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-10	804	9.9%	14,905,184	2.1%	57,460,897	6.0%
10-20	1261	15.6%	52,998,436	7.6%	108,093,163	11.3%
20-30	1141	14.1%	74,061,695	10.6%	117,166,719	12.3%
30-40	1046	12.9%	87,690,743	12.6%	126,879,447	13.3%
40-50	934	11.5%	91,948,679	13.2%	120,880,777	12.7%
50-60	847	10.5%	101,729,314	14.6%	125,175,892	13.1%
60-70	887	11.0%	112,743,034	16.2%	128,611,522	13.5%
70-80	1041	12.9%	139,417,511	20.0%	148,354,538	15.5%
80-90	79	1.0%	13,114,013	1.9%	14,506,948	1.5%
90-100	42	0.5%	6,427,118	0.9%	6,797,193	0.7%
100-110	5	0.1%	582,493	0.1%	590,000	0.1%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Original Loan to Value

Original LTV Range	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-10	54	0.7%	1,751,150	0.3%	2,957,891	0.3%
10-20	394	4.9%	14,834,939	2.1%	25,107,822	2.6%
20-30	768	9.5%	38,590,469	5.5%	61,281,810	6.4%
30-40	941	11.6%	58,639,298	8.4%	90,986,345	9.5%
40-50	983	12.2%	76,896,324	11.1%	109,456,810	11.5%
50-60	979	12.1%	86,070,055	12.4%	121,342,026	12.7%
60-70	1,100	13.6%	109,050,912	15.7%	144,635,098	15.2%
70-80	1,894	23.4%	210,238,430	30.2%	265,882,644	27.9%
80-90	449	5.6%	50,255,680	7.2%	65,534,005	6.9%
90-100	139	1.7%	17,184,355	2.5%	24,000,314	2.5%
100-110	385	4.8%	32,016,363	4.6%	43,202,809	4.5%
>110	1	0.0%	90,244	0.0%	129,521	0.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Interest Rate Type

Interest Rate Type	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
Floating rate loan (for life)	2,787	34.5%	236,132,936	33.9%	332,356,418	34.8%
Fixed rate loan (for life)	532	6.6%	58,177,888	8.4%	64,158,561	6.7%
Fixed with future periodic resets	698	8.6%	63,488,288	9.1%	74,574,006	7.8%
Floating with Cap	990	12.2%	85,349,228	12.3%	113,068,934	11.8%
Modular	3,080	38.1%	252,469,880	36.3%	370,359,178	38.8%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Interest Rate Type and Index

Interest Rate Type and Index	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
1 month EURIBOR	490	6.1%	22,863,219	3.3%	53,996,208	5.7%
3 month EURIBOR	2,965	36.7%	260,248,767	37.4%	354,897,194	37.2%
6 month EURIBOR	2,267	28.0%	215,598,848	31.0%	275,732,456	28.9%
ECB Base Rate	38	0.5%	3,572,740	0.5%	4,406,277	0.5%
IRS	2,327	28.8%	193,334,645	27.8%	265,484,961	27.8%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Amortisation Type

Payment Type	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
French Amortisation	8,058	99.6%	693,962,726	99.8%	951,695,371	99.7%
French Amortisation with constant instalments and variable maturity	29	0.4%	1,655,494	0.2%	2,821,725	0.3%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Current Interest Margin (floating rate portfolio)

Current Interest Margin (floating rate portfolio)	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0-0.5	5	0.1%	165,033	0.0%	675,000	0.1%
0.5-1	438	7.6%	30,191,617	6.0%	58,224,808	8.5%
1-1.5	1,020	17.7%	69,135,958	13.8%	122,656,776	17.8%
1.5-2	1,530	26.6%	150,246,167	29.9%	194,269,999	28.2%
2-2.5	1,050	18.2%	101,303,303	20.2%	129,493,379	18.8%
2.5-3	798	13.9%	74,280,438	14.8%	90,547,431	13.1%
3-3.5	381	6.6%	32,946,822	6.6%	39,672,146	5.8%
3.5-4	356	6.2%	29,102,971	5.8%	35,476,456	5.1%
4-4.5	128	2.2%	10,329,509	2.1%	12,375,431	1.8%
4.5-5	32	0.6%	3,093,914	0.6%	3,815,927	0.6%
5-5.5	17	0.3%	1,245,254	0.2%	1,549,782	0.2%
5.5-6	3	0.1%	187,476	0.0%	207,000	0.0%
6-6.5	2	0.0%	55,114	0.0%	68,000	0.0%
Total	5,760	100%	502,283,575	100%	689,032,135	100%

Breakdown by Current Interest Rate (fixed rate portfolio)

Current Interest Rate (fixed rate portfolio)	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
0.5-1	150	6.4%	12,668,284	6.6%	21,427,744	8.1%
1-1.5	423	18.2%	22,636,124	11.7%	47,425,090	17.9%
1.5-2	454	19.5%	30,564,345	15.8%	49,736,096	18.7%
2-2.5	591	25.4%	57,528,297	29.8%	66,244,916	25.0%
2.5-3	344	14.8%	39,359,328	20.4%	42,734,301	16.1%
3-3.5	197	8.5%	20,780,262	10.7%	22,577,928	8.5%
3.5-4	42	1.8%	2,787,883	1.4%	3,832,338	1.4%
4-4.5	19	0.8%	1,494,988	0.8%	2,153,799	0.8%
4.5-5	24	1.0%	1,677,376	0.9%	2,407,885	0.9%
5-5.5	20	0.9%	551,552	0.3%	1,486,038	0.6%
5.5-6	56	2.4%	2,854,595	1.5%	4,864,825	1.8%
6-6.5	7	0.3%	431,610	0.2%	594,000	0.2%
Total	2,327	100%	193,334,645	100%	265,484,961	100%

Breakdown by Lien

Lien	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
1	7,571	93.6%	664,108,172	95.5%	912,222,642	95.6%
2	499	6.2%	30,256,561	4.3%	40,724,340	4.3%
3	15	0.2%	813,590	0.1%	1,080,113	0.1%
4	1	0.0%	34,352	0.0%	70,000	0.0%
5	1	0.0%	405,545	0.1%	420,000	0.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Borrower Region

Borrower Region	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
Toscana	7,962	98.5%	681,136,289	97.9%	936,472,192	98.1%
Lazio	27	0.3%	3,803,854	0.5%	4,781,192	0.5%
Emilia-Romagna	19	0.2%	1,850,690	0.3%	2,432,311	0.3%
Lombardia	15	0.2%	1,614,013	0.2%	2,318,393	0.2%
Piemonte	13	0.2%	1,385,696	0.2%	1,701,000	0.2%
Calabria	6	0.1%	781,669	0.1%	907,843	0.1%
Campania	6	0.1%	772,831	0.1%	803,000	0.1%
Abruzzo	4	0.0%	657,595	0.1%	760,000	0.1%
Sardegna	6	0.1%	605,083	0.1%	725,000	0.1%
Veneto	7	0.1%	581,566	0.1%	882,735	0.1%
Liguria	5	0.1%	538,102	0.1%	643,030	0.1%
Sicilia	4	0.0%	468,097	0.1%	488,500	0.1%
Puglia	4	0.0%	387,384	0.1%	440,900	0.0%
Basilicata	3	0.0%	311,112	0.0%	335,000	0.0%
Friuli-Venezia Giulia	1	0.0%	229,947	0.0%	240,000	0.0%
Valle d'Aosta/Vallée d'Aoste	2	0.0%	141,880	0.0%	156,000	0.0%
Trentino-Alto Adige/Südtirol	1	0.0%	121,276	0.0%	180,000	0.0%
Marche	1	0.0%	119,669	0.0%	130,000	0.0%
Molise	1	0.0%	111,466	0.0%	120,000	0.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Borrower Type

Borrower Type	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
Individuals	8,087	100.0%	695,618,219	100.0%	954,517,096	100.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by SAE Code

SAE Code	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
600	7,473	92.4%	641,033,691	92.2%	875,940,398	91.8%
614	268	3.3%	22,232,572	3.2%	32,924,103	3.4%
615	346	4.3%	32,351,956	4.7%	45,652,595	4.8%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

Breakdown by Country of Residence of the Borrower

Country of Residence of the Borrower	Nr of Loans	% Nr of Loans	Current Balance	% Current Balance	Original Balance	% Original Balance
Italy	8,087	100.0%	695,618,219	100.0%	954,517,096	100.0%
Total	8,087	100%	695,618,219	100%	954,517,096	100%

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to article 3 of the Securitisation Law, as a *società a responsabilità limitata* (limited liability company) on 20 June 2012 under the name of Pontormo RMBS S.r.l. The Issuer is currently registered in the Register of Companies of Florence with No. 06272000487 and has its registered office at Via Cherubini No. 99, Empoli (Florence), Italy (telephone number +39 0571 53311; Fax number +39 0571 993907).

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

The Issuer has no employees. The authorised and issued capital of the Issuer is Euro 10,000 fully paid up as of the date of this Prospectus.

The quotaholders of the Issuer are (i) Cabel Holding S.p.A. ("**Cabel**") which held a Issuer's quota of Euro 1,000 and (ii) Stichting Muiteburg ("**Stichting**" and together with Cabel the "**Quotaholders**") which held a Issuer's quota of Euro 9,000. The Quotaholders have limited liability in case the requirements indicated by Italian law are met. To the best of its knowledge, the Issuer is not aware of directly or indirectly ownership or control apart from its Quotaholders. The duration of the Issuer is until 31 December 2100.

Principal Activities

The scope of the Issuer, as set out in article 3 of its By-laws (*Statuto*), is exclusively to purchase monetary claims in the context of securitisation transactions, and to fund such purchase by issuing asset backed securities or by other forms of limited recourse financing, all pursuant to article 3 of Law 130. The Issuer has already purchased monetary claims and issued asset backed securities in the context of a securitisation transaction named "Pontormo RMBS 2012" (the "**Previous Transaction**"). The asset backed securities issued in the context of the Previous Transaction have been redeemed in full on 30 October 2017 and the noteholders and all the other creditors of the Issuer in the context of the Previous Transaction have entered into a termination agreement with the Issuer on 2 November 2017 by means of which, *inter alia*, each of them have declared not to have any further claim or right against the Issuer and have expressly waived any and all claims they might have in relation with or connected to the transaction documents regarding the Previous Transaction or otherwise in connection with the Previous Transaction. The issuance of the Notes referred to in this Prospectus was approved by means of a meetings held on 4 October 2017. So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Representative of the Noteholders and as provided for in the relevant Conditions, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Portfolios, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions) or increase its capital. The Issuer will covenant to observe, *inter alia*, those restrictions which are detailed in the Conditions.

Directors and Statutory auditors (*sindaci*)

Pontormo RMBS S.r.l. is managed by a sole director whose name is Mr. Luigi Furore. Such sole director was appointed by a quotaholders' meeting passed on 20 June 2012.

The domicile of Mr. Luigi Furore, in his capacity as sole director of the Issuer, is at Via Cherubini No. 99, Empoli (Florence), Italy (telephone number +39 0571 53311).

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

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes now being issued on the Issue Date, is as follows:

Capital

Issued and fully paid up Euro 10,000

In connection with the issue by the Issuer of the Notes referred to in this Prospectus, the transaction would be reported as an off-balance sheet transaction in the *Nota Integrativa* to the financial statements of the Issuer at the date the transaction is completed, as follows:

Off-balance sheet liabilities

Class A1 Notes 181,656,000

Class A2 Notes 360,925,000

Class B1 Notes 54,137,000

Class B2 Notes 107,562,000

TOTAL OFF-BALANCE SHEET INDEBTEDNESS Euro 704,280,000

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

THE ORIGINATORS AND THE SERVICERS

BANCA DI PISA E FORNACETTE CREDITO COOPERATIVO S.C.P.A

Historical Background and Description of Banca di Pisa e Fornacette

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. is an Italian cooperative retail bank, regulated and supervised by the Bank of Italy, headquartered in Fornacette, within the municipality of Calcinaia (province of Pisa). The bank's operations are geographically concentrated in the municipalities of Pontedera, Cascina and Pisa all of which fall within the province of Pisa and the region of Tuscany, in Central Italy.

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. has 24 branches and employs around 238 staff. The bank had total assets of EUR 2,274.2 million as at the end of 2016.

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. is a geographically focussed retail bank providing traditional banking services to local individuals and corporates. Given the bank's cooperative status, most customers are also shareholders

The bank uses the services of the Cabel Group, a firm that provides various services and products to numerous banks operating in Italy.

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. was founded in 1962 as a Rural and Crafts Savings Bank and then became a Cooperative Credit Bank according to the Italian bank legislation reform in 1993.

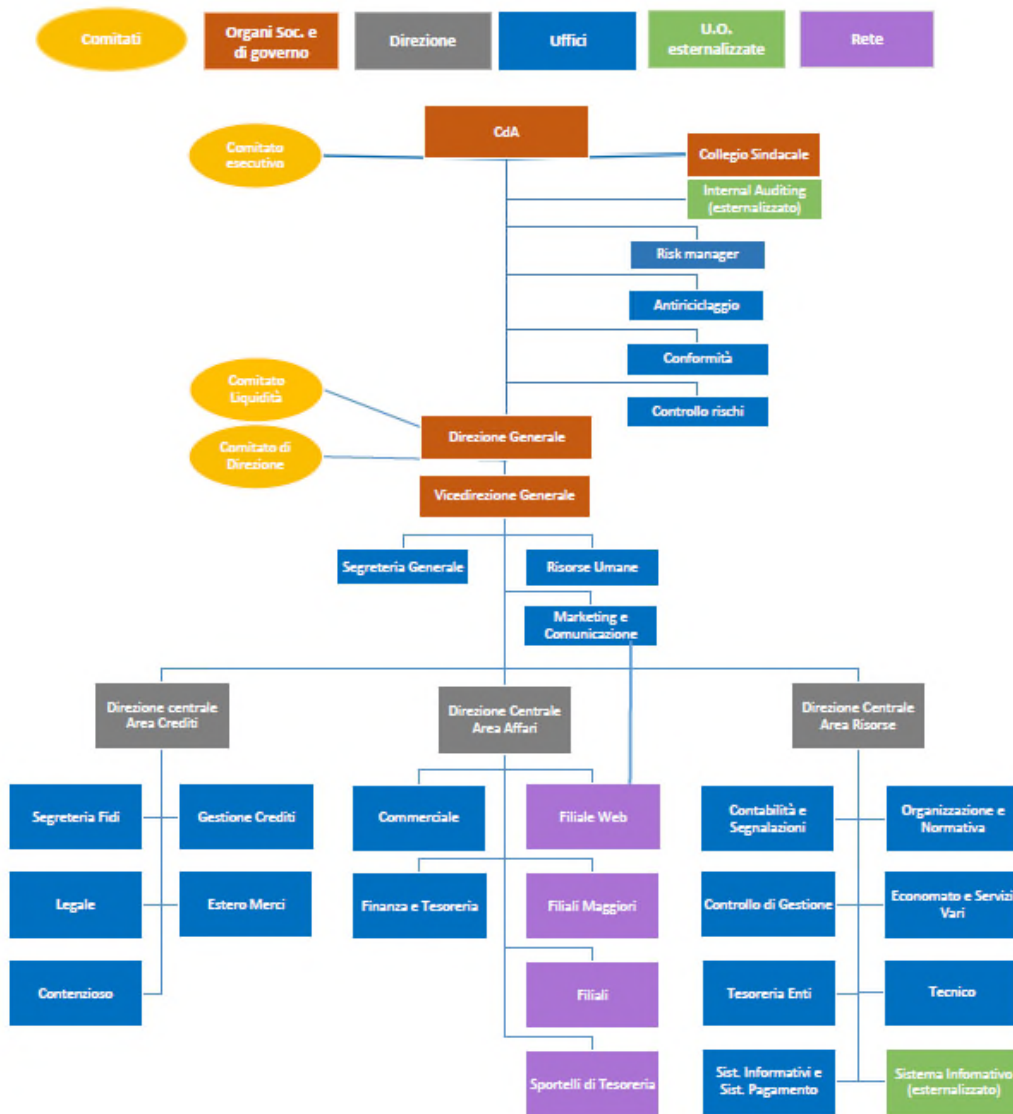
The bank has previous experiences of securitisation as originator and servicer for the Mosaico Finance S.r.l. transaction, completed in May 2001, Pontormo Finance s.r.l. (July 2004), Pontormo Funding s.r.l. (October 2007), Pontormo Mortgages s.r.l. (August 2010), Pontormo RMBS s.r.l (December 2012) and Pontormo SME s.r.l. (February 2013).

Ownership and Share Capital

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A., having converted from a Società Cooperativa a Responsabilità Limitata in 2005, is now a limited liability joint stock cooperative company (Società Cooperativa per Azioni). As at the end of 2016, the bank had 11,492 shareholders.

Management and Board of Directors

The organizational structure below refers to the executive component of the Bank, duly coordinate by the General Manager. The Management of Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. is carried on by the General Manager, who performs the guideline set by the Board of Directors.



The day to day management of Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. is the responsibility of the General Manager, supported by the Deputy General Manager, Chief Organisation Officer and the Chief Loan Officer. The Chief Organisation Officer has the responsibility for the bank's operations, administration, balance sheet management, reporting and IT. The Chief Loan Officer manages the lending business and works closely with managers in each branch.

- **General Manager** – Gianluca Marini
- **Deputy General Manager** – Fausto Ciampi
- **Chief Organisation Officer** – Fausto Ciampi
- **Chief Loan Officer** – Patrizia Tempestini

The Board of Directors meets on a monthly basis, while the Executive Committee meets every 10 to 15 days.

Board of Directors / Executive Committee	Board of Auditors
*	
Mauro Benigni (Chairman)*	Lino Cinquini (Chairman)*
Enrico Bonari (Deputy Chairman)	Dianora Poletti*
Sergio Brucciani	Giuseppe D'Onza*
Susanna Doveri	
Sergio Ghelardi	
Emiliano Piccioni	
Daniela Villani	

Internal auditing services are provided by META, part of the Cabel Group, while external audit are conducted by Baker Tilly Revisa S.p.A.

Financial Highlights

The tables below set out the balance sheet and the profits and losses of Banca di Pisa e Fornacette S.c.p.A. over the past 4 years:

EUR/000,000	2016	2015	2014	2013
Loans to Banks	38	54	56	80
Loans to Customers	1,193	1,209	1,154	1,117
Cash and equivalent	8	6	9	67
Financial Investments	933	1,142	741	615
Other Assets	102	115	104	32
Total Assets	2,274	2,526	2,063	1,911
Net Equity & Provisions	136	142	134	134
Deposits and Bonds	1,808	1,934	1,467	1,448
Deposits from Banks	314	405	419	264
Other Liabilities	17	45	43	65
Total Liabilities	2,274	2,526	2,063	1,911
Net NPL / Net Loans to Customers	6.59%	6.75%	4.67%	4.22%
Total Capital ratio	14.75%	13.63%	12.57%	16.53%

EUR/000,000	2016	2015	2014	2013
--------------------	-------------	-------------	-------------	-------------

Interest Income	29	28	28	23
Net Commissions	11	10	8	7
Profit (Loss) from financial assets disposal	11	14	18	14
Operating Income	51	53	55	47
Depreciation	34	20	23	14
Net income from financial assets	17	33	32	30
Operating costs	29	30	28	25
Fiscal year profit (loss) after tax	1	3	3	3
<i>Return on Assets</i>	0.05%	0.11%	0.17%	0.17%
<i>Return on Equity</i>	0.78%	1.83%	2.44%	2.41%

BANCA CAMBIANO 1884 S.P.A.

Historical Background and Description of Banca Cambiano S.p.A.

Banca Cambiano 1884 S.p.A. is an Italian private limited company (*Società per Azioni*), regulated and supervised by the Bank of Italy, headquartered in Florence and with operations mainly in the provinces of Florence, Pisa and Siena, all of which fall within the region of Tuscany, in Central Italy. Banca Cambiano 1884 S.p.A. currently has 42 branches, and employs around 356 staff.

The bank had total assets of approximately Eur 3,71 billion at the end of 2015, and 3,18 billion at the end of 2016.

The bank is a member of “Gruppo Bancario Cambiano” and she is fully controlled by Ente Cambiano S.c.p.A.

Banca Cambiano 1884 S.p.A. uses the services of Cabel Group, a firm that provides various services and products to numerous banks operating in Italy.

Banca di Credito Cooperativo di Cambiano S.c.p.A. (now Ente Cambiano S.c.p.A.) has been founded in 1884 as a benevolent charity entity, after which it became a Rural and Crafts Savings Bank and then a Cooperative Credit Bank after the Italian bank legislation reform in 1993. In 2016 the Italian Government approves the reform of Italian Cooperative Credit Banks, which provides that all the Italian cooperative banks must join a Cooperative Banking Group (“Gruppo Bancario Cooperativo”). However, a cooperative bank can decide not to join any group and therefore remain independent only if:

- her equity is greater than a set amount (€ 200 million);
- she changes her legal status from “società cooperativa per azioni” into “società per azioni”, through the transfer of banking business to another entity that is a “società per azioni” with banking license;
- at the time of the transfer, the cooperative bank (the transferor) pays to the Italian State an amount equal to 20 percent of equity at December 31st, 2015;

Banca di Credito Cooperativo di Cambiano S.c.p.a., whose equity is greater than the set amount, decided to stay independent and applied for the so called “way out” through the operation summarized in the following points (further details about this operation are given in Appendix 2):

- Taking effect from 1st January 2017, Banca di Credito Cooperativo di Cambiano S.c.p.A. transferred her banking business with all assets and liabilities to Banca AGCI S.p.A., a small bank in the form of private limited company;
- Banca AGCI SpA changed her legal name to Banca Cambiano SpA;

Having transferred the banking business within Banca AGCI S.p.A., Banca di Credito Cooperativo di Cambiano S.c.p.A. modified her corporate purpose, changed her legal name to “Ente Cambiano Scpa” and holds a 92.58% share of the new Banca Cambiano 1884 S.p.A.

Taking effect from January 1st 2017, Banca Cambiano 1884 is operating as a S.p.A. (“*società per azioni*”), fully controlled by Ente Cambiano S.c.p.a (“*Società cooperativa per azioni*”). This operation did not imply any change in the operating principles and procedures of Banca di Credito Cooperativo di Cambiano S.c.p.A., all the principles and procedures of the Banca Cambiano 1884 S.p.A. are the same belonged to Banca di Credito Cooperativo di Cambiano S.c.p.A.,

Banca Cambiano 1884 S.p.A. is a retail bank providing traditional banking services to local individuals and corporates. The bank's corporate clients consist mainly of 'micro-imprese' (small firms), which typically employ around 10 employees.

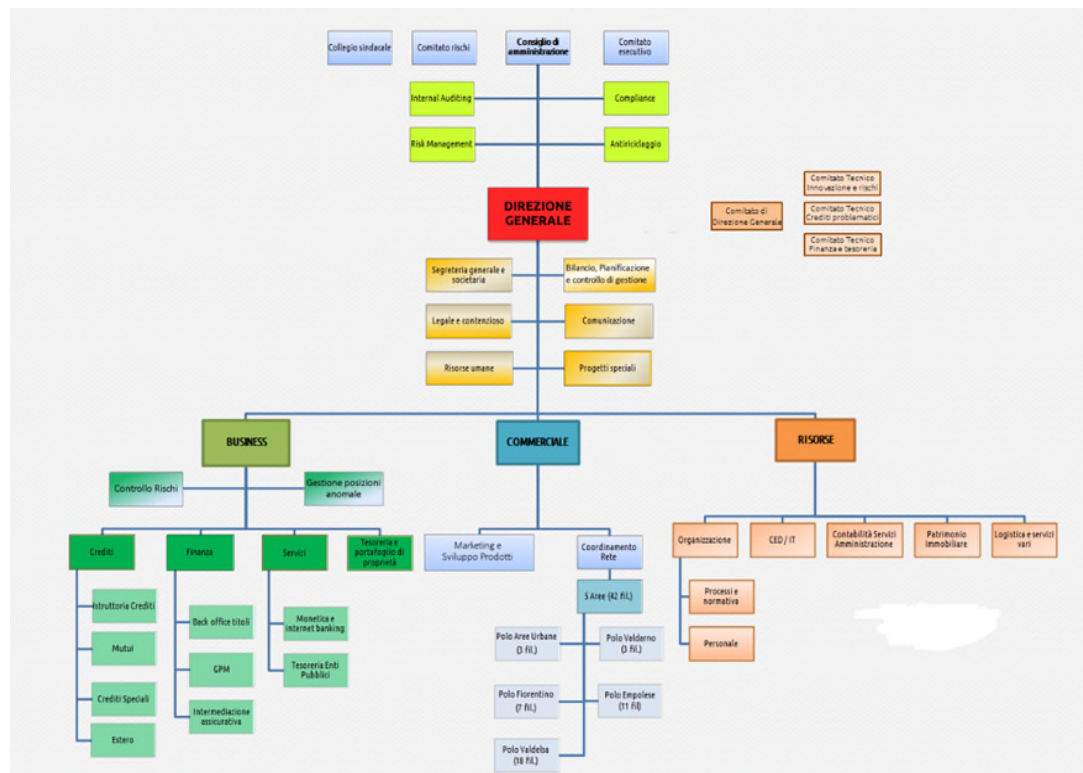
The bank previous experiences of securitisations as both originators and servicer are the *Mosaico Finance S.r.l.*, transaction completed in May 2001, *Pontormo Finance s.r.l.* transaction closed in July 2004, *Pontormo Funding s.r.l.*, transaction completed in October 2007 and *Pontormo RMBS s.r.l.*, transaction completed in December 2012.

Ownership and Share Capital

Banca Cambiano 1884 S.p.A. is now a private limited company (*Società per Azioni*). As of the end of 2016, the bank has one main shareholder (Ente Cambiano S.c.p.A.), which owns a share equal to 92.58%, and other 340 shareholder which own the remaining 7.42%.

Management and Board of Directors

The organizational structure below refers to the executive component of the Bank, duly coordinate by the General Manager. The Management of Banca Cambiano 1884 S.p.A. is carried on by the General Manager, who performs the guideline set by the Board of Directors.



The day to day management of Banca Cambiano 1884 S.p.A. is the responsibility of the General Manager, supported by the Deputy General Managers. The General Manager has particular responsibility for the general administration, financial investments and reporting to the Board of Directors. The Deputy General Managers are responsible for the loan department and the commercial expansion of Banca Cambiano 1884 S.p.A.:

- **General Manager** – Francesco Bosio
- **Deputy General Manager** – Giuliano Simoncini
- **Deputy General Manager** – Bruno Chiecchio
- **Chief Organization Officer** – David Bartolini
- **General Accounting, Budget and Reporting** – Fabrizio Bartali
- **Chief Credit Officer** – Patrizia Buonocore

The Board of Directors meets once in a month, while the Executive Committee meets weekly. The current composition of both committees is detailed in the table below:

Board of Directors / Executive Committee *	Board of Auditors
Paolo Regini (Chairman)	Stefano Sanna (Chairman)
Enzo Anselmi (Deputy Chairman)	Rita Ripamonti
Cataldi Giambattista	Gaetano De Gregorio
Mauro Bagni *	Gianluca Musco (Supplente)
Giovanni Martelli	Edoardo Catelani (Supplente)
Giuseppe Salvi *	
Paolo Profeti *	

Internal controls and risk policies determined by the Board of Directors are monitored and enforced by the Risk Controller. Internal auditing services are provided by META, part of the Cabel Group, while external audits are conducted by Baker Tilly Revisa S.p.A.

Financial Highlights

The tables below set out the balance sheet and the profits and losses of Banca Cambiano S.p.A. and Banca AGCI S.p.A. over the past 4 years.

Banca di Credito Cooperativo di Cambiano S.c.p.A. - Summary Balance Sheet

EUR/000,000	2016	2015	2014	2013
Loans to Banks	171	217	164	115
Loans to Customers	2,137	2,010	1,922	1,866

Cash and equivalent	10	11	9	9
Financial Investments	689	1,305	870	857
Other Assets	177	163	155	134
Total Assets	3,185	3,705	3,121	2,982
Net Equity & Provisions	274	271	278	261
Deposits and Bonds	2,330	2,267	2,261	1,496
Deposits from Banks	489	484	479	349
Other Liabilities	93	682	103	876
Total Liabilities	3,185	3,705	3,121	2,982
Net NPL / Net Loans to Customers (*)	6.2%	6.0%	5.5%	4.9%
Total Capital ratio	14.7%	15.0%	15.2%	15.3%

Banca di Credito Cooperativo di Cambiano S.c.p.A. - Summary Income Statement

EUR/000,000	2016	2015	2014	2013
Interest Income	41	38	39	38
Net Commissions	21	21	20	19
Profit (Loss) from financial assets disposal	9	31	21	13
Operating Income	73	92	81	71
Depreciation	14	37	34	22
Net income from financial assets	58	56	47	49
Operating costs	53	50	42	41
Fiscal year profit (loss) after tax	5.1	5.0	4.9	4.8
<i>Return on Assets</i>	0.16%	0.15%	0.21%	0.28%
<i>Return on Equity</i>	1.92%	1.88%	1.79%	1.87%

Banca AGCI S.p.A. - Summary Balance Sheet

EUR/000,000	2016	2015	2014	2013
Loans to Banks	11	17	37	20
Loans to Customers	125	106	97	77
Cash and equivalent	1	1	0	0
Financial Investments	83	96	50	37
Other Assets	7	7	4	2
Total Assets	227	226	189	137
Net Equity & Provisions	16	17	18	14
Deposits and Bonds	152	142	123	99
Deposits from Banks	55	64	44	21
Other Liabilities	4	4	4	3
Total Liabilities	227	226	189	137
Net NPL / Net Loans to Customers	2.47%	0.43%	1.62%	0.43%
Total Capital ratio	15.47%	17.82%	19.59%	16.00%

Banca AGCI S.p.A. - Summary Income Statement

EUR/000	2016	2015	2014	2013
Interest Income	2,470	2,046	1,997	2,180
Net Commissions	1,413	1,315	1,236	1,191
Profit (Loss) from financial assets disposal	1,843	3,125	6,265	369
Operating Income	5,890	6,732	9,511	3,740
Net income from financial assets	4,892	4,661	5,324	2,867
Operating costs	4,880	4,306	4,190	2,651
Fiscal year profit (loss) after tax	42	204	653	48
<i>Return on Assets</i>	0.02%	0.16%	0.60%	0.16%
<i>Return on Equity</i>	0.27%	1.24%	3.78%	0.36%

REGULATORY CAPITAL REQUIREMENTS

Each of the Originators has undertaken in the Intercreditor Agreement to the Issuer, the Noteholders (and to the Representative of the Noteholders on behalf of the Noteholders) and to each other Originator 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 monthly 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, chapter 3, section 5 of the AIFM Regulation and title I, chapter VIII of the Solvency II Regulation; and
- d) notify to the Noteholders any change to the manner in which the material net economic interest set out above is held.

In light of the above, each of the Originators have undertaken that such information (with regard to itself and the relevant Portfolio transferred by it to the Issuer):

- (a) on the Issue Date, will be included in the following sections of this Prospectus “*The Portfolios*”, “*Risk Factors*”, “*Overview of the Transaction*”, “*Collection Policy and Recovery Procedures*”, “*Description of the Servicing and the Back-up Servicing Agreement*”; and
- (b) on an ongoing basis:
 - 1) will be included in the Investors' Report issued by the Computation Agent on each Investors' Report Date, which will:
 - (a) contain, *inter alia*, (i) statistics on prepayments, Unpaid Instalments, Impaired Claims, Defaulted Claims, Late Payments 30 Claims, Late Payments 60 Claims, Late Payments 90 Claims; (ii) details relating to repurchases of Claims by the Servicers and/or the Originators pursuant to the terms of the Servicing Agreement and the Transfer Agreements, and (iii) details (provided, where relevant, by the Computation Agent) relating to Interest Rate, Interest Amount, Principal Amount Outstanding of the Notes, principal payments on the Notes and other payments made by the Issuer;
 - (b) include information on the material net economic interest (of at least 5%) in the Transaction (calculated for each Originator with respect to the Claims comprised in the relevant Portfolio transferred by it to the Issuer) maintained by the Originators in accordance with option (1)(d) of Article

405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation (or any permitted alternative method thereafter);

- (c) be generally available to the Noteholders and prospective investors on the Operating Bank's web site being, as at the date hereof, <http://www.investbanca.it/pontormormbs-2017>;
- 2) with reference to loan by loan information regarding each Mortgage Loan included in the Portfolios, will be made available by each of the Originators, upon request, on a password protected web-site;
- 3) with reference to the further information which from time to time may be deemed necessary under Articles from 405 and following of the CRR, in accordance with the market practice and not covered under points (1) and (2) above, will be provided, upon request, by each Originator.

Under the Intercreditor Agreement, each Originator has also undertaken that the material net economic interest retained by it in compliance with the above shall not be subject to any credit risk mitigations or any short positions or any other hedge, as and to extent required by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation.

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

For further information on the requirements referred to above and the corresponding risks (including the risks arising from the current absence of any corresponding final technical standards to assist with the interpretation of the requirements), please refer to the risk factor entitled "Regulatory Initiatives May Result in Increased Regulatory Capital Requirements and/or Decreased Liquidity in Respect of the Notes".

THE AGENT BANK, THE TRANSACTION BANK, THE PAYING AGENT

The Bank of New York Mellon SA/NV is a Belgian limited liability company established September 30, 2008 under the form of a Société Anonyme/Naamloze Vennootschap. It was granted its banking license by the CBFA (former Belgian supervisor prior to the implementation of the Twin Peaks model) on March 10 2009. It has its headquarters and main establishment at 46 rue Montoyerstraat, 1000 Bruxelles/Brussel. The Bank of New York Mellon SA/NV is a subsidiary of BNY Mellon (BNYM), the main banking subsidiary of The BNY Mellon Corporation. It is under the prudential supervision of the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority in respect of Conduct of Business. The Bank of New York Mellon SA/NV engages in asset servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, the Netherlands, Germany, London, Luxembourg, Paris, Dublin and Millan.

The information contained herein relates to and has been obtained from The Bank of New York Mellon SA/NV – Milan branch. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by The Bank of New York Mellon SA/NV – Milan branch, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of The Bank of New York Mellon SA/NV – Milan branch since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

**THE REPRESENTATIVE OF THE NOTEHOLDERS, THE BACK-UP COMPUTATION
AGENT AND THE STICHTING CORPORATE SERVICES PROVIDER**

The Representative of the Notheholder, the Back-up Computation Agent and the Stichting Corporate Services Provider, is KPMG Fides Servizi di Amministrazione S.p.A. ("KPMG").

KPMG Fides Servizi di Amministrazione S.p.A., a joint stock company, incorporated under the laws of the Republic of Italy, providing professional accounting activities, among which are computation agency activities in the framework of securitisation transactions, whose registered office is at Via Vittor Pisani 27, Milan, Italy, with Fiscal Code, VAT and registration with the Milan Register of Enterprises No. 00731410155, acting through its office in Rome, Via Eleonora Duse 53, in its capacity as Representative of the Notheholder, Back-up Computation Agent, and Stichting Corporate Services Provider under the Transaction Documents.

The information contained herein relates to and has been obtained from KPMG Fides Servizi di Amministrazione S.p.A. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by KPMG Fides Servizi di Amministrazione S.p.A., no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of KPMG Fides Servizi di Amministrazione S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

THE COMPUTATION AGENT AND THE CORPORATE SERVICES PROVIDER

Cabel Holding S.p.A., incorporated in Italy as a *società per azioni*, enrolled with the Companies Register of Firenze, Italy, under No. 04492970480, whose registered office is at Via L. Cherubini, 99, Empoli (FI). Cabel Holding S.p.A. aims to facilitate the realization of productive economies of financial institutions, mitigate risks and promote banking services innovation through strategic, managerial and organizational advice. In addition, Cabel Holding provides administrative services to banks and securitisation SPV.

The information contained herein relates to and has been obtained from Cabel Holding S.p.A.. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Cabel Holding S.p.A., no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Cabel Holding S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

THE OPERATING BANK

Invest Banca S.p.A. shall act as Operating Bank pursuant to the Cash Administration and Agency Agreement.

Invest Banca S.p.A., a bank operating in Italy as a *società per azioni*, having its registered Office at Via L. Cherubini 99, 50053 Empoli, Italy, registered with the Companies' Register of Firenze under number 02586460582 and with the register of banks held by the Bank of Italy under number 5341.

Invest Banca S.p.A was incorporated as a Società per Azioni (S.p.A.), a limited liability company on 12th December 1995.

As at 31st December 2011, Invest Banca S.p.A had a paid-in share capital of Euro 15,300,000.

The bank is focused on asset management services, particularly fixed income, fund management and selection and securities brokerage.

As of the closing of 2016 balance sheet, Invest Banca boasts about 3.4 billion Euro in asset under management and administration, net equity of 17,68 Mln Euro and a Tier 1 capital ratio of 18.5%.

The information contained herein relates to and has been obtained from Invest Banca S.p.A. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Invest Banca S.p.A., no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Invest Banca S.p.A. since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to such date.

COLLECTION POLICY AND RECOVERY PROCEDURE

Each of the Originators has a dedicated *Servicing Department* at its head office to oversee the servicing and recovery of loans.

The servicing department ensures that the bank's credit policy and recovery procedures are complied with and monitors on a daily basis all loans which have one or more instalments unpaid. The Originators also have departments at each branch that monitor delinquencies on a daily basis and follow the collections.

CLASSIFICATION AND MANAGEMENT OF ANOMALOUS POSITIONS

The *Servicing Department* monitors on a daily basis all loans which have one or more instalments unpaid.

The Originators also have departments at each branch that monitor delinquencies on a daily basis and follow the collection steps outlined below:

1. If an instalment is unpaid 15 days from the due date the branch will contact the relevant borrower to ask for an explanation of the failure to pay.
2. If the initial contact does not result in payment then a first written reminder will be sent to the customer.
3. If the first written reminder does not generate a payment within approximately 30 to 45 days then the delinquency is passed from the branch to the head office servicing department and classified as being a "*Posizione in Amministrazione Speciale*" (or "Position in Extraordinary Administration"). At this stage the borrower is informed of the change in status and sent a second written request for payment.
4. If no response is received following step 3 above and the customer has made no payment for approximately 120 days, then the bank may notify the borrower of the acceleration of the loan ('Decadenza dal Beneficio del Termine') and the client is required to pay all overdue and future instalments, together with all interest accrued on the unpaid instalments. This step will only be taken if the borrower has failed to make any payment and all efforts to prepare an agreed payment plan have failed.
5. If no acceptable response is received from the customer or no rescheduling plan is negotiated in the three weeks following the acceleration of the loan, then the loan is declared non-performing and classified as *sofferenza*. Once a loan is classified as *sofferenza*, the Originator is obliged to notify the *Centrale dei Rischi* agencies, advising of the defaulting borrower's status. Rescheduling plans negotiated with the customer may include changes to the mortgage term.

RECOVERY PROCEDURES

The Originators always favour out of court settlements on defaulted loans where possible. However, if it is concluded that an out of court recovery is not going to produce an acceptable result, then the loan file will be passed to external lawyers who will commence legal proceedings, including repossession of the mortgaged property. All cases passed to external lawyers are monitored by the bank's legal department.

The relevant Tribunals are Pisa, Pontedera and Lucca for Banca di Pisa e Fornacette and Firenze, Pisa and Siena for Banca Cambiano.

The timing of recovery varies depending on the courts of reference and is approximately: 4 years for Banca Cambiano and 3/4 years for Banca di Pisa e Fornacette.

USE OF PROCEEDS

The proceeds from the issue of the Notes, being Euro 704,280,000 of which:

1. Euro 181,656,000 of the Class A1 Notes;
2. Euro 360,925,000 of the Class A2 Notes; and
3. Euro 161,699,000 of the Class B1 and Class B2 Notes;

The proceeds from the issue of the Notes will be applied by the Issuer on the Issue Date to finance, *inter alia*, the Purchase Price of the Portfolios, the Retention Amount and the Cash Reserves in accordance with the Notes Subscription Agreement and the Cash Administration and Agency Agreement.

DESCRIPTION OF THE TRANSFER AGREEMENTS

The description of the Transfer Agreements set out below is a summary of certain features of the Transfer Agreements and is qualified in its entirety by reference to the detailed provisions of the Transfer Agreements. Prospective Noteholders may inspect a copy of the Transfer Agreements upon request at the registered offices of the Representative of the Noteholders. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Transfer Agreements.

General

Pursuant to two transfer agreements, each entered into on 14 November 2017, between the Issuer and Banca Cambiano (the "**Banca Cambiano Transfer Agreement**") and between the Issuer and Banca di Pisa e Fornacette (the "**Banca di Pisa e Fornacette Transfer Agreement**" and together with the Banca Cambiano Transfer Agreement, the "**Transfer Agreements**"):

- (a) Banca Cambiano sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims and connected rights arising out of the relevant Mortgage Loans (the "**Banca Cambiano Portfolio**") granted by the Banca Cambiano to the Borrowers with economic effect as of the Effective Date; and
- (b) Banca di Pisa e Fornacette sold for consideration to the Issuer without recourse (*pro soluto*) and as a pool (*in blocco*) a portfolio of monetary claims and connected rights arising out of the relevant Mortgage Loans (the "**Banca di Pisa e Fornacette Portfolio**") granted by the Banca di Pisa e Fornacette to the Borrowers with economic effect as of the Effective Date.

Key features of the sales of the Banca Cambiano Portfolio and Banca di Pisa e Fornacette Portfolio

The Banca Cambiano Portfolio and Banca di Pisa e Fornacette Portfolio have been transferred, in accordance with Law 130 and subject to the satisfaction of certain conditions set forth in the relevant Transfer Agreement.

The Purchase Price

As consideration for the acquisition of the Banca Cambiano Portfolio pursuant to the Banca Cambiano Transfer Agreement, the Issuer has undertaken to pay to Banca Cambiano a price equal to € 462,725,141.81 (the "**Banca Cambiano Purchase Price**") and as consideration for the acquisition of the Banca di Pisa e Fornacette Portfolio pursuant to the Banca di Pisa e Fornacette Transfer Agreements, the Issuer has undertaken to pay to Banca di Pisa e Fornacette a price equal to € 232,893,077.48 (the "**Banca di Pisa e Fornacette Purchase Price**").

The Claims

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 section headed "*The Portfolio*".

Price adjustment

The Transfer Agreements provide that, if after the Transfer Date, it transpires that (i) any Claim does not meet the Criteria, then such Claim 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, then such Claim shall be deemed to have been assigned and transferred to the Issuer by Banca Cambiano or Banca di Pisa e Fornacette, as the case may be, pursuant to the relevant Transfer Agreement. The relevant purchase price shall be adjusted to take into account the additional payment or the reimbursement to be made for any such Claim, as the case may be.

In the case of a Claim which does not meet the Criteria, Banca Cambiano or Banca di Pisa e Fornacette or the Issuer, as the case may be, shall communicate such circumstance to the other party, and Banca Cambiano or Banca di Pisa e Fornacette, as the case may be, following such communication, will pay to the Issuer an amount equal to (i) the Individual Purchase Price which has been paid for such Claim; plus (ii) any accrued and accruing interest on such amount (lowered, following the first Payment Date, of an amount equal to the sum of the Principal Component of all the Instalments paid with reference to the relevant Claims from the Effective Date) from the Issue Date until the date of payment of the Individual Purchase Price, calculated at an annual rate equal to the average weighted interest rate applied to the relevant Claim from the Issue Date (inclusive) until the date of payment of the Individual Purchase Price; less (iii) the aggregate of all sums recovered and collected by the Issuer in respect of such Claim and the respective Insurance Policy after the Effective Date (which will be retained by the Issuer on a permanent basis), provided that, in case the communication above indicated is received within three Business Days before the Issue Date, this provision will not apply and the relevant purchase price to be paid by the Issuer to Banca Cambiano or Banca di Pisa e Fornacette, as the case may be, will be reduced of an amount equal to the Individual Purchase Price of such Claim. It being also understood that no amount shall be due by the Issuer to Banca Cambiano or Banca di Pisa e Fornacette should the amount (as calculated pursuant to the above) be negative.

In the case of a Claim which meets the Criteria but was not included in the relevant Transfer Agreement, the Issuer will correspond to Banca Cambiano or Banca di Pisa e Fornacette, as the case may be, on the relevant Payment Date, 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 Banca Cambiano or Banca di Pisa e Fornacette, as the case may be, in respect of such Claim after the Effective Date.

Applicable law and jurisdiction

The Transfer Agreements are in Italian. The Transfer Agreements and all non contractual obligations arising out 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.

DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of the Warranty and Indemnity Agreement and is qualified in its entirety by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered offices of the Representative of the Noteholders. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Warranty and Indemnity Agreement.

General

Under a warranty and indemnity agreement entered into on 14 November 2017, as subsequently amended and supplemented, between the Issuer and the Originators (the "**Warranty and Indemnity Agreement**"), the Originators give certain representations and warranties as to, *inter alia*, the Claims they transferred pursuant to the Transfer Agreements, the respective Mortgage Loans and the Insurance Policies, their full title over such Claims, their corporate existence and operations and their collection and recovery policy. Moreover the Originators has 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 Transfer Agreements and/or the Servicing Agreement and/or the other Transaction Documents.

Representations and warranties of the Originator

Under the Warranty and Indemnity Agreement, the Originators represented and warranted each with respect to itself and the Claims they sold or agreed to sell to the Issuer under the Transfer Agreements, the Mortgage 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 (i) a *società cooperativa per azioni* with reference to Banca di Pisa e Fornacette and (ii) a *società per azioni* with reference to Banca Cambiano, and validly existing under the laws of the Republic of Italy;
- (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 to which it is party, 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 is 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 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) provisions of the Warranty and Indemnity Agreement and the other Transaction Documents to which it is party 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) since 1 January 2017, 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 mortgage loan business), the Claims, the Mortgage Loans and the Insurance Policies supplied to the Issuer is true and correct in all material respects.

The Claims, the Mortgage Loans and the Real Estate Assets

- (i) it holds sole and unencumbered legal title to the Claims, the Mortgage 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 Mortgage Loans, the Mortgages and the Insurance Policies;
- (j) the Claims, the Mortgage 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 Mortgage Loans comply with all rules and regulations (i) on compounding of interests, (ii) on consumer protection, (iii) on the prevention of usury, (iv) on data protection and privacy protection, and (v) provided by the Consolidated Banking Act (including, *inter alia*, the provisions under article 38 *et seq* of the Consolidated Banking Act, where applicable) the Mortgage 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;
- (k) each Mortgage Loan has been fully disbursed to or to the account of the relevant Borrower and there is no obligation on its part to advance or disburse further amounts in connection therewith;
- (l) the sale of the Claims to the Issuer pursuant to the relevant Transfer Agreement will not affect the obligation of the related Borrower or Insurance Company under the relevant Mortgage Loans or Insurance Policies;
- (m) 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;
- (n) 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 Mortgage 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 Mortgage Loans or for the validity and enforceability of the Claims, the Mortgage Loans, the Mortgages and/or the Insurance Policies have been duly paid;

- (o) all the Claims are assisted by Insurance Policies, all the Insurance Policies are valid and effective and indicate the Originator as beneficiary of any indemnity to be paid thereunder, directly or by virtue of an appendix (*appendice di vincolo*) in its favour;
- (p) it has maintained complete, proper and up-to-date books, records and documents for the Claims, the Mortgage 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;
- (q) the Real Estate Assets are located in Italy;
- (r) to its best knowledge, each of the Real Estate Assets complies with applicable laws, rules and regulations concerning health and safety and environmental protection;
- (s) to its best knowledge, 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;
- (t) to its best knowledge, each of the Real Estate Assets (i) is marketable (*non soggetto a vizio di incommerciabilità*), and (ii) complies with all applicable planning and building laws and regulations;
- (u) each of the Real Estate Assets (i) is duly registered with the competent land registries (*Nuovo Catasto Edilizio* or *Agenzia del Territorio*), (ii) complies with all applicable Italian laws as to its use as residential (*destinazione d'uso*), (iii) meets the legal requirements for habitation (*agibilità*), as resulting from the appraisals (*perizie*) enclosed to the relevant Mortgage Loan Agreements.
- (v) not less than 98.8% (determined on the Effective Date) of the Mortgage Loans comprised in the Banca di Pisa e Fornacette Portfolio (as for principal amount outstanding on the Effective Date) are secured by a first economical Mortgage priority (*ipoteca di primo grado economico*);
- (w) not less than 93.8% (determined on the Effective Date) of the Mortgage Loans comprised in the Banca Cambiano Portfolio (as for principal amount outstanding on the Initial Effective Date) are secured by a first economical Mortgage priority (*ipoteca di primo grado economico*);
- (x) all the Mortgage Loans are secured by a Mortgage on one or more Real Estate Assets, and the Prevailing Real Estate Asset on which such Mortgage is created is a residential Real Estate Asset;
- (y) no Mortgage Loan could be classified as structured loan, syndicated loan or leveraged loan pursuant to the guidelines of the European Central Bank of 2 August 2012, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (z) the Mortgage Loans comprised in the Initial Portfolios in the Banca Cambiano Portfolio and in the Banca Viterbo Portfolio do not include at the Initial Transfer Date and will not include at the Issue Date, non performing loans pursuant to the guidelines of the European Central Bank of 9 July 2014, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;

- (aa) the Mortgage Loans comprised in the Portfolios do not include as at the the Issue Date and will not include as at the Notes Increase Date non-performing loans pursuant to the guidelines of the European Central Bank of 9 July 2014, on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral;
- (bb) no Mortgage Loan Agreement could be classified as leasing agreement;
- (cc) all the Borrowers are individuals (*persone fisiche*) resident in Italy;
- (dd) all the Borrowers' guarantors are incorporated or resident in a Member State of the European Economic Area.

Undertakings of the Originators

Under the Warranty and Indemnity Agreement, each of the Originators has undertaken, with respect to itself, the Claims, the respective Mortgage 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 Mortgage 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 Mortgage 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, the relevant Transfer Agreement, the Servicing 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, in good status and order, accurate, complete and up-to-date accounts, books, records and documents relating to the Claims, the Mortgage 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 Mortgage Loans, the Mortgages, the Insurance Policies and their administration and management;
- (j) to grant access to the Issuer and/or to 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, the relevant Transfer Agreement, the Servicing 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 Mortgage 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.

Indemnity

Under clause 5 of the Warranty and Indemnity Agreement, each Originator 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, the relevant Transfer Agreement, the Servicing 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 to comply with any term, provision or covenant contained in the Warranty and Indemnity Agreement, the relevant Transfer Agreement, the Servicing 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 Mortgage 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 Mortgage Loans or under or pursuant to any contract, deed, document, action, event or circumstance;

- (f) the failure by the Issuer to collect or recover the Claims as a result of the exercise of the right to terminate, void or withdraw from a Mortgage Loan Agreement, collateral security or any act or document connected thereto.

Usury

Under the Warranty and Indemnity Agreement, each Originator represented to the Issuer that the interest rates of the Mortgage 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.

Applicable law and jurisdiction

The Warranty and Indemnity Agreement is in Italian. The Warranty and Indemnity Agreement and all non contractual obligations arising out or in connection with the Warranty and Indemnity 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 Warranty and Indemnity Agreement and all non contractual obligations arising out or in connection with the Warranty and Indemnity Agreement, the Parties shall submit to the exclusive jurisdiction of the Courts of Milan, Italy.

DESCRIPTION OF THE SERVICING AGREEMENT AND THE BACK-UP SERVICING AGREEMENT

The description of the Servicing Agreement and the Back-Up Servicing Agreement set out below is a summary of certain features of the Servicing Agreement and the Back-Up Servicing Agreement, respectively and is qualified in its entirety by reference to the detailed provisions of such agreements. Prospective Noteholders may inspect a copy of the Servicing Agreement and the Back-Up Servicing Agreement upon request at the registered offices of the Representative of the Noteholders. Capitalised terms used in the description below, to the extent not defined in this Offering Circular, shall have the meanings ascribed to them in the Servicing Agreement and the Back-Up Servicing Agreement, as the case may be.

THE SERVICING AGREEMENT

General

On 14 November 2017, the Issuer and the Originators (each in such capacity, a "**Servicer**" and together the "**Servicers**") entered into a servicing agreement, (the "**Servicing Agreement**"), pursuant to which (a) Banca di Pisa e Fornacette has agreed to administer and service the Banca di Pisa e Fornacette Portfolio on behalf of the Issuer and (b) Banca Cambiano has agreed to administer and service the Banca Cambiano Portfolio on behalf of the Issuer; including in each case the collection of, and the management of judicial proceedings in relation to, the 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 e dei servizi di cassa e di pagamento e responsabile della verifica della conformità delle operazioni alla legge e al prospetto informativo* pursuant to article 2(3)(c) and (6)-bis of the Securitisation Law and accordingly is responsible for ensuring that such operations comply with the provisions of the law and of this Offering Circular.

Pursuant to the terms of the Servicing Agreement, the Servicers shall comply with certain collection policies specified in the Servicing Agreement, (the "**Collection Policy**") in relation to the collection and recovery activities carried out on behalf of the Issuer and shall provide the Issuer with monthly reports (the "**Monthly 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. Each Servicer shall credit any amount collected or recovered by it in respect of the relevant Portfolio (the "**Collections**") into the relevant Transitory Collections and Recoveries Account within the Business Day following the date of the relevant receipt. Each Servicer will convert any non-cash collections received by it into equivalent amounts of cash and will credit such cash to the relevant Collection Account.

Each Servicer shall be entitled to settle and renegotiate the Claims only in accordance with the Servicing Agreement. In particular, the Servicing Agreement entitles each Servicer, among other things (and in case it is deemed necessary for the purpose of a more efficient administration of the Claims), to: (i) grant its consent to the partial release of the payments of the Borrowers in relation to the Defaulted Claims ("*Crediti in Sofferenza*"), (ii) enter into settlement agreements or agreements which grant deferments or suspensions of payments in relation to the Defaulted Claims ("*Crediti in Sofferenza*"), (iii) renegotiate the terms of the Loan Agreements in relation to Claims other than Defaulted Claims ("*Crediti in Sofferenza*"), or (iv) restrict or reduce the Mortgages, in any case within the limits set forth by, and according to the terms and conditions of, clause 7.2, 7.3 and 7.4 of the Servicing Agreement.

With reference to the paragraph (ii) and (iii) above, in particular, each Servicer, among other things:

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

- (a) from fixed rate to a variable interest rate; or
- (b) from variable interest rate to a fixed interest rate;
- (c) from a variable interest rate to a floating rate with cap;
- (ii) may enter into renegotiations providing the reduction of (i) the interest rate applicable to the relevant fixed interest rate Mortgage Loan Agreement or (ii) the spread applicable to the relevant variable interest rate Mortgage Loans Agreement (in case no variation of the nature of the interest rate applicable to the relevant Mortgage Loan Agreement has been carried out);
- (iii) may enter into renegotiations providing for (i) any modification of the amortisation plan of the Mortgage Loan Agreements permitted by the Servicing Agreement (either by extending or by reducing the amortisation plan), (ii) any modification of the frequency of the payment of the Instalments.

As an alternative to the renegotiation power granted to each Servicer and in order to allow the Originators to keep good relationships with the Borrowers, the Originators have been granted the power to propose offers to repurchase the Claims sold by it provided that

- (i) the aggregate amount of each offer made by each Originator, plus the amount of the other offers already accepted by the Issuer in the same year, is not higher than 3% of the principal amount outstanding of all of the Claims assigned by the relevant Originator pursuant to the relevant Transfer Agreement as of the Effective Date, and
- (ii) the aggregate amount of each offer made by each Originator, plus the amount of the other offers already accepted by the Issuer, is not higher than 9% of the principal amount outstanding of all of the Claims assigned by the relevant Originator pursuant to the relevant Transfer Agreement as of the Effective Date.

The Issuer may accept such offer provided that it shall be bound to provide a reasonable motivation in case it decides not to accept it.

Pursuant to clause 7.7 of the Servicing Agreement, the renegotiation activities provided by clause 7 therein (save for those provided by or required by law) may be carried out only by the Servicers, with express exclusion of any successor thereto (including the Back-up Servicers).

Fees and expenses

As consideration for the services provided by each the Servicers, the Issuer will pay to it on each Payment Date, in accordance with the applicable Order of Priority: the sum of the following amounts: (a) 0.25% (zero point twenty five per cent) of the Collections in respect of the Claims not being Defaulted Claims (*Crediti in Sofferenza*) or Impaired Claims (*Crediti Incagliati*) collected by the Servicers during the immediately preceding Collection Period; and (b) 1% (one per cent) of the Collections collected by the Servicers during the immediately preceding Collection Period in respect of any Claim classified as Defaulted Claim (*Credito in Sofferenza*) and Impaired Claim (*Credito Incagliato*) (the "**Servicing Fees**").

The Servicing Fees shall be considered as inclusive of VAT (if applicable) and of the expenses and fees (including the fees of external counsels and the judicial expenses (including taxes)) incurred by the Servicers in connection with its servicing activities.

The Servicers have expressly waived their rights to compensation that may be provided for by law other than the Servicing Fees. It has also expressly waived its right to exercise any right to off-set the amounts due to it from the Issuer against the Collections or any other amount owed by the Servicers

to the Issuer, except for those amounts paid to the Issuer and undue.

Undertakings of the Servicers

Each of the Servicers has undertaken, with respect to the Claims of the relevant Portfolio assigned by them in their quality of Originators, *inter alia*:

- (i) 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 Policy and with all applicable laws and regulations;
- (ii) to maintain an effective system of general and accounting controls so as to ensure the performance of its obligations under the Servicing Agreement;
- (iii) save as otherwise provided in the Collection Policy and in the Servicing Agreement, not to release or consent to the cancellation of all or part of the Claims of the relevant Portfolio unless ordered to do so by a competent judicial or other authority or by the Issuer;
- (iv) to ensure adequate identification and segregation of the collections and recoveries and other amounts related to the Claims from all other funds of the Servicers;
- (v) to ensure that the Transaction is consistent with the law and this Offering Circular;
- (vi) to comply with all authorisations, approvals, licenses and consents required for the fulfilment of its obligations under the Servicing Agreement.

In the case of a material breach by the relevant Servicer of its obligations under the Servicing Agreement, with respect to the Administration of the Portfolios and/or the Management of the Defaulted Claims, 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 to cause it to be performed by third parties in the name and on behalf of the Servicers.

Termination of the appointment

The Issuer (with the cooperation of the Corporate Services Provider) may terminate the appointment of any of the Servicers in certain circumstances including, *inter alia*, (i) the occurrence of an event which may negatively affect the legal, economic and financial condition of any of the Servicers to a point capable of prejudicing the capacity of such Servicer to perform its obligations under the Servicing Agreement; in this case, the substitution shall occur upon prior written consent of the Representative of the Noteholders which will act in accordance with the Intercreditor Agreement and the Conditions; (ii) the insolvency of any of the Servicers, (iii) a breach of the Servicing Agreement, which remains unremedied for a period longer than 10 calendar days after a written request to comply with its obligations from the Issuer and/or the Representative of the Noteholders, and (iv) the failure by any of the Servicers to pay or transfer to the Issuer any amount due by it pursuant to the Servicing Agreement, within 5 Business Day from the date in which such payment or transfer was due to be made (except in case such failure is due to technical reason, inevitable accident (*caso fortuito*) or force majeure (*forza maggiore*)). It is agreed that the termination of each of the Servicers shall become effective on the day after such Servicer has received notice from the Issuer or the Representative of the Noteholders (in the name and on behalf of the Issuer) of the termination of its appointment and only upon the Substitute Servicer or the relevant Back-up Servicers taking over the activities to be performed under the Servicing Agreement. In case of the occurrence of a termination event with respect to the relevant Servicer pursuant to the Servicing Agreement, such Servicer shall promptly notify the Borrowers of such termination and shall instruct such Borrowers to pay any future amount related to the Claims into the Collection and Recoveries Account.

Applicable law and jurisdiction

The Servicing Agreement is in Italian. The Servicing Agreement and all non contractual obligations arising out or in connection with the Servicing 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 Servicing Agreement and all non contractual obligations arising out or in connection with the Servicing Agreement, the Parties shall submit to the exclusive jurisdiction of the Courts of Milan, Italy.

Back-Up Servicing Agreement

Under a back-up servicing agreement entered into on or prior to the Issue Date between the Issuer, the Servicers and the Back-up Servicers, the Issuer has appointed the Back-up Servicers to act as substitute of the Servicers in the event indicated in such agreement; in particular, (i) Banca di Pisa e Fornacette will act as substitute of Banca Cambiano as servicer and (ii) Banca Cambiano will act as substitute of Banca di Pisa e Fornacette as servicer (the "**Back-Up 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 and all non contractual obligations arising out or in connection with the Back-Up Servicing Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

DESCRIPTION OF THE OTHER TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of such Transaction Documents and is qualified in its entirety by reference to the detailed provisions of such Transaction Documents at the registered offices of the Representative of the Noteholders. Capitalised terms used in the description below, to the extent not defined in this Prospectus, shall have the meanings ascribed to them in the Transaction Documents.

THE CORPORATE SERVICES AGREEMENT

Under a corporate services agreement entered into on or prior the Issue Date 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

On or about the Issue Date, the Issuer, the Representative of the Noteholders (on behalf of the Noteholders and for itself) and the Other Issuer Creditors will enter into the Intercreditor Agreement.

The Intercreditor Agreement provides for, *inter alia*, the order of priority of payments to be made from the Single Portfolio Available Funds or the Issuer Available Funds, as the case may be, as set forth in Condition 4 (*Orders of Priority*).

The obligations owed by the Issuer to each Noteholder and to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Noteholders and the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds in each case subject to and as provided in the Conditions, the Intercreditor Agreement and the other Transaction Documents

Under the terms of the Intercreditor Agreement, the Noteholders and each of the Other Issuer Creditors irrevocably consented and agreed that, upon the delivery of a Trigger Notice following the occurrence of a Trigger Event, the Representative of the Noteholders will be authorised to exercise, in the name and on behalf of the Issuer, as representative of the Noteholders and also in the interest and for the benefit of the Noteholders and the Other Issuer Creditors, all and any of the Issuer's Rights, including the right to give directions and instructions to each of the Other Issuer Creditors. The Notes Subscription Agreement and the Rules of the Organisation of the Noteholders include similar provisions providing for the appointment of, and the granting of relevant rights to, the Representative of the Noteholders by the Noteholders.

Clean Up Option

The Issuer has granted, subject to certain conditions, to each Originator an option right pursuant to article 1331 of the Italian civil code (the "**Clean Up Option**") to purchase, in each period starting from 60 (sixty) calendar days prior to each Clean Up Option Date and ending on each relevant Clean Up Option Date the Claims of the relevant Portfolio outstanding at such date for a purchase price

equal to the outstanding principal amount of each Claim comprised in such Portfolio, subject to the following provisions:

- (i) if on the Clean Up Option Date any of the Portfolios comprises any Defaulted Claims, the purchase price shall be equal to the fair market value as determined (subject to subparagraph (ii) below) by an independent third party; and
- (ii) provided that, in any case, the 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 the Class A Notes and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the Class A Notes.

The Intercreditor Agreement and all non contractual obligations arising out or in connection with the Intercreditor Agreement are governed by and construed in accordance with Italian law.

In the event of any disputes arising out of or in connection with the Intercreditor Agreement and all non contractual obligations arising out or in connection with the Intercreditor Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

THE CASH ADMINISTRATION AND AGENCY AGREEMENT

Under an agreement to be entered into on or prior to the Issue Date among, *inter alios*, the Issuer, the Servicers, the Back-up Servicers, the Transaction Bank, the Operating Bank, the Computation Agent, the Back-up Computation Agent, the Corporate Services Provider, the Paying Agent, the Representative of the Noteholders and the Agent Bank (the “**Cash Administration and Agency Agreement**”):

- (a) the Paying Agent will perform certain services in relation to the Notes, including arranging for the payment of principal and interest to the Monte Titoli Account Holders;
- (b) the Agent Bank will calculate the amount of interest payable on the Class A Notes on each Interest Determination Date; the Computation Agent will perform certain other calculations in respect of the Notes and set out, in a payment 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
- (c) the Operating Bank and the Transaction Bank will provide the Issuer with certain cash administration services, in relation to the monies standing, from time to time, to the credit of the relevant Accounts.

The Cash Administration and Agency Agreement and all non contractual obligations arising out or in connection with the Cash Administration and Agency 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 Cash Administration and Agency Agreement and all non contractual obligations arising out or in connection with the Cash Administration and Agency Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

THE NOTES SUBSCRIPTION AGREEMENT

Under a subscription agreement entered into on or prior to the Issue Date among the Issuer, the Arranger, the Originators and the Representative of the Noteholders (the “**Notes Subscription Agreement**”), each Originator has agreed to subscribe and pay for the relevant Series of Class A

Notes and Class B Notes upon the terms and subject to the conditions thereof and have appointed the Representative of the Noteholders to act as the representative of the holders of the Class A Notes and the Class B Notes.

The Notes Subscription Agreement and all non contractual obligations arising out or in connection with the Notes Subscription 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 Notes Subscription Agreement including all non contractual obligations thereof, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

THE QUOTAHOLDERS' AGREEMENT

Under the terms of a quotaholders' agreement entered into on or prior to the Issue Date among the Quotaholders, the Representative of the Noteholders and the Issuer (the "**Quotaholders' Agreement**") certain rules shall be set out in relation to the corporate governance of the Issuer.

In particular, the Quotaholders have agreed, *inter alia*, not to pledge, charge or dispose of the quotas of the Issuer without the prior written consent of the Representative of the Noteholders. The Issuer believes that the provisions of the Quotaholders' Agreement and of the other Transaction Documents are adequate to ensure that the participation by the Quotaholders in the quota capital of the Issuer is not abused.

The Quotaholders' Agreement and all non contractual obligations arising out or in connection with the Quotaholders' 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 Quotaholders' Agreement and all non contractual obligations arising out or in connection with the Quotaholders' Agreement, the Parties have agreed to submit to the exclusive jurisdiction of the Courts of Milan, Italy.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE CLASS A NOTES

Under the Conditions, the Final Maturity Date of the Notes is the Payment Date falling in May 2060 and the Notes will be subject to mandatory redemption in full or in part on the Payment Date falling in January 2018 and on each Payment Date thereafter to the extent that on such Payment Date the Issuer has sufficient available funds to be applied for this purpose in accordance with the applicable Order of Priority. The Notes may also be subject to optional redemption in full under certain circumstances.

The tables below show the estimated weighted average lives and estimated maturities of the Class A Notes on the basis of various assumptions regarding annual constant prepayment rates and certain other factors as detailed below.

These estimates have certain inherent limitations. No representations can be made that such estimates are accurate, or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The following tables show the estimated weighted average life and the principal payment window of the Class A Notes and have been, inter alia, prepared based on the characteristics of the Claims included in the Portfolios on historical performance and on the following additional assumptions:

- (i) the Issuer will not exercise its option to redeem the Notes under Condition 6.4 (*Optional Redemption*);
- (ii) there are no delinquencies or defaults in respect of the Portfolios;
- (iii) there is a constant vector of the interest rate index during the life of the Portfolios;
- (iv) the constant prepayment rate, as per the tables below, has been applied to the Portfolios in homogeneous terms;
- (v) no Trigger Event has occurred in respect of the Notes;
- (vi) repayment of principal under the Notes occurs from the First Payment Date;
- (vii) no purchase/sale/indemnity/renegotiations on the Portfolios is made according to the Transaction Documents;
- (viii) the Class A Notes are issued on Issue Date; and
- (ix) no redemption for taxation under Condition 6.2 (*Redemption for Taxation*) has occurred in respect of the Notes.

The actual characteristics and performance of the Claims are likely to differ from the assumptions used in constructing the table 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 to differ (which difference could be material) from the corresponding information in the following table.

Class A1 Notes		
Constant Prepayment Rate (% per annum)	Estimated Weighted Average Life (years)	Estimated Maturity
5%	4.65	25/05/2029
6%	4.30	25/08/2028
7%	4.00	25/12/2027
8%	3.73	25/05/2027
9%	3.48	25/10/2026
10%	3.27	25/04/2026
Class A2 Notes		
Constant Prepayment Rate (% per annum)	Estimated Weighted Average Life (years)	Estimated Maturity
5%	4.22	25/04/2028
6%	3.94	25/08/2027
7%	3.68	25/02/2027
8%	3.45	25/08/2026
9%	3.25	25/02/2026
10%	3.06	25/09/2025

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 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.

The estimated maturity and average life of the Class A Notes are subject to factors that are largely out of the control of the Issuer. As a consequence no assurance can be given that the above assumptions and estimates will prove in any way to be realistic and therefore they must be considered with considerable caution.

TERMS AND CONDITIONS OF THE NOTES

The following is the entire text of the terms and conditions of the Class A Notes and the Class B Notes (as defined below) (the “Conditions”). In these Conditions, references to the “holder” or to the “Noteholder” of a Class A Note or a Class B Note or to a Class A Noteholder and a Class B Noteholder are to the ultimate owners of the Class A Notes and the Class B 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 the Legislative Decree No. 58 of 24 February 1998 and (ii) regulation of 22 February 2008 jointly issued 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).

The Euro 181,656,000 Class A1 Asset Backed Floating Rate Notes due May 2060 (the “**Class A1 Notes**”), Euro 360,925,000 Class A2 Asset Backed Floating Rate Notes due May 2060 (the “**Class A2 Notes**” and together with the Class A1 Notes, the “**Class A Notes**”), Euro 54,137,000 Class B1 Asset Backed Floating Rate Notes due May 2060 (the “**Class B1 Notes**”), Euro 107,562,000 Class B2 Asset Backed Floating Rate Notes due May 2060 (the “**Class B2 Notes**”, and together with the Class B1 Notes, the “**Class B Notes**”; the Class A Notes and the Class B Notes, together the “**Notes**”), are issued by Pontormo RMBS S.r.l. (the “**Issuer**”) on 27 November 2017 (the “**Issue Date**”) in the context of a securitisation transaction (the “**Transaction**”) to finance the purchase of portfolios of monetary claims and connected rights arising under mortgage loan agreements (collectively the “**Portfolios**” and the “**Claims**”, respectively) from Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A. (“**Banca di Pisa e Fornacette**”) and Banca Cambiano 1884 S.p.A. (“**Banca Cambiano**”, Banca di Pisa e Fornacette and Banca Cambiano, collectively, the “**Originators**”), pursuant to article 1 of Italian Law No. 130 of 30 April 1999 (“*Disposizioni sulla cartolarizzazione dei crediti*”) (as amended and supplemented from time to time, the “**Law 130**” or the “**Securitisation Law**”).

The Portfolios have been purchased by the Issuer pursuant to 2 transfer agreements entered into on 14 November 2017, each between the Issuer and an Originator (each a “**Transfer Agreement**” and together the “**Transfer Agreements**”). Representations and warranties in respect of the Portfolios have been made by the Originators in favour of the Issuer under a warranty and indemnity agreement entered into between the Issuer and the Originators on 14 November 2017 (the “**Warranty and Indemnity Agreement**”).

In these Conditions, references to the “**Class A1 Noteholders**” are to the beneficial owners of the Class A1 Notes, “**Class A2 Noteholders**” are to the beneficial owners of the Class A2 Notes, references to the “**Class A Noteholders**” are to the beneficial owners of the Class A Notes collectively and references to the “**Class B1 Noteholders**” and the “**Class B2 Noteholders**” are to the beneficial owners of respectively the Class B1 Notes and the Class B2 Notes and references to the “**Class B Noteholders**” are to the beneficial owners of the Class B Notes collectively and references to the “**Noteholders**” are to the beneficial owners of the Class A Notes and the Class B Notes.

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 Law 130, the Issuer’s rights, title and interest in and to the Portfolios, the other Issuer’s Rights (as defined below) and all the amounts deriving therefrom (for so long such amounts are credited to one of the Issuer’s accounts under this Transaction) will be segregated from all the other assets of the Issuer and amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer’s accounts under this Transaction) 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 rights, title and interest in and to the Portfolios, the other Issuer’s Rights (as defined below) and all the amounts deriving therefrom (for so long such amounts are credited to one of the Issuer’s

accounts under this Transaction) 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 towards the Other Issuer Creditors.

Under a servicing agreement entered into on 14 November 2017 (the “**Servicing Agreement**”) among, *inter alios*, the Issuer and each Originator as a servicer of its respective Portfolio (collectively the “**Servicers**”), each Servicer agreed to provide the Issuer with administration, collection and recovery services in respect of such Portfolio and shall verify that the payment services to be provided in relation to the Transaction comply with Italian law.

Under a subscription agreement entered into on or prior to the Issue Date among the Issuer, the Class A1 Notes Subscriber, the Originators, the Class A2 Notes Subscriber, the Arranger and the Representative of the Noteholders (the “**Notes Subscription Agreement**”), the Class A1 Notes Subscriber has agreed to subscribe and pay for Class A1 Notes, the Class A2 Notes Subscriber has agreed to subscribe and pay for Class A2 Notes, Banca di Pisa e Fornacette has agreed to subscribe and pay for the Class B1 Notes and Banca Cambiano has agreed to subscribe and pay for the Class B2 Notes upon the terms and subject to the conditions thereof and have appointed KPMG Fides Servizi di Amministrazione S.p.A. to act as the representative of the holders (the “**Representative of the Noteholders**”) of the Class A1 Notes, the Class A2 Notes and the Junior Notes.

Under a cash administration and agency agreement entered into on or prior to the Issue Date (the “**Cash Administration and Agency Agreement**”) among the Issuer, Cabel Holding S.p.A. as Corporate Services Provider (the “**Corporate Services Provider**”) and Computation Agent (the “**Computation Agent**”), KPMG Fides Servizi di Amministrazione S.p.A. as Representative of the Noteholders and back-up computation agent (the “**Back-up Computation Agent**”), the Originators, the Servicers, The Bank of New York Mellon SA/NV – Milan branch as paying agent (the “**Paying Agent**”), agent bank (the “**Agent Bank**”) and transaction bank (the “**Transaction Bank**”) and Invest Banca S.p.A. as operating bank (the “**Operating Bank**”): (i) the Paying Agent shall 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 shall calculate the amount of interest payable on the Notes; (iii) the Computation Agent (or the Back-up Computation Agent as the case may be) shall provide the Issuer with other calculations in respect of the Notes and will set out, in a payment report, the payments due to be made under the Notes on each Payment Date; and (iv) the Operating Bank and the Transaction Bank shall provide certain cash administration services in respect of the amounts standing, from time to time, to the credit of the relevant Accounts.

Under a corporate services agreement entered into on or prior to the Issue Date (the “**Corporate Services Agreement**”) between the Issuer and Cabel Holding S.p.A. as corporate services provider (the “**Corporate Services Provider**”) the Corporate Services Provider shall 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 and the Servicers (the “**Back-up Servicers**”), each of the Back-up Servicers has agreed to act as servicer of the Portfolio of the other Servicer should the latter cease to service such Portfolio on the same terms as are provided for in the Servicing Agreement.

Under an intercreditor agreement entered into on or prior to the Issue Date (the “**Intercreditor Agreement**”) among the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Corporate Services Provider, the Stichting Corporate Services Provider, the Agent Bank, the Transaction Bank, the Operating Bank, the Computation Agent, the Back-up Computation Agent, the Servicers, the Paying Agent, the Back-up Servicers, the Class A1 Notes Subscriber, the Class A2 Notes Subscriber, the Originators, the Class B Notes Subscribers, the application of the Single Portfolio Available Funds and the Issuer Available Funds (each 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.

Under a quotaholders' agreement entered into on or prior to the Issue Date among Cabel Holding S.p.A. ("**Cabel**"), Stichting Muitenburg ("**Stichting**" and together with Cabel the "**Quotaholders**"), the Issuer and the Representative of the Noteholders (the "**Quotaholders' Agreement**") certain rules have been set out in relation to the corporate management of the Issuer.

Under a stichting corporate services agreement entered into on or about the Issue Date (the "**Stichting Corporate Services Agreement**") among the Issuer, KPMG Fides Servizi di Amministrazione S.p.A. (the "**Stichting Corporate Services Provider**") and the Stichting, the Stichting Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to the Stichting.

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 Corporate Services Agreement, the Notes Subscription Agreement, the Cash Administration and Agency Agreement, the Quotaholders' Agreement and the Stichting Corporate Services Agreement (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 ("**Recitals**") and the exhibits (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:

"**2010 PD Amending Directive**" means Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010.

"**Acceleration Order of Priority**" means the order in which the Issuer Available Funds shall be applied on each Payment Date following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Accounts**" means collectively the Payments Account, the Collections and Recoveries Account, the Transitory Collections and Recoveries Accounts, the General Account, the Principal Amortisation Reserve Accounts, the Expenses Account, the Reserve Account, the Cash Reserve Accounts, the Quota Capital Account and the Suspension Accounts.

"**AIFM**" means Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers, as the same may be amended from time to time.

“**AIFM Level 2 Regulation**” means the Commission Delegated Regulation (EU) no. 231/2013, as the same may be amended from time to time.

“**Agents**” means the Paying Agent, the Agent Bank, the Computation Agent, the Back-up Computation Agent, the Transaction Bank and the Operating Bank, collectively; and “**Agent**” means any of them.

“**Agent Bank**” means The Bank of New York Mellon SA/NV – Milan branch, or any other person from time to time acting as Agent Bank.

“**Article 405**” means the article 405 of the CRR.

“**Authorised Company**” means any company (i) whose management has at least 5 years prior experience in the activities which any of the Servicer intends to entrust to such company, (ii) employs a software which would empower it to fulfil the obligations deriving from its appointment without interruption (iii) has the ability to perform such activities with results equal to those required by the Servicer under the Servicing Agreement.

“**Back-up Computation Agent**” means KPMG Fides Servizi di Amministrazione S.p.A. or any other person acting from time to time as back-up computation agent.

“**Back-up Servicers**” means:

(i) with respect to Banca Cambiano, Banca di Pisa e Fornacette;

(ii) with respect to Banca di Pisa e Fornacette, Banca Cambiano;

each acting as Back-up Servicer pursuant to the Back-up Servicing Agreement; or

(i) the External Back-up Servicer, should the events under clause 9.1.4 of the Servicing Agreement occur.

or any other person from time to time acting as substitute of the abovementioned subject.

“**Back-up Servicing Agreement**” means the back-up servicing agreement entered into on or prior to the Issue Date, among the Issuer and the Servicers pursuant to which each of the Back-up Servicers has agreed to act as servicer of the Portfolio of the other Servicer should the latter cease to service such Portfolio on the same terms as are provided for in the Servicing Agreement.

“**Banca Cambiano Suspension Amounts**” means any amount to be paid by Banca Cambiano, acting as Servicer, into the relevant Suspension Account prior to the authorisation by Banca Cambiano to the relevant Borrower to suspend the payment of the Instalments, in accordance with the provisions of the Servicing Agreement.

“**Banca Cambiano Repayment Amount**” means an amount, calculated on each Calculation Date, equal to the difference (if positive) between:

(a) the Banca Cambiano Suspension Amount credited from the Effective Date until the last day of the immediately preceding Collection Period related to the Mortgage Loans in respect of which the relevant Suspension Period granted by Banca Cambiano pursuant to clause 7.4 of the Servicing Agreement has expired and the relevant Borrowers have started to repay the Instalments (as set out in the Monthly Servicing Report); *less*

(b) the aggregate amount transferred and to be transferred from the relevant Suspension Account to the Payments Account in accordance with clause 3.2 item (d) (i) of the Cash

Administration and Agency Agreement from the Issue Date until the immediately following Payment Date (included); *less*

(c) any amount transferred from the relevant Suspension Account to the relevant Servicer of the Banca Cambiano Portfolio pursuant to clause 3.2 item (d) (ii) of the Cash Administration and Agency Agreement from the Issue Date until the immediately preceding Payment Date (included),

provided however that, on the Calculation Date immediately preceding the Payment Date on which the Class A Notes will be redeemed in full, the Banca Cambiano Repayment Amount shall be equal to the balance standing to the credit of the relevant Suspension Account.

“Banca Cambiano Initial Cash Reserve Amount” means the amount equal to Euro 5,413,875;

“Banca di Pisa e Fornacette Suspension Amounts” means any amount to be paid by Banca di Pisa e Fornacette, acting as Servicer, into the relevant Suspension Account prior to the authorisation by Banca di Pisa e Fornacette to the relevant Borrower to suspend the payment of the Instalments, in accordance with the provisions of the Servicing Agreement.

“Banca di Pisa e Fornacette Initial Cash Reserve Amount” means the amount equal to Euro 2,724,840;

“Banca di Pisa e Fornacette Repayment Amount” means an amount, calculated on each Calculation Date, equal to the difference (if positive) between:

(a) the Banca di Pisa e Fornacette Suspension Amount credited from the Effective Date until the last day of the immediately preceding Collection Period related to the Mortgage Loans in respect of which the relevant Suspension Period granted by Banca di Pisa e Fornacette pursuant to clause 7.4 of the Servicing Agreement has expired and the relevant Borrowers have started to repay the Instalments (as set out in the Monthly Servicing Report); *less*

(b) the aggregate amount transferred and to be transferred from the relevant Suspension Account to the Payments Account in accordance with clause 3.2 item (d) (i) of the Cash Administration and Agency Agreement from the Issue Date until the immediately following Payment Date (included); *less*

(c) any amount transferred from the relevant Suspension Account to the relevant Servicer of the Banca di Pisa e Fornacette Portfolio pursuant to clause 3.2 item (d) (ii) of the Cash Administration and Agency Agreement from the Issue Date until the immediately preceding Payment Date (included),

provided however that, on the Calculation Date immediately preceding the Payment Date on which the Class A Notes will be redeemed in full, the Banca di Pisa e Fornacette Repayment Amount shall be equal to the balance standing to the credit of the relevant Suspension Account.

“Bankruptcy Law” means the Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*), as amended and supplemented from time to time.

“Bankruptcy Proceedings” means any bankruptcy or similar proceeding applicable to any company or other organisation or enterprises and in particular as for Italian law, the following procedures: *fallimento, concordato preventivo, liquidazione coatta amministrativa, amministrazione straordinaria*, and the proceedings as set forth by article 182 *bis* and article 67, paragraph 3, of the

Bankruptcy Law.

“**Borrower**” means the debtors under the Claims and their transferors, assignees and successors.

“**Business Day**” means, with reference to and for the purposes of any payment obligation provided for under the Transaction Documents and any other provision specified under the Transaction Documents, any day (excluding Saturday and Sunday) on which banks are open for business in Dublin, London, Milan on which the Trans-European Automated Real Time Gross Transfer System (TARGET 2) (or any successor thereto) is open.

“**Calculation Date**” means the date falling 5 calendar days before each Payment Date.

“**Cancellation Date**” means the earlier date 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 of the Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Single Portfolio Available Funds or the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

“**Capital Requirements Regulation**” or “**CRR**” means the Regulation (EU) No. 575/2013, as the same may be amended from time to time.

“**Cash Administration and Agency Agreement**” means the cash administration and agency agreement entered into on or prior to the Issue Date among the Issuer, the Representative of the Noteholders, the Computation Agent, the Back-up Computation Agent, the Originators, the Servicers, the Paying Agent, the Agent Bank, the Transaction Bank and the Operating Bank.

“**Cash Reserves**” means all of the Relevant Cash Reserve.

“**Cash Reserve Accounts**” means collectively 2 accounts denominated with reference to each Relevant Portfolio opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Cash Reserve Excess**” has the meaning ascribed to it in Condition 4.8.

“**Cash Reserve Amortisation Amount**” has the meaning ascribed to it in Condition 4.8.

“**Central Bank**” means the Central Bank of Ireland.

“**Claims**” means the monetary claims arising now or at any time in the future under or in respect of the Portfolios.

“**Class**” means the Class A Notes or the Class B Notes, as the case may be and “**Classes**” means all of them.

“**Class A Noteholders**” means the holder of the Class A Notes.

“**Disequilibrium Event**” has the meaning ascribed to it in Condition 4.2.

“**Class A Notes Principal Payment Amount**” means (i) with respect to each Payment Date and to each Portfolio, the relevant Single Portfolio Class A Notes Principal Payment Amounts (but excluding amounts payable under item (viii) of the definition of Single Portfolio Amortised Principal), *plus* (ii) only on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising the Cash Reserves (available on such Payment

Date following payment in full of all items ranking higher in the Cross Collateral-Order of Priority), an amount equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under item (i) above); *provided that* on the Final Maturity Date the Class A Notes Principal Payment Amount will be equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding.

“**Class A1 Notes Subscriber**” means Banca di Pisa e Fornacette.

“**Class A2 Notes Subscriber**” means Banca Cambiano.

“**Class A Notes Subscribers**” means, collectively, Banca di Pisa e Fornacette and Banca Cambiano.

“**Class B Noteholders**” means the holder of the Class B Notes.

“**Class B Notes Aggregate Amount**” means the aggregate amount of the Class B Notes equal to Euro 161,699,000.

“**Class B Notes Subscribers**” means, collectively, Banca di Pisa e Fornacette and Banca Cambiano.

“**Clean Up Option Date**” means any Payment Date following the Collection Date on which the aggregate Principal Amount Outstanding of all the Notes is equal to or less than 40% of the Purchase Price (as calculated by the Computation Agent and resulting from the Payments Report).

“**Clearstream**” means Clearstream Banking S.A., located at 42 Avenue JF Kennedy L-1855 Luxembourg;

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended;

“**Collection and Recoveries Account**” means the account with account No. 6983979780 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Collection Date**” means the last day of each month in each year. The First Collection Date is 31 December 2017.

“**Collection Period**” means each period starting on a Collection Date (excluded) and ending on the following Collection Date (inclusive), save for the First Collection Period.

“**Collection Policy**” means, with respect to each Servicer, the collection policy applied by such Servicer in relation to its respective Portfolio.

“**Collections**” means all the amounts collected and/or recovered under the Claims on or after the Transfer Date and any amount received by the Issuer from the Servicers pursuant to the Servicing Agreement.

“**Computation Agent**” means Cabel Holding S.p.A. or any other person acting from time to time as computation agent.

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

“**Consolidated Banking Act**” means Legislative Decree No. 385 of 1 September 1993 as subsequently amended.

“**Corporate Services Provider**” means Cabel Holding S.p.A. or any other person acting from time to time as corporate services provider.

“**CRA Regulation**” means Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011.

“**Criteria**” means collectively the General Criteria and the Specific Criteria.

“**Cross Collateral Event**” has the meaning ascribed to it in Condition 10 (“*Cross Collateral Event*”).

“**Cross Collateral Notice**” has the meaning ascribed to it in Condition 10 (“*Cross Collateral Event*”).

“**Cross Collateral Order of Priority**” means the order in which the Issuer Available Funds shall be applied on each Payment Date following the service of a Cross Collateral Notice (and, for the avoidance of doubt prior to the service of a Trigger Notice) in accordance with the Conditions and the Intercreditor Agreement.

“**Defaulted Claim**” means a Claim which is classified as “*sofferenza*” by the relevant Servicer pursuant to its respective Collection Policy and in compliance with the applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy or a Claim which has at least, as the case may be: (i) 12 (twelve) Unpaid Instalments in relation to Claims with monthly instalments; (ii) 4 (four) Unpaid Instalments in relation to Claims with quarterly Instalments; (iii) 2 (two) Unpaid Instalments in relation to Claims with semi-annual Instalments.

“**Detrimental Event**” has the meaning ascribed to it in Condition 4.3.

“**Detrimental Event Notice**” has the meaning ascribed to it in Condition 6.7 (*Principal Payments and Principal Amount Outstanding*).

“**Disequilibrium Event Notice**” has the meaning ascribed to it in Condition 6.7 (*Principal Payments and Principal Amount Outstanding*).

“**ECB**” means the European Central Bank.

“**Effective Date**” means 23:59 hours of 30 September 2017.

“**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:

- (a) with at least "F1" as a short-term rating or "A" as a long-term rating by Fitch; and
- (b) with at least "A-1" as a short-term rating and "A" as a long-term rating by S&P.

“**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).

“**Expenses Account**” means the account with account No. 6983879780 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**External Back-up Servicer**” means the back-up servicer to be appointed pursuant to clause 9.1.4 of the Servicing Agreement in case an insolvency event occurs in respect of any of the Originators (or in case of merger among the Originators) and which must be an entity different from the Originators.

“**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 S.A./N.V., as operator of the Euroclear System.

“**Euribor**” means the Euro-Zone Inter-bank offered rate.

“**Euro-zone**” means the region comprised of member states of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as subsequently amended.

“**FATCA**” means Sections 1471 to 1474 (inclusive) of the Code and any regulations thereunder or official interpretations thereof;

“**FATCA Withholding Tax**” means any withholding required pursuant to FATCA or any agreement described in Section 1471(b) of the Code;

“**Final Maturity Date**” means the Payment Date falling in May 2060.

“**First Collection Date**” means 31 December 2017.

“**First Collection Period**” means the period starting on the Effective Date (inclusive) and ending on the First Collection Date (inclusive).

“**First Payment Date**” means the Payment Date falling on 25th January 2018.

“**Fitch**” means Fitch Italia S.p.A. Fitch is established in the European Union and was registered on 31 October 2011 in accordance with CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

“**General Account**” means the cash account account No. 6983989780 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**General Criteria**” means the general criteria used as a basis for the selection of the Claims.

“**Impaired Claims**” (*Crediti Incagliati*) means the Claims which are classified as “*inadempienze probabili (unlikely to pay)*” by each Servicer pursuant to its Collection Policy and in compliance with the applicable rules “*Istruzioni di Vigilanza*” of the Bank of Italy, in any case a Claim which is not a Defaulted Claim and has at least, as the case may be: (i) 6 (six) Unpaid Instalments in relation to Claims with monthly instalments; (ii) 2 (two) Unpaid Instalments in relation to Claims with quarterly Instalments; (iii) 1 (one) Unpaid Instalment for more than 120 (one-hundred and twenty) days in relation to Claims with semi-annual Instalments.

“**Information Technology Services Provider**” means: Cabel Industry S.p.A. or its permitted successors or assignee from time to time or any other person for the time being acting as Information Technology Services Provider pursuant to the Servicing Agreement.

“**Initial Cash Reserve Amount**” means the Banca di Pisa e Fornacette Initial Cash Reserve Amount and/or the Banca Cambiano Initial Cash Reserve Amount, as the case may be.

“**Instalment**” means, with respect to each Claim, each monetary amount due from time to time by the relevant Borrower under the Claims.

“**Intercreditor Agreement**” means an intercreditor agreement entered into on or prior to the Issue Date among the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the

Noteholders), the Corporate Services Provider, the Stichting Corporate Services Provider, the Agent Bank, the Transaction Bank, the Operating Bank, the Computation Agent, the Back-up Computation Agent, the Servicers, the Paying Agent, the Back-up Servicers, the Class A1 Notes Subscriber, the Class A2 Notes Subscriber and the Originators.

“**Interest Accruals**” means, with respect to each Portfolio, the interest accrued, not yet due and unpaid on the Claims as of the applicable Effective Date, which shall be payable on the First Payment Date and in the case of insufficient available funds on such date, on each following Payment Date, by the Issuer to each Originator under the relevant Transfer Agreement, equal to, with respect to Portfolio No. 1, Euro 1,055,872.51 and with respect to Portfolio No. 2, Euro 360,859.64.

“**Interest Amount**” has the meaning ascribed to it in Condition 5.3.1.

“**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 first Interest Period (the “**Initial Interest Period**”) shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

“**Interest Rate**” has the meaning ascribed to it in Condition 5 (*Interest*).

“**Investors’ Report Date**” means 5 (five) Business Days after each Payment Date.

“**Issue Price**” means the 100% of the principal amount of the Class A Notes and the Class B Notes at which the Class A Notes and the Class B Notes will be issued.

“**Issuer**” means Pontormo RMBS S.r.l.

“**Issuer Available Funds**” means, in respect of each Payment Date, the aggregate (without duplication) of:

- (i) all Collections received by the Issuer through the Servicers, during the immediately preceding Collection Period (expressly including, for avoidance of doubts, also the proceeds arising from the sale (in whole or in part) of the Portfolios;
- (ii) all other amounts transferred during the immediately preceding Collection Period from the Transitory Collections and Recoveries Accounts into the Collections and Recoveries Account;
- (iii) all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period;
- (iv) all amounts paid into the Principal Amortisation Reserve Accounts in the immediately preceding Payment Date (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (v) all amounts, if any, received from the Originators pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreements, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements and any payment made

to the Issuer by any other party to the Transaction Documents, during the immediately preceding Collection Period;

(vi) any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Issuer Available Funds utilised on the immediately preceding Payment Date;

(vii) all amounts paid into the Reserve Account in any preceding Payment Date and not yet utilised as Single Portfolio Available Funds or Issuer Available Funds (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);

(viii) until full repayment of the Class A Notes:

(a) the amount of the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) necessary to pay amount due under items from (*First*) to (*Sixth*) (included) of the Acceleration Order of Priority, or the Cross Collateral Order of Priority (as applicable) in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date;

(b) the amount equal to the difference (if positive) between (i) the amount of the Cash Reserves (including any amount to be credited on the Cash Reserve Accounts in accordance with item (*Seventh*) of the Cross-Collateral Order of Priority on such Payment Date and each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and (ii) an amount equal to 85% of the sum of each Target Cash Reserve Amounts as at the immediately preceding Payment Date, in respect of payments ranking as item (*Eighth*) of the Cross Collateral Order of Priority, in the event of a shortfall of the Issuer Available Funds in respect of such amounts on such Payment Date;

(c) only on the Payment Date on which the amount under item (ii) of the Class A Notes Principal Payment Amount is to be utilised towards redemption of the Class A Notes, a corresponding amount of the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement), and

(d) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the amount of the Cash Reserves necessary to redeem in full the Class A Notes (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement);

(ix) the Cash Reserve Excess of all Portfolios and the Cash Reserve Amortisation Amount of the Relevant Portfolio;

(x) the sums standing to the credit of the Suspension Accounts.

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

“Junior Noteholders” means the Class B Noteholders.

“Junior Notes” means the Class B Notes.

“**Late Payments 30 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are any Instalments which have remained unpaid for more than 30 (thirty) days from its scheduled payment date (in case of monthly, quarterly, semiannually or annual Instalments).

“**Late Payments 60 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are any Instalments which have remained unpaid for more than 60 (sixty) days from its scheduled payment date (in case of monthly, quarterly, semi-annually or annual Instalments).

“**Late Payments 90 Claims**” means any Claim, other than a Defaulted Claim, in respect of which there are any Instalments which have remained unpaid for more than 90 (ninety) days from its scheduled payment date (in case of monthly, quarterly, semi-annually or annual Instalments). “**Law 239 Deduction**” means any withholding or deduction for or on account of “*imposta sostitutiva*” under Legislative Decree No. 239 of 1 April 1996 as amended by Italian Law No. 409 and No. 410 of 23 November 2001 as subsequently amended and supplemented.

“**Loan**” means each loan granted to a Borrower and classified as performing and meeting the Criteria, the receivables in respect of which have been transferred 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.

“**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.

“**Monthly Servicing Report**” means the Monthly report, containing information as to the collections and recoveries to be made in respect of the Portfolio during the immediately preceding Collection Period, which the Servicers undertake to prepare and submit within each Quarterly Servicing Report Date.

“**Monthly Servicing Report Date**” means the tenth Business Day following the end of each Collection Period.

“**Mortgage**” means the mortgage securities created on the Real Estate Assets pursuant to Italian law in order to secure the Mortgage Loans.

“**Mortgage Loan**” means each loan, secured by a Mortgage, granted to a Borrower and classified as performing and meeting the Criteria, the receivables in respect of which have been transferred by each of the Originators to the Issuer pursuant to the relevant Transfer Agreement, and “**Mortgage Loans**” means all of them.

“**Mortgage Loan Agreement**” means each agreement by which a Mortgage Loan has been granted.

“**Most Senior Class of Notes**” means the Class A Notes and, upon their redemption in full, the Class B Notes.

“**Default Ratio**” means, with respect to any Payment Date, the ratio calculated as at the immediately preceding Collection Date between (i) the cumulative Outstanding Balance of all Claims which have become Defaulted Claims since the Effective Date, and (ii) the Outstanding Principal of the Claims as at the Effective Date.

“**Noteholders**” means the Class A Noteholders and the Class B Noteholders.

“**Notes**” means the Class A Notes and the Class B Notes.

“**Notes Subscription Agreement**” means a subscription agreement entered into on or prior to the Issue Date among the Issuer, the Originators, the Arranger and the Representative of the Noteholders pursuant to which the Class A Notes Subscribers have agreed to subscribe and pay for Class A Notes and the Class B Notes Subscribers have agreed to subscribe and pay for the Class B Notes.

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

“**One Month EURIBOR**” means Euribor for one month deposits calculated as provided for in Condition 5.2.1.

“**Operating Bank**” means Invest Banca S.p.A. or any other person acting from time to time as operating bank.

“**Order of Priority**” means the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable, according to which the Single Portfolio Available Funds or the Issuer Available Funds, respectively, shall be applied on each Payment Date in accordance with the Conditions and the Intercreditor Agreement.

“**Organisation of the Noteholders**” means the association of the Noteholders created on the Issue Date.

“**Originators**” means, collectively, Banca di Pisa e Fornacette and Banca Cambiano.

“**Other Issuer Creditors**” means the Originators, the Servicers, the Representative of the Noteholders, the Agent Bank, the Operating Bank, the Transaction Bank, the Paying Agent the Back-up Servicers, the Corporate Services Provider, the Stichting Corporate Services Provider, the Computation Agent, the Back-up Computation Agent, the Class B Notes Subscribers and the Class A Notes Subscribers.

“**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, with 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.

“**Paying Agent**” means The Bank of New York Mellon SA/NV – Milan branch or any other person acting from time to time as paying agent.

“**Payments Account**” means the account with account No. 6983929780 opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Payment Date**” means the 25 day of each month in each year or, if any of such a date does not fall on a Business Day, the following Business Day, until the Final Maturity Date.

“**Payments Report**” has the meaning ascribed to it in Condition 6.7.

“**Payments Report Date**” has the meaning ascribed to it in Condition 6.7.

“Portfolio Negative Balance” means with respect to any Payment Date and until full repayment of the Class A Notes, the difference, if positive, between:

- (a) all amounts due to be paid by the Issuer on such Payment Date under items from (*First*) to (*Seventh*) (included) of the Acceleration Order of Priority, or items from (*First*) to (*Sixth*) (included) and (*Eighth*) of the Cross Collateral Order of Priority (as applicable), and
- (b) the Issuer Available Funds with respect to such Payment Date but excluding the amounts under item (viii) of the Issuer Available Funds.

“Portfolio No. 1” means the portfolio of Claims which is sold to the Issuer by Banca di Pisa e Fornacette pursuant to the relevant Transfer Agreement.

“Portfolio No. 2” means the portfolio of Claims which is sold to the Issuer by Banca Cambiano pursuant to the relevant Transfer Agreement.

“Portfolios” means all the Portfolios of monetary claims and connected rights arising under the Loans transferred by the Originators to the Issuer further to the Transfer Agreements.

“Pre-Acceleration Order of Priority” means the order in which the Single Portfolio Available Funds shall be applied on each Payment Date (i) prior to the service of a Cross Collateral Notice or a Trigger Notice, (ii) in case of Optional Redemption or (iii) in case of Redemption for Taxation in accordance with the Conditions and the Intercreditor Agreement.

“Pre-paid Claim” means a Claim in respect of which the principal has been totally or partially paid before the applicable repayment date under the relevant loan agreement.

“Principal Amortisation Reserve Amount” means with respect to a Payment Date on which a Disequilibrium Event has occurred and to each Portfolio, the difference, if positive, between:

- (i) the relevant Single Portfolio Available Funds, and
- (ii) the aggregate of all amounts to be paid by the Issuer out of such Single Portfolio Available Funds under items (*First*) to (*Ninth*) of the Pre-Acceleration Order of Priority.

“Principal Amortisation Reserve Accounts” means collectively 2 accounts denominated with reference to each Relevant Portfolio opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose and into which, *inter alia*, the Principal Amortisation Reserve Amounts, if any, shall be paid.

“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 to the Noteholders prior to such date.

“Principal Instalment” means, in respect of each Claim, the principal component of each Instalment.

“Principal Payment” means the principal amount in respect of each Note as determined in accordance with Condition 6.7 (*Principal Payments and Principal Amount Outstanding*).

“Prospectus” means the prospectus of the Notes issued in the context of the Transaction.

“Purchase Price” means the price to be paid by the Issuer for the purchase of the Portfolios under the terms of the Transfer Agreements, calculated as the Outstanding Balance of the Claims as at the Effective Date, which is equal to the aggregate of: (i) € 232,893,077.48, to be paid to Banca di Pisa e

Fornacette, for the purchase of Portfolio No. 1; (ii) € 462,725,141.81, to be paid to Banca Cambiano, for the purchase of Portfolio No. 2.

“Quota Capital Account” means the account with IBAN No. IT75 N030 1737 8300 0001 4090 047 opened by the Issuer with the Operating Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“Quotaholders” means (i) Cabel Holding S.p.A. which held a Issuer’s quota of Euro 1,000 and (ii) Stichting Muiteburg which held a Issuer’s quota of Euro 9,000.

“Quotaholders’ Agreement” means the quotaholders’ agreement entered into among the Issuer, the Representative of the Noteholders and the Quotaholders.

“Rated Notes” means the Class A Notes.

“Rating Agencies” means Fitch and/or S&P and any successors thereof and any other rating agency which shall be appointed by the Issuer to give a rating to the Class A Notes, 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.

“Relevant” when applied to the term **“Portfolio”** with respect to a Series of Notes, means the Portfolio sold by the Originator that subscribes for such Series of Notes pursuant to the Notes Subscription Agreement and *vice versa* when applied to the term **“Series of Class B Notes”** or **“Series of Class A Notes”** with respect to a Portfolio, means the Series of Class B Notes and/or the Series of Class A Notes subscribed for by the Originator that sold such Portfolio and in general, **“Relevant Portfolio”** means the Portfolio sold by the relevant Originator; the same rule of interpretation shall apply to any other term which contains the words **“Portfolio”** or respectively **“Series of Class B Notes”** and/or **“Series of Class A Notes”** or which is directly and univocally linked to any of them.

“Relevant Cash Reserve” means means with respect to the relevant Portfolio and with reference to any given Payment Date and Calculation Date, the monies standing from time to time to the credit of the relevant Cash Reserve Account (including amounts to be credited on the relevant Cash Reserve Account on such Payment Date and increased as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement), on the immediately preceding Payment Date (after application of the Single Portfolio Available Funds or the Issuer Available Funds, in accordance with the applicable Order of Priority).

“Relevant Cash Reserve Available Amount” means, with respect to any Payment Date and each Originator:

- (i) in relation to calculations under Clauses 14.2 (ii), 14.3 and 14.4 of the Cash Administration and Agency Agreement:
 - (a) with respect to the First Payment Date, the amount standing to the credit of the relevant Cash Reserve Account on the Issue Date; and
 - (b) with respect to any Payment Date thereafter, (1) the amount standing to the credit of the relevant Cash Reserve Account on the immediately preceding Payment Date (after application of the amount standing to the credit of the Relevant Cash Reserve Account in accordance with the applicable Order of Priority) plus (2) with respect to payments under Clauses 14.1(A)(ii) and 14.3 (ii) of the Cash Administration and Agency Agreement, the amounts credited to the Relevant Cash Reserve Account on the same Payment Date; and

- (ii) in relation to calculations under Clauses 14.2 (x) and (y) of the Cash Administration and Agency Agreement, the difference, if positive, between:
 - (a) the amount indicated under item (i) above, and
 - (b) any payments made under Clause 14.1(A)(i) and (ii) of the Cash Administration and Agency Agreement.

“Relevant Cash Reserve Individual Proportion” means

- (i) on any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:
 - (x) the sum of the Relevant Cash Reserve Uncovered Amount related to all the Originators; and
 - (y) the sum of the Relevant Cash Reserve Available Amount (under item (ii) of the relevant definition) related to all the Originators as at such Payment Date;
- (ii) on any Payment Date on which any of the Cross Collateral Order of Priority or the Acceleration Order of Priority applies and until full repayment of the Class A Notes, the ratio between:
 - (x) the Portfolio Negative Balance calculated as at the Calculation Date immediately preceding such Payment Date; and
 - (y) the sum of the Relevant Cash Reserve Available Amount (under item (i) of the relevant definition) related to all the Originators as at such Payment Date.

“Relevant Cash Reserve Uncovered Amount” has the meaning ascribed to it in clause 14.2 of the Cash Administration and Agency Agreement.

“Relevant Date” has the meaning ascribed to it pursuant to Condition 14 (*Prescription*).

“Relevant Issue Price” means the issue price of the notes to be paid by each Class B Noteholder as indicated in the Notes Subscription Agreement.

“Relevant Margin” means with respect to the Class A1 Notes 0.45% *per annum* and with respect to the Class A2 Notes 0.45% *per annum*.

“Repayment Amount” means the Banca Cambiano Repayment Amount or the Banca di Pisa e Fornacette Repayment Amount, as the case may be.

“Representative of the Noteholders” means KPMG Fides Servizi di Amministrazione S.p.A. or any other person acting from time to time as representative of the Noteholders.

“Reserve Account” means the account with account No. 6984049780 opened by the Issuer with the Transaction Bank and into which, *inter alia*, the Reserve Amount, if any, shall be paid.

“Reserve Amount” means,

- (a) with respect to each Payment Date on which the Pre-Acceleration Order of Priority applies, an amount equal to the difference, if a positive number, between:
 1. the relevant Single Portfolio Available Funds, and

2. the aggregate of all amounts to be paid on such Payment Date by the Issuer out of the relevant Single Portfolio Available Funds under items from (*First*) to (*Tenth*) of the Pre-Acceleration Order of Priority; and
- (b) with respect to each Payment Date on which the Cross Collateral Order of Priority applies, an amount equal to the difference, if a positive number, between:
1. the Issuer Available Funds, and
 2. the aggregate of all amounts to be paid on such Payment Date by the Issuer out of the Issuer Available Funds under items from (*First*) to (*Eighth*) of the Cross Collateral Order of Priority.

“**Reserve Account**” means account that the Issuer may establish with the Transaction Bank into which, inter alia, the Reserve Amount, if any, shall be paid.

“**Retention Amount**” means an amount equal to Euro 80,000.

“**S&P**” means S&P Global Ratings Italy S.R.L. S&P is established in the European Union and was registered on 31 October 2011 in accordance with CRA Regulation and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the ESMA Website (for the avoidance of doubt, such website does not constitute part of this Prospectus).

“**Screen Rate**” has the meaning ascribed to such term in Condition 5.2.1.

“**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.

“**Servicing Agreement**” means the serving agreement entered into on 14 November 2017 among the Issuer, the Back-up Servicers, the Originator and the Servicers, pursuant to which each Servicer agreed to provide the Issuer with administration, collection and recovery services in respect of each Portfolio and shall verify that the payment services to be provided in relation to the Transaction comply with Italian law.

“**Servicer**” means (i) Banca di Pisa e Fornacette with respect to Portfolio No. 1, (ii) Banca Cambiano with respect to Portfolio No. 2 or any other person acting from time to time as servicer.

“**Senior Noteholders**” means the Class A Noteholders.

“**Senior Notes**” means the Class A Notes.

“**Single Portfolio Amortised Principal**” means, with respect to each Payment Date and to each Portfolio, an amount equal to the aggregate of:

- (i) the aggregate amount of the Principal Instalments of the relevant Claims collected during the immediately preceding Collection Period, excluding all Principal Instalments collected in such immediately preceding Collection Period in relation to the Claims that have become Defaulted Claims in any previous Collection Period (without prejudice to the provisions under items (iii) and (iv) below);
- (ii) the aggregate amount of the Principal Instalments of the relevant Pre-paid Claims that have been prepaid during the immediately preceding Collection Period;
- (iii) the Outstanding Principal of the relevant Claims that have become Defaulted Claims during

the immediately preceding Collection Period, as of the date when such Claims became Defaulted Claims;

- (iv) any amount received by the Issuer during the immediately preceding Collection Period from the Originator of the relevant Claims pursuant to the relevant Transfer Agreement and/or the Warranty and Indemnity Agreement and any amount received by the Issuer from the relevant Originator as indemnities in respect of the renegotiations of the Mortgage Loan Agreements of the Relevant Portfolio in accordance with the Servicing Agreement;
- (v) any repurchase price of the relevant Claims received in the immediately preceding Collection Period (or at any time upon exercise of the Optional Redemption or the Redemption for Taxation) for an amount not higher than the Outstanding Balance of such Claims;
- (vi) (a) upon any of the Originators becoming subject to an insolvency proceeding, any amount not received by the Issuer in the immediately preceding Collection Period as a result of the set-off by any Borrower between its claims towards such Originator (in respect of the Borrower's deposits with such Originator) and the Claims; and (b) (without any duplication with the amount under points (i) and (ii) hereabove) upon any of the Servicers becoming subject to an insolvency proceeding any amount collected by such Servicer and not duly transferred to the Issuer in accordance with the Servicing Agreement;
- (vii) the relevant Single Portfolio Amortised Principal unpaid at the previous Payment Date;
- (viii) only on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), an amount equal to the relevant Single Portfolio Class A Notes Principal Amount Outstanding (which would otherwise remain outstanding following payments under items from (i) to (vii) above); and
- (ix) unless a Cross Collateral Notice or a Trigger Notice has been served on the Issuer, upon the occurrence of a Disequilibrium Event, with respect to a Portfolio, any relevant Single Portfolio Available Fund left after payment of item (*Seventh*), included, of the Pre-Acceleration Order of Priority, provided that such payment will be done exclusively with reference to the Portfolio in relation to which the Disequilibrium Event has occurred.

“Single Portfolio Available Funds” means, in respect of each Payment Date and each Portfolio, the aggregate (without duplication) of:

- (i) all the Collections received by the Issuer, through the Servicer, during the immediately preceding Collection Period in relation to the Claims of the Relevant Portfolio (expressly including, for avoidance of doubts, also the proceeds arising from the sale (in whole or in part) of such Portfolio);
- (ii) all other amounts transferred during the immediately preceding Collection Period from the relevant Transitory Collections and Recoveries Account into the Collections and Recoveries Account;
- (iii) the relevant Outstanding Notes Ratio of all interest accrued and paid on the amounts standing to the credit of each of the Accounts (except for the Quota Capital Account) during the immediately preceding Collection Period;
- (iv) all amounts paid into the credit of the relevant Principal Amortisation Reserve Account in

the immediately preceding Payment Date (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);

- (v) all amounts, if any, received from the relevant Originator pursuant to the Warranty and Indemnity Agreement and/or the Transfer Agreement in respect of the Claims of the Relevant Portfolio, all amounts received by the Issuer as indemnities for the renegotiation of the Mortgage Loan Agreements in respect of the Claims of the Relevant Portfolio and the relevant Outstanding Notes Ratio of all Payments made to the Issuer by any other party to the Transaction Documents during the immediately preceding Collection Period;
- (vi) the relevant Outstanding Notes Ratio of any other amounts paid into the Payments Account during the immediately preceding Collection Period other than the Single Portfolio Available Funds utilised on the immediately preceding Payment Date, and;
- (vii) the amounts paid into the Reserve Account in the preceding Payment Date out of the relevant Single Portfolio Available Funds (or the corresponding amount credited to the General Account pursuant to the Cash Administration and Agency Agreement);
- (viii) in relation to the First Payment Date only, the relevant Initial Cash Reserve Amount, and thereafter, until full repayment of the Class A Notes:
 - (a) the amount of the Relevant Cash Reserve (increased, if necessary, by the amount made available on such Payment Date by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) necessary exclusively to pay amount due under items from (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the relevant Single Portfolio Available Funds in respect of such amounts on such Payment Date, and
 - (b) the amount equal to the difference (if positive) between (i) the amount of the Relevant Cash Reserve (including amounts to be credited on the Relevant Cash Reserve Account on such Payment Date and increased as the case may be by the amount made available by the other Relevant Cash Reserve pursuant to the terms of the Cash Administration and Agency Agreement) available after making the payments under letter (a) above, and (ii) an amount equal to 85% of the relevant Target Cash Reserve Amount as at the immediately preceding Payment Date, in respect of payments ranking as items (*Eighth*) of the Pre-Acceleration Order of Priority, in the event of a shortfall of the relevant Single Portfolio Available Funds in respect of such amounts on such Payment Date,
 - (c) only on the Payment Date on which the amount under item (viii) of the relevant Single Portfolio Amortised Principal is to be utilised towards payment of the relevant Single Portfolio Class A Notes Principal Amount Outstanding, a corresponding amount of the Relevant Cash Reserve, and
 - (d) on the Final Maturity Date or, if earlier, on the Payment Date in which the Class A Notes are redeemed in full, the amount of the Relevant Cash Reserve necessary to pay in full the relevant Single Portfolio Class A Notes Principal Amount Outstanding;
- (ix) the Cash Reserve Excess of the Relevant Portfolio and the Cash Reserve Amortisation Amount of the Relevant Portfolio;
- (x) any amount received on the same Payment Date under item (*Ninth*) of the Pre-Acceleration Order of Priority of the other Portfolio;

- (xi) (a) on any Payment Date other than the Final Maturity Date, the sums standing to the credit of the relevant Suspension Account only to the extent necessary to cover the shortfall (if any) in the payments of amount due under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority on such Payment Date, following application of any other item of the relevant Single Portfolio Available Funds, determined by the Computation Agent in accordance with clause 6.3.1 (l) of the Cash Administration and Agency Agreement; and (b) on the Final Maturity Date, the sums standing to the credit of the relevant Suspension Account.

“Single Portfolio Class A Notes Principal Amount Outstanding” means, with respect to each Payment Date and (i) to Portfolio No. 1, the Single Portfolio Class A1 Notes Principal Amount Outstanding and (ii) to Portfolio No. 2 the Single Portfolio Class A2 Notes Principal Amount Outstanding.

“Single Portfolio Class A Notes Principal Payment Amount” means the Single Portfolio Class A1 Notes Principal Payment Amount and/or the Single Portfolio Class A2 Notes Principal Payment Amount, as the case may be.

“Single Portfolio Class A1 Notes Principal Payment Amount” means with respect to each Payment Date and to Portfolio No. 1 the lower of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) Single Portfolio Class A1 Notes Principal Amount Outstanding as at the immediately preceding Collection Date; *provided that* on the Final Maturity Date the Single Portfolio Class A1 Notes Principal Payment Amount will be equal to the Single Portfolio Class A1 Notes Principal Amount Outstanding.

“Single Portfolio Class A2 Notes Principal Payment Amount” means with respect to each Payment Date and Portfolio No. 2 the lower of: (i) the relevant Single Portfolio Amortised Principal with respect to such Payment Date; and (ii) the Single Portfolio Class A2 Notes Principal Amount Outstanding as at the immediately preceding Collection Date; *provided that* on the Final Maturity Date the Single Portfolio Class A2 Notes Principal Payment Amount will be equal to the Single Portfolio Class A2 Notes Principal Amount Outstanding.

“Single Portfolio Class A1 Notes Principal Amount Outstanding” means, with respect to each Payment Date and to Portfolio No. 1, the difference between:

- (1) the Single Portfolio Initial Class A1 Notes Principal Amount Outstanding; and
- (2) the aggregate of all the Single Portfolio Class A1 Notes Principal Payment Amounts paid in respect of the Portfolio No. 1 to the Class A1 Noteholders on the preceding Payment Dates.

“Single Portfolio Class A2 Notes Principal Amount Outstanding” means, with respect to each Payment Date and to Portfolio No. 2, the difference between:

- (1) the Single Portfolio Initial Class A2 Notes Principal Amount Outstanding; and
- (2) the aggregate of all the Single Portfolio Class A2 Notes Principal Payment Amounts paid in respect of the Portfolio No. 2 to the Class A2 Noteholders on the preceding Payment Dates.

“Single Portfolio Initial Class A Notes Principal Amount Outstanding” means (i) with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of the Class A1 Notes, equal to Euro 181,656,000; and (ii) with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of the Class A2 Notes, equal to Euro 360,925,000.

“Single Portfolio Initial Class A1 Notes Principal Amount Outstanding” means with respect to Portfolio No. 1 the Principal Amount Outstanding as at the Issue Date of the Class A1 Notes, equal to Euro 181,656,000.

“Single Portfolio Initial Class A2 Notes Principal Amount Outstanding” means with respect to Portfolio No. 2 the Principal Amount Outstanding as at the Issue Date of the Class A2 Notes, equal to Euro 360,925,000.

“Single Portfolio Negative Balance” means with respect to any Payment Date on which the Pre-Acceleration Order of Priority applies and until full repayment of the Class A Notes, the difference, if positive, between:

- (a) all amounts due to be paid by the Issuer on such Payment Date under items from (*First*) to (*Sixth*) (included) and (*Eighth*) of the Pre-Acceleration Order of Priority, and
- (b) the Single Portfolio Available Funds with respect to such Payment Date but excluding the amounts under item (viii) of the Single Portfolio Available Funds.

“Single Portfolio Notes Principal Amount Outstanding” means with respect to each Payment Date:

- (i) with respect to Portfolio No. 1, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class B1 Notes;
- (ii) with respect to Portfolio No. 2, the aggregate of the relevant Single Portfolio Class A Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Class B2 Notes;

in each case as at the immediately preceding Collection Date.

“Single Series Available Class B Notes Redemption Funds” means with respect to each Payment Date and to each Series of Class B Notes, an amount, calculated as at the Collection Date immediately preceding such Payment Date, equal to the lower of:

- (i) the Single Portfolio Available Funds with respect to the Relevant Portfolio, available for redemption of the Principal Amount Outstanding of such Series of Class B Notes according to the Pre-Acceleration Order of Priority or the Acceleration Order of Priority or the Cross Collateral Order of Priority as applicable; and
- (ii) the Principal Amount Outstanding of such Series of Class B Notes.

“Single Series Class B Notes Interest Payment Amount” means with respect to each Payment Date and to each Series of Class B Notes an amount, calculated on the Calculation Date immediately preceding such Payment Date, equal to (without duplication):

- (i) the aggregate of all Interest Instalments accrued on the Claims of the Relevant Portfolio in the immediately preceding Collection Period (excluding Interest Accruals); *plus*
- (ii) the aggregate of all fees for prepayment paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; *plus*
- (iii) the aggregate of all interest for late payments (*interessi di mora*) paid on the Claims of the Relevant Portfolio in the immediately preceding Collection Period; *plus*
- (iv) all amounts received or recovered by the Issuer in the immediately preceding Collection

Period with respect to the Claims of the Relevant Portfolio which are or have been Defaulted Claims; *plus*

- (v) (a) the relevant Outstanding Notes Ratio of all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Payments Account, the Expenses Account and the Collection and Recoveries Account and paid into the same during the immediately preceding Collection Period; and (b) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the relevant Transitory Collections and Recoveries Account, Principal Amortisation Reserve Account and Cash Reserve Account and paid into the same during the immediately preceding Collection Period; and (c) all amounts of interest (if any) accrued and paid on the amounts standing from time to time to the credit of the Reserve Account which were paid into it out of the relevant Single Portfolio Available Funds, during the immediately preceding Collection Period; *plus*
- (vi) (a) the amounts credited on the immediately preceding Payment Date on the relevant Principal Amortisation Reserve Account; and (b) the amounts credited on the immediately preceding Payment Date on the Reserve Account out of the Claims of the Relevant Portfolio, but in any case other than the portion of such amounts deriving from Principal Installments on the Claims; *minus*
- (vii) the difference between (i) the relevant Single Portfolio Amortised Principal due on the immediately preceding Payment Date and (ii) the amount paid under item (*Eight*) of the Pre-Acceleration Order of Priority at such immediately preceding Payment Date; *minus*
- (viii) (a) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date out of the relevant Single Portfolio Available Funds under items (*First*) to (*Sixth*) (included) of the Pre-Acceleration Order of Priority, or
(b) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Acceleration Order of Priority to the Servicer (or the Back-up Servicer) of the Relevant Portfolio, *plus* the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*), (*Sixth*) and (*Ninth*) of the Acceleration Order of Priority, or
(c) the aggregate of all amounts due to be paid by the Issuer on the next following Payment Date under item (*Fifth*) of the Cross Collateral Order of Priority to the Servicer (or the Back-up Servicer) of the Relevant Portfolio, *plus* the relevant Outstanding Notes Ratio of all amounts due to be paid by the Issuer on the next following Payment Date under items (*First*), (*Second*), (*Third*), (*Fourth*), (*Sixth*), (*Seventh*) and (*Eleventh*) of the Cross Collateral Order of Priority; *minus*
- (ix) (a) the amounts credited on such Payment Date on the relevant Principal Amortisation Reserve Account; and (b) the amounts credited on such Payment Date on the Reserve Account out of the Claims of the Relevant Portfolio, but in any case other than the portion of such amounts deriving from Principal Installments on the Claims; *minus*
- (x) the Outstanding Balance of all the Claims of the Relevant Portfolio which have become Defaulted Claims during the immediately preceding Collection Period calculated as at the immediately preceding Collection Date; *plus*
- (xi) the Cash Reserve Amortisation Amount of the Relevant Portfolio; *plus*

any repurchase price of the relevant Claims received in the immediately preceding Collection Period (or at any time upon exercise of the Optional Redemption or the Redemption for Taxation) up to an amount equal to the amount in excess of the Outstanding Balance of such Claims.

“**Special Proceeding**” means any proceeding which provides for the transfer in whole or in part of the estate of the debtor to the creditors, a postponement of the payment of the debts granted by the creditors or any other similar proceeding.

“**Specific Criteria**” means the specific criteria used for the selection of the Claims for each Originator.

“**Specified Office**” means the office of the Paying Agent at Via Mike Bongiorno, 13 – 20124 Milan, Italy, or such other address as the Paying Agent may from time to time specify pursuant to Cash Administration and Agency Agreement.

“**Stichting Corporate Services Provider**” means KPMG Fides Servizi di Amministrazione S.p.A. or any other person acting from time to time as corporate services provider.

“**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.

“**Suspension Accounts**” means the 2 accounts opened by the Issuer with the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Suspension Amount**” means the Banca Cambiano Suspension Amounts or the Banca di Pisa e Fornacette Suspension Amounts, as the case may be.

“**Target Cash Reserve Amount**” means: (i) with respect to Portfolio No. 1, on each Payment Date, an amount equal to the higher of (a) 1.5% of the Single Portfolio Class A1 Notes Principal Amount Outstanding calculated 1 (one) Business Day following the immediately preceding Payment Date (and with reference to the First Payment Date, the Issue Date), and (b) 0.8% of the Single Portfolio Initial Class A1 Notes Principal Amount Outstanding; (ii) with respect to Portfolio No. 2, on each Payment Date, an amount equal to the higher of (a) 1.5% of the Single Portfolio Class A2 Notes Principal Amount Outstanding calculated 1 (one) Business Day following the immediately preceding payment Date (and with reference to the First Payment Date, the Issue Date), and (b) 0.8% of the Single Portfolio Initial Class A2 Notes Principal Amount Outstanding; *provided that* each Target Cash Reserve Amount will be equal to 0 (zero) on the earlier of the Payment Date on which the Class A Notes are redeemed in full (and on each Payment Date thereafter) and the Final Maturity Date.

“**Transaction Bank**” means The Bank of New York Mellon SA/NV – Milan branch or any other person acting from time to time as transaction bank.

“**Transaction Documents**” means collectively the Transfer Agreements, the Warranty and Indemnity 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 Quotaholders’ Agreement, the Stichting Corporate Services Agreement and the Conditions.

“**Transfer Date**” means 14 November 2017.

“**Transitory Collections and Recoveries Accounts**” means the 2 accounts opened by the Issuer with

the Transaction Bank or such other account or accounts of the Issuer as may, with the prior written consent of the Representative of the Noteholders, be used for this purpose.

“**Transfer Agreements**” means collectively the 2 transfer agreements entered into on 14 November 2017, each between the Issuer and an Originator, pursuant to which the Portfolios have been purchased by the Issuer.

“**Transparency Directive**” means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004.

“**Trigger Event**” has the meaning ascribed to it in Condition 9 (*Trigger Events*).

“**Trigger Notice**” has the meaning ascribed to it in Condition 9 (*Trigger Events*).

“**Unpaid Instalment**” means any Instalment in relation to which the principal quota and interest quota have not been fully paid for a period longer than 10 (ten) days from the relevant scheduled date for the payment, with respect to Loans with monthly, quarterly and semi-annually and annually instalments.

“**Usury Law**” means Italian Law No. 108 of 7 March 1996 (*Disposizioni in materia di usura*), as subsequently amended and supplemented.

“**Valuation Date**” means 23:59 hours 31 March 2017.

“**Warranty and Indemnity Agreement**” means the warranty and indemnity agreement entered into between the Issuer and the Originators on 14 November 2017 pursuant to which, *inter alios*, representations and warranties in respect of the Portfolios have been made by the Originators in favour of the Issuer.

1. FORM, DENOMINATION, STATUS

- (1) The Notes will be held in dematerialised form on behalf of the beneficial owners 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.
- (2) Title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 and regulation of 22 February 2008 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.
- (3) Class A Notes shall be issued in denominations of Euro 100,000 plus integral multiples of Euro 1,000 in excess thereof. Each Series of Class B Notes will be issued in denominations of Euro 1,000.
- (4) The Issuer has elected Ireland as Home Member State for the purpose of the Transparency Directive.
- (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.

2. STATUS, PRIORITY AND SEGREGATION

- (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 and the Single Portfolio Available Funds which may be applied for the relevant purpose, in accordance with the applicable Order of Priority and the terms of the Intercreditor Agreement and neither the Representative of the Noteholders nor any relevant Noteholder may take any further steps against the Issuer or any of its assets to recover any unpaid sum and the Issuer's liability for any unpaid sum will be extinguished. 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. Without prejudice to the acknowledgement that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*", any payment obligations of the Issuer under the Notes as have 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 Single Portfolio Available Funds or the Issuer Available Funds on such date in accordance with the applicable Order of Priority), shall be deemed extinguished as if the relevant claims had hereby been irrevocably relinquished and surrendered by the Noteholders to the Issuer and the Noteholders will have no further recourse to the Issuer in respect of such obligations.
- (2) By operation of the Securitisation Law, the Issuer's rights, title and interest in and to the Portfolio and the other Issuer's Rights are segregated from all other assets of the Issuer and the amounts deriving therefrom (for so long as such amounts are credited to one of the Issuer's accounts under the Transaction) 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.
- (3) The Notes of each Class will rank *pari passu* and without any preference or priority among themselves.
- (4) As long as the Notes of a Class ranking in priority to the other Classes of Notes are outstanding, unless notice has been given to the Issuer declaring the Notes of such Class due and payable, the Notes of the Class(es) ranking below may not be declared due and payable and the Noteholders of the outstanding Class of Notes ranking highest in priority shall be entitled to determine the remedies to be exercised.
- (5) In respect of the obligation of the Issuer to pay interest on the Notes before the delivery of a Trigger Notice or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:
 - (i) the Relevant Series of Class A Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Relevant Series of Class A Notes and to the payment of interest and the repayment

of principal on the Relevant Series of Class B Notes; and

- (ii) the Relevant Series of Class B Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Relevant Series of Class B Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Relevant Series of Class A Notes.
- (6) In respect of the obligation of the Issuer to repay principal on the Notes before the delivery of a Trigger Notice or a Cross Collateral Notice out of the Single Portfolio Available Funds relating to the Relevant Portfolio:
 - (i) the Relevant Series of Class A 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 Relevant Series of Class B Notes, but subordinated to the payment of interest on the Relevant Series of Class A Notes; and
 - (ii) the Relevant Series of Class B Notes will rank *pari passu* without preference or priority amongst themselves but subordinated to the payment of interest on the Relevant Series of Class A Notes, the repayment of principal on the Class A Notes and to the payment of interest on the Relevant Series of Class B Notes
- (7) 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 and the payment of interest and the repayment of principal on the Class B Notes; and
 - (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 but subordinated to the payment of interest and repayment of principal on the Class A Notes.
- (8) 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 but subordinated to the payment of interest on the Class A Notes; and
 - (ii) the Class B 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 and to the payment of interest on the Class B Notes.
- (9) In respect of the obligation of the Issuer to pay interest on the Notes following the delivery of a Cross Collateral 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 and the payment of interest and the repayment of principal on the Class B Notes; and
 - (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 but

subordinated to the payment of interest and repayment of principal on the Class A Notes.

- (10) In respect of the obligation of the Issuer to repay principal on the Notes following the delivery of a Cross Collateral 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 but subordinated to the payment of interest on the Class A Notes; and
 - (ii) the Class B 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 and to the payment of interest on the Class B Notes.
- (11) 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.
- (12) Without prejudice to the right of the Representative of the Noteholders to exercise any of its other rights, and subject as set out in the Rules of Organisation of the Noteholders, no Class A Noteholder and no Class B Noteholder shall be entitled to institute against the Issuer, or join any other person in instituting against the Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until two years plus one day have elapsed since the day on which the Notes and any other notes issued by the Issuer under any further securitisations in accordance with Condition 3.10 (*Further Securitisations*) have been paid in full or cancelled.

3. COVENANTS

So long as any amount in respect of the Notes remains outstanding, the Issuer shall not, save (i) with the prior written consent of the Representative of the Noteholders (without prejudice to the provision of Condition 3.10 (*Further Securitisations*)) below or as provided for in or envisaged by any of the Transaction Documents and (ii) in respect to the sale in full of the Portfolio, subject to the Issuer having sufficient funds to redeem in full the Class A Notes in accordance with the applicable Order of Priority:

3.1 Negative pledge

create or permit to subsist any Security Interest whatsoever upon, or with respect to the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Transaction or undertakings or sell, lend, part with or otherwise dispose of all or any part of the Claims, or any part thereof or any of its present or future business, undertaking, assets or revenues relating to the Transaction whether in one transaction or in a series of transactions save where provided in the Transaction Documents and in particular in Condition

6.2 (*Redemption for Taxation*), 6.4 (*Optional Redemption*) and 6.5 (*Sale of the Portfolios*); 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 Italian Civil Code) 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 Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders under the Transaction Documents; 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, 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 Quotaholders (or successor quotaholder(s)), or issue any further quota or shares; or

3.4 De-registrations

ask for de-registration and/or suspension from the register of the special purpose vehicles held by Bank of Italy pursuant to the Bank of Italy's regulation dated 7 June 2017, for as long as the Securitisation Law, the Bank of Italy's regulations or any other applicable law or regulation requires the company incorporated pursuant to the Securitisation Law to be registered thereon; 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 in circumstances expressly provided and/or permitted in the Transaction Documents 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

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 Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or 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 Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or 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 Class A Noteholders or, if no Class A Notes are outstanding, the Class B Noteholders; or

3.8 Bank Accounts

without prejudice to Condition 3.10 (*Further Securitisations*), 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. In addition, in relation to corporate records, financial statements and books of account, the Issuer shall not permit or consent to any of the following occurring:

- (a) its books and records being maintained with or co-mingled with those of any other person or entity;
- (b) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity; or
- (c) its assets or revenues being co-mingled with those of any other person or entity;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (a) separate financial statements in relation to its financial affairs are maintained;
- (b) all corporate formalities with respect to its affairs are observed;
- (c) separate stationery, invoices and cheques are used;
- (d) it always holds itself out as a separate entity; and
- (e) any known misunderstandings regarding its separate identity are corrected as soon as possible; or

3.10 Further securitisations

None of the covenants in this Condition 3 (*Covenants*) 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 advance 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 Class A Notes as eligible collateral (if applicable), within the meaning of the guidelines issued by the European Central Bank in December 2014 (*The implementation of monetary policy in the Euro area*) and in July 2014 (*Additional temporary measures relating to Eurosystem refinancing operation and eligibility of collateral and amending Guideline ECB/2007/9*), as subsequently amended and supplemented, for liquidity and/or open market transactions carried out with a central bank in the Eurozone; 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 request and 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

In each of the following cases: (i) prior to the delivery of a Trigger Notice, (ii) in case of Optional Redemption, or (iii) in case of Redemption for Taxation, the Single Portfolio Available Funds relating to each of the Portfolios 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):

First, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of (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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the relevant Outstanding Notes Ratio of the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay the fees and expenses of the Servicer in respect of the Relevant Portfolio pursuant to the Servicing Agreement and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be (to the extent not expressly included in any following items);

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding of the Relevant Series of Class A Notes on such Payment Date;

Seventh, to credit the relevant Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the relevant Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* according to the amounts then due) the Single Portfolio Class A Notes Principal Payment Amount of the Relevant Series of Class A Notes;

Ninth, to increase (*pari passu* and *pro rata* according to the amounts then due) the Single Portfolio Available Funds of the other Portfolio for an amount equal to the corresponding portion of Relevant Cash Reserve of the other Portfolio which has been utilized on any

preceding Payment Date to increase the Single Portfolio Available Funds of the Relevant Portfolio (deducted by (i) the amount due by the other Portfolio under the same item of its Pre-Acceleration Order of Priority and (ii) any amount already paid under this item in any preceding Payment Date).

Tenth, upon the occurrence of a Disequilibrium Event with respect to a Portfolio, to pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in relation to the Portfolio to which a Disequilibrium Event has not occurred;

Eleventh, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the relevant Reserve Amount into the Reserve Account;

Twelfth, to pay to (i) the relevant Originator any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) the relevant Servicer any amount due by the Issuer under the Servicing Agreement in respect of the Relevant Portfolio, to the extent not already paid under other items of this Order of Priority;

Thirteenth, to pay to the relevant Originator the Interest Accruals in relation to its Relevant Portfolio;

Fourteenth, to pay (*pari passu* and *pro rata* according to the amounts then due) to (a) the relevant Originator any amount due and payable in respect of purchase price adjustments due in relation to its respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item *Twelfth* above) and pursuant to the Notes Subscription Agreement and (b) the relevant Class B Notes Subscriber or the relevant Originator any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Fifteenth, to pay to the relevant Originator, any amount due and payable as restitution of the insurance price and relevant expenses advanced by it under the relevant Transfer Agreement;

Sixteenth, to pay the Single Series Class B Notes Interest Payment Amount of the Relevant Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pro rata* according to the amounts then due);

Seventeenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the Relevant Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds;

Eighteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator.

- 4.2** On each Payment Date with respect to which the Pre-Acceleration Order of Priority applies, following a written notice from the Computation Agent to the Issuer and the Representative of the Noteholders that a Disequilibrium Event with respect to a Portfolio has occurred, the Issuer shall (i) apply the relevant Single Portfolio Available Funds left after payment of item (*Seventh*), included, of the Pre-Acceleration Order of Priority as relevant Single Portfolio Amortized Principal, provided that such payment shall be drawn only from the Portfolio in relation to which a Disequilibrium Event has occurred and (ii) pay the relevant Principal Amortisation Reserve Amount into the relevant Principal Amortisation Reserve Account in accordance with the Pre-Acceleration Order of Priority; provided that such Principal Amortisation Reserve Amount shall be drawn only from the Portfolio in relation to which a Disequilibrium Event has not occurred

A Disequilibrium Event shall occur with respect to a Portfolio if on any Payment Date the Single Portfolio Available Funds relating to such Portfolio are not sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding while the Single Portfolio Available Funds relating to the other Portfolio are sufficient to reduce to zero the relevant Single Portfolio Class A Notes Principal Amount Outstanding or the relevant Single Portfolio Class A Notes Principal Amount Outstanding has already been reduced to zero on a previous Payment Date.

- 4.3** On each Payment Date with respect to which the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority applies, but excluding any Payment Date in relation to which a Disequilibrium Event has occurred, following a written notice from the Computation Agent to the Issuer and the Representative of the Noteholders that a Detrimental Event has occurred, the Issuer shall be obliged to pay the Reserve Amount into the Reserve Account with respect to each Portfolio having enough funds available for such purpose in accordance with the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority.

A Detrimental Event shall occur with respect to a Payment Date (other than a Payment Date on which the Class A Notes are redeemed in full) when the Cash Reserves (calculated taking into account any amount to be paid into and out of the Cash Reserve Accounts on such Payment Date) are less than 90% (*ninety per cent*) of the aggregate of the Target Cash Reserve Amounts.

4.4 Acceleration Order of Priority

Following the delivery of a Trigger Notice 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):

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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account, (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay to each Servicer all the fees and expenses pursuant to the Servicing Agreement (*pro rata* according to the performance of the Relevant Portfolio) and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be, to the extent not expressly included in any following item;

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

Seventh, to pay (*pari passu* and *pro rata* according to the amounts then due) the Principal Amount Outstanding on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

Eighth, to pay to (i) each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) each Servicer (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer under the Servicing Agreement in respect of the Relevant Portfolio, to the extent not already paid under other items of this Order of Priority;

Ninth, to pay to each Originator (*pari passu* and *pro rata* to the amounts then due), the difference (if positive) accrued on any preceding Payment Date on which the Cross Collateral Order of Priority or the Acceleration Order of Priority has applied, between (i) the amounts it would have received under items (*Thirteenth*) to (*Eighteenth*) of the Pre-Acceleration Order of Priority, had the Pre-Acceleration Order of Priority been applied, and (ii) the amounts it actually received under items (*Twelfth*) to (*Seventeenth*) of the Cross Collateral Order of Priority and under items (*Tenth*) to (*Fifteenth*) of the Acceleration Order of Priority (less any amount already paid under this item and under item (*Eleventh*) of the Cross Collateral Order of Priority on any preceding Payment Date), *provided that*, should an Originator cease to be a Class B Noteholder, starting from the immediately following Payment Date, the difference accrued in respect of each of the above indicated items shall be paid to the Originators and the Class B Noteholders in the same priority applicable to each item in respect of which each such difference is calculated;

Tenth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) the Interest Accruals with respect to the Relevant Portfolio;

Eleventh, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims not listed under the Transfer Agreement but matching the criteria listed in the Transfer Agreement and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as restitution of indemnities paid by the Originators under the Warranty and Indemnity Agreement referred under item (*Eighth*) above) and pursuant to the Notes Subscription Agreement;

Twelfth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable as restitution of the insurance price and relevant expenses advanced by such Originator under the relevant Transfer Agreement;

Thirteenth, to pay the Single Series Class B Notes Interest Payment Amount due and payable on each Series of Class B Notes (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fourteenth following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of each Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Fifteenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator.

The Issuer is entitled, pursuant to the Intercreditor Agreement and the Conditions, to dispose of the Claims in order to finance the redemption of the Notes following the service of a Trigger Notice.

The Issuer is entitled, pursuant to the Intercreditor Agreement and the Conditions, to dispose of the Claims in order to finance the redemption of the Notes following the service of a Trigger Notice.

4.5 Cross Collateral Order of Priority

Following the delivery of a Cross Collateral Notice, and before the delivery of a Trigger Notice, 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):

First, (*pari passu* and *pro rata* to the extent of the respective amounts thereof) to pay (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 the applicable legislation and regulations or to fulfill payment obligations of the Issuer to third parties (not being Other Issuer Creditors) incurred in relation to this Transaction to the extent that such costs, taxes and expenses are not met by utilising the amount standing to the credit of the Expenses Account (ii) all costs and taxes required to be paid to maintain the rating of the Class A 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;

Second, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Representative of Noteholders;

Third, to pay 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;

Fourth, to pay (*pari passu* and *pro rata* to the extent of the respective amounts thereof) the fees, expenses and all other amounts due to the Computation Agent, the Back-up Computation Agent, the Agent Bank, the Transaction Bank, the Operating Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;

Fifth, to pay the fees and expenses of the Servicers pursuant to the Servicing Agreement (*pro rata* according to the performance of the Relevant Portfolio) and/or to the Back-up Servicer pursuant to the Back-up Servicing Agreement, as the case may be (to the extent not expressly provided in any following items);

Sixth, to pay (*pari passu* and *pro rata* according to the amounts then due) all amounts of interest due and payable on the Single Portfolio Class A Notes Principal Amount Outstanding of each Series of Class A Notes on such Payment Date;

Seventh, to credit, *pari passu* and *pro rata* according to the amounts then due, each Cash Reserve Account with the amount required, if any, such that the amount standing to the credit of the relevant Cash Reserve Account (calculated on the day following the immediately preceding Payment Date) equals the relevant Target Cash Reserve Amount;

Eighth, to pay (*pari passu* and *pro rata* according to the amounts then due) the Class A Notes Principal Payment Amount due and payable on each Series of Class A Notes on such Payment Date;

Ninth, on any Payment Date with respect to which a Detrimental Event has occurred, to pay the Reserve Amount into the Reserve Account;

Tenth, to pay to (i) each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer as a restitution of the indemnities paid by such Originator to the Issuer under the terms of the Warranty and Indemnity Agreement and (ii) each Servicer (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer under the Servicing Agreement in respect of the Relevant Portfolio, to the extent not already paid under other items of this Order of Priority;

Eleventh, to pay to each Originator (*pari passu* and *pro rata* to the amounts then due), the difference (if positive) accrued on any preceding Payment Date on which the Cross Collateral Order of Priority has applied, between (i) the amounts it would have received under items (*Thirteenth*) to (*Eighteenth*) of the Pre-Acceleration Order of Priority, had the Pre-Acceleration Order of Priority been applied, and (ii) the amounts it actually received under items (*Twelfth*) to (*Seventeenth*) of the Cross Collateral Order of Priority (less any amount already paid under this item on any preceding Payment Date), provided that, should an Originator cease to be a Class B Noteholder, starting from the immediately following Payment Date, the difference accrued in respect of each of the above indicated items shall be paid to the Originators and the Class B Noteholders in the same priority applicable to each item in respect of which each such difference is calculated.

Twelfth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) the Interest Accruals with respect to the Relevant Portfolio;

Thirteenth, to pay (a) to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable in respect of purchase price adjustments due in relation to their respective Claims, not listed under the relevant Transfer Agreement but matching the criteria listed in the Transfer Agreement, and any amount due and payable by the Issuer pursuant to the Warranty and Indemnity Agreement (save for amounts due and payable as a restitution of indemnities paid by the Originator of such Portfolio, referred to under item (*Tenth*) above) and (b) the relevant Class B Notes Subscriber or the relevant Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due by the Issuer pursuant to the Notes Subscription Agreement;

Fourteenth, to pay to each Originator (*pro rata* according to the performance of the Relevant Portfolio) any amount due and payable as restitution of the insurance price and relevant expenses advanced by such Originator under the relevant Transfer Agreement;

Fifteenth, to pay the Single Series Class B Notes Interest Payment Amount due and payable on each Series of Class B Notes, in each case to the extent such interest is due and payable on such Payment Date (*pari passu* and *pro rata* to the extent of the respective amounts thereof);

Sixteenth, following full redemption of the Class A Notes, to redeem the Principal Amount Outstanding of the relevant Series of Class B Notes in the maximum amount of the relevant Single Series Available Class B Notes Redemption Funds;

Seventeenth, after full and final settlement of all the payments due under this Order of Priority and full redemption of all the Notes, to pay any surplus remaining on the balance of the relevant Transitory Collections and Recoveries Account, Cash Reserve Account and Principal Amortisation Reserve Account and the relevant Outstanding Notes Ratio of any surplus remaining on the balance of the Payments Account, the Collections and Recoveries Account, Reserve Account and Expenses Account to each relevant Originator (*pro rata* according to the performance of the Relevant Portfolio).

4.6 Before the delivery of a Trigger Notice or a Cross Collateral Notice and until full repayment of the Class A Notes, each Relevant Cash Reserve, in the event of a Single Portfolio Negative Balance:

- (a) *firstly*, shall provide support (being included in the relevant Single Portfolio Available Funds) with respect to the Relevant Portfolio in respect of payments under items (*First*) to (*Sixth*) of the Pre-Acceleration Order of Priority;
- (b) *secondly*, shall provide support (being included in the relevant Single Portfolio Available Funds) with respect to the Relevant Portfolio in respect of payments under items (*Eighth*) of the Pre-Acceleration Order of Priority for an amount not higher than the difference (if positive) between the amount of the Relevant Cash Reserve available after making the payments under letter (a) above, and an amount equal to 85% of the relevant Target Cash Reserve Amount as at the immediately preceding Payment Date;
- (c) thereafter, (to the extent not utilised under items (a) and (b) above and Condition 4.7 below and in any case taking into account for each Cash Reserve its relevant limit

under item (b) above), shall increase the Single Portfolio Available Funds in respect of the other Portfolio, pursuant to the terms of the Cash Administration and Agency Agreement, in case any of the other Relevant Cash Reserve is not sufficient to meet the Single Portfolio Negative Balance of the Relevant Portfolio.

- 4.7 In addition (i) on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority), the Relevant Cash Reserve of each Portfolio will be utilised to such purpose, and (ii) on the Final Maturity Date each Relevant Cash Reserve (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority) will be utilised towards payment of the Single Portfolio Class A Notes Principal Amount Outstanding of the relevant Portfolio.
- 4.8 In the event that any of the Cross Collateral Order of Priority or the Acceleration Order of Priority becomes applicable and until full repayment of the Class A Notes, the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement), in case of a Portfolio Negative Balance:
- (a) *firstly*, shall provide support (being included in the Issuer Available Funds) with respect to all Portfolios in respect of payments under items (*First*) to (*Sixth*) of the Cross Collateral Order of Priority or the Acceleration Order of Priority (as applicable);
 - (b) *secondly*, shall provide support (being included in the relevant Issuer Available Funds) with respect to the aggregate of all the Portfolios in respect of payments under item (*Eighth*) of the Cross Collateral Order of Priority, for an amount not higher than the difference (if positive) between the amount of the Cash Reserve available after making the payments under letter (a) above, and an amount equal to 85% of the sum of each Target Cash Reserve Amount as at the immediately preceding Payment Date.

In addition (i) on the Payment Date on which the Single Portfolio Class A Notes Principal Amount Outstanding of each Portfolio may be redeemed in full by utilising for each Portfolio the Cash Reserves (available on such Payment Date following payment in full of all items ranking higher in the Cross Collateral Order of Priority), the Cash Reserves (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) will be utilised to such purpose, and (ii) on the earlier of the Final Maturity Date and the first Payment Date on which the Acceleration Order of Priority applies, the Cash Reserves (available on such Payment Date following payment in full of all items ranking higher in the Pre-Acceleration Order of Priority or the Cross Collateral Order of Priority, as applicable) will be utilised (each for an amount as determined pursuant to the terms of the Cash Administration and Agency Agreement) to redeem in full the Class A Notes.

If, on any Calculation Date it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve Accounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment Date, each amount standing to the credit of each relevant Cash Reserve Account on the Business Day following the immediately preceding Payment Date (less any amount which shall be used on the Payment Date on which the Class A Notes are redeemed in full to make such redemption) (each relevant amount, the “**Cash Reserve Excess**”) (if any) shall, on the Payment Date on which the Class A Notes are redeemed in full, form part of the Single Portfolio Available Funds of the Relevant Portfolio or the Issuer Available Funds, as applicable.

On any Calculation Date (other than the Calculation Date on which it is verified that the Target Cash Reserve Amount with reference to each of the Cash Reserve Accounts is to be reduced to zero due to the Class A Notes being redeemed in full on the immediately following Payment

Date), the difference, if positive, between (i) the amount standing to the credit of each relevant Cash Reserve Account on the Business Day following the immediately preceding Payment Date and (ii) the Target Cash Reserve Amount applicable to the immediately following Payment Date (each relevant amount, the “**Cash Reserve Amortisation Amount**”)(if any) shall, on the immediately following Payment Date, form part of the Single Portfolio Available Funds of the Relevant Portfolio or the Issuer Available Funds, as applicable.

5. INTEREST

5.1 Payment Dates and Interest Periods

Each of the Class A Notes bears interest on the relevant Principal Amount Outstanding from (and including) the Issue Date at an annual rate equal to the Interest Rate determined in Condition 5.2.

Save as provided for in Condition 5.8 (*Unpaid Interest*), interest in respect of the Class A Notes is payable in Euro monthly in arrears on each Payment Date.

Interest in respect of each Series of the Class B Notes is payable monthly in arrears on each Payment Date in Euro in an amount equal to the relevant Single Series Class B Notes Interest Payment Amount as determined by the Computation Agent on the relevant Calculation 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 but unpaid is improperly withheld or refused, whereupon interest shall continue to accrue on such principal (after as well as before judgment) at the rate from time to time applicable to the Notes until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder; and
- (ii) the date on which the relevant Notes are cancelled in accordance with the Conditions.

5.2 Interest Rate

The rate of interest applicable from time to time in respect of the Class A Notes (“**Interest Rate**”) will be determined by the Agent Bank on the relevant Interest Determination Date.

The Interest Rate applicable to the Class A Notes for each Interest Period shall be calculated as follows:

5.2.1 the aggregate of the Relevant Margin; plus the higher of:

- (1) (A) EURIBOR for one month 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 one month Euro deposits in the Euro-zone inter-bank market which appear on Bloomberg page “EUR001M” index or (i) such other page as may replace page “EUR001M” 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 which is approved in writing by the Representative of the Noteholders to replace the Bloomberg Page) (the “**Screen Rate**”), at or about 11:00 a.m. (Milan time) on the

relevant Interest Determination Date; or

(B) if the Screen Rate is unavailable at such time for one month Euro deposits, 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 5.2.1 shall have applied (the “**One Month EURIBOR**”); and

(2) 0%;

provided that the One Month EURIBOR applicable to the Class A1 Notes shall not be, at any time, higher than 3.50% (three point fifty per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.50% (three point fifty per cent) per annum, in respect to the Class A1 Notes only, it shall be deemed as being equal to 3.50% (three point fifty per cent) per annum and furtherly provided that the One Month EURIBOR applicable to the Class A2 Notes shall not be, at any time, higher than 3.52% (three point fiftytwo per cent) per annum and, accordingly, if at any time the One Month EURIBOR is higher than 3.52% (three point fiftytwo per cent) per annum, in respect to the Class A2 Notes only, it shall be deemed as being equal to 3.52% (three point fiftytwo per cent) per annum.

5.3 Determination of the Interest Rate, calculation of the Interest Amount and Single Series Class B Notes Interest Payment Amount

5.3.1 The Agent Bank shall, on each Interest Determination Date:

- (i) determine the Interest Rate applicable to the Class A Notes for 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 Class A Notes 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 Class A Notes 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).

5.3.2 The Computation Agent shall on each Calculation Date determine with respect to each Series of Class B Notes, the Single Series Class B Notes Interest Payment Amount (if any) applicable on the Payment Date following such Calculation Date.

5.4 Publication of the Interest Rate and the 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, the Transaction Bank, *Monte Titoli*, Euroclear, Clearstream, the Paying Agent and the Irish Stock Exchange and will cause the same to be published in accordance with Condition 13 (*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 does not at any time for any reason determine the Interest Rate and/or does not calculate the Interest Amount, or the Computation Agent does not determine the Single Series Class B Notes Interest Payment Amount, in accordance with Condition 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount and Single Series Class B Notes Interest Payment Amount above, the Representative of the Noteholders*), the Representative of the Noteholders shall:

5.5.1 determine the Interest Rate at such rate as (having regard to the procedure described in Condition 5.2 (*Interest Rate*) above) it shall consider fair and reasonable in all circumstances; and/or (as the case may be),

- (1) calculate the Interest Amount in the manner specified in Condition 5.3 (*Determination of the Interest Rate, calculation of the Interest Amount and Single Series Class B Notes Interest Payment Amount above, the Representative of the Noteholders*) above;
- (2) calculate the Single Series Class B Notes Interest Payment Amount;

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and/or the Computation Agent as applicable and published in accordance with Condition 5.4 (*Publication of the Interest Rate and the Interest Amount*).

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 Agent Bank, the Computation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default (“*dolo*”) or gross negligence (“*colpa grave*”) be binding on 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 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 Agent Bank

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 13 (*Notices*).

5.8 Unpaid Interest

Without prejudice to Condition 2(1) (*Status, Priority and Segregation*) and to the right of the Representative of the Noteholder to serve to the Issuer a Trigger Notice pursuant to Condition 9.1(a) (*Non Payment*), in the event that the Single Portfolio Available Funds or the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the Pre-Acceleration Order of Priority, the Cross Collateral Order of Priority or the Acceleration Order of Priority, as applicable) for the payment of interest on the Class A 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 Class A Notes on the immediately following Payment Date. Any such unpaid amount shall not accrue additional interest.

The Issuer shall arrange for notice to be given forthwith by the Agent Bank to Monte Titoli, the Irish Stock Exchange (and to any other stock exchange on which the Class A Notes are listed), the Representative of the Noteholders, the Paying Agent and the Computation Agent and will cause notice to that effect to be given to the Noteholders in accordance with Condition 13 (*Notices*), no later than three Business Days prior to any Payment Date, of any Payment Date on which, pursuant to this Condition 5.8 (*Unpaid Interest*), interest 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 full the Notes at their Principal Amount Outstanding, plus an accrued but unpaid interest, on the Final Maturity Date.

The Issuer may not redeem the Class A Notes in whole or in part prior to the Final Maturity Date except as provided for in this Conditions 6.2 (*Redemption for Taxation*), 6.3 (*Mandatory Redemption*), 6.4 (*Optional Redemption*) or 6.5 (*Sale of the Portfolios*) below, but without prejudice to Condition 9 (*Trigger Events*).

6.2 Redemption for Taxation

If the Issuer 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, to the effect that the Issuer:

- (A) (also through the Issuer's Agent) 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 Class A 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 by any applicable authority having jurisdiction (or that amounts payable to the Issuer in respect of the Portfolios would be subject to withholding or deduction); 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 Securitisation;

and in each case will have the necessary funds (not subject to the interests of any other Person) to discharge all of its outstanding liabilities with respect to the Notes (or with the consent of the Class B Noteholders the Class A Notes only) and any amounts required under the Intercreditor Agreement to be paid in priority to, or *pari passu* with, each Notes (together with any additional taxes payable by the Issuer by reason of such early redemption of the Notes), the Issuer may, on the first Payment Date on which such necessary funds become available to it, redeem the Notes in whole but not in part (or only the Class A Notes in whole, if all the Class B Noteholders consent) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date and together with all payments ranking in priority or *pari passu* with the relevant Notes to be redeemed, in accordance with the Pre-Acceleration Order of Priority, provided that the Issuer shall have given not more than 45 (forty-five) nor less than 15 (fifteen) days' prior written notice to the Representative of the Noteholders, the Servicers and the Noteholders in accordance with Condition 13 (*Notices*).

Upon redemption of the Class A Notes the Issuer shall apply any Issuer Available Funds which may be applied for this purpose in accordance with the Acceleration Order of Priority to the redemption of the Class B Notes.

6.3 Mandatory Redemption of the Class A Notes

Each of the Class A Notes will be subject to mandatory redemption in full or in part:

- (a) on each Payment Date, other than the Payment Dates under letter (b) below, in a maximum amount equal to the relevant Class A Notes Principal Payment Amount with respect to such Payment Date;
- (b) on any Payment Date: (i) following the delivery of a Trigger Notice pursuant to Condition 9 (*Trigger Events*); (ii) in the case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*); or (iii) in the case of the Issuer exercising the Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*), at their Principal Amount Outstanding,

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

6.4 Optional Redemption

Provided that no Trigger Notice has been served on the Issuer, the Issuer may redeem the Notes in whole but not in part (or the Class A Notes only, if all the Class B Noteholders consent) at their Principal Amount Outstanding, together with interest accrued and unpaid up to the date fixed for redemption, on any Payment Date following the Collection Date on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 40% of the Purchase Price (as calculated by the Computation Agent and resulting from the Payments Report) (such relevant Payment Date the “**Clean Up Option Date**”).

Such optional redemption shall be effected by the Issuer giving not more than 45 (forty-five) nor less than 15 (fifteen) days’ prior written notice to the Representative of the Noteholders and to the Class A Noteholders in accordance with Condition 13 (*Notices*) and provided that the Issuer, prior to giving such notice to the Representative of the Noteholders, has produced evidence reasonably 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 Notes (or the Class A Notes only, if all the Class B Noteholders consent) and any amounts required under the Intercreditor Agreement and the Conditions to be paid in priority to or *pari passu* with the relevant Notes to be redeemed.

6.5 Sale of the Portfolios

In the following circumstances:

- (i) in case of Redemption for Taxation pursuant to Condition 6.2 (*Redemption for Taxation*),
- (ii) in case of Optional Redemption pursuant to Condition 6.4 (*Optional Redemption*),
- (iii) after a Trigger Notice has been served on the Issuer (with a copy to the Servicers and to the Rating Agencies) pursuant to Condition 9 (*Trigger Events*) if an Extraordinary Resolution of the Most Senior Class of Notes resolve to request (and strictly in accordance with the instructions approved thereby) the Issuer to sell all (or part only) 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. Such potential purchaser shall in any case deliver to the Issuer and the Representative of the Noteholders on the relevant purchase date of the Portfolios (the “**Purchase Date**”) (I) a certificate of good standing issued by the competent Chamber of Commerce (*certificato di vigenza della Camera di Commercio*) dated not later than 10 (ten) days before the relevant Purchase Date; (II) a solvency certificates signed by a duly authorised representative of such potential purchaser dated the relevant Purchase Date; 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 confirming that no insolvency petitions have been filed against such potential purchaser dated not later than 10 (ten) days before the relevant Purchase Date.

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 Portfolios shall be subject to payments to the Issuer of the relevant purchase price, provided that all the documentation listed in this Condition 6.5 (*Sale of the Portfolios*) has been timely delivered to the Issuer.

In addition, following the delivery of a Trigger Notice, the Representative of the Noteholders shall be entitled to sell the Portfolios acting in accordance with the provisions of the Intercreditor Agreement.

In any case neither the Issuer nor the Representative of the Noteholders will be allowed to sell the Portfolio in case a bankruptcy or similar proceeding has been commenced against the Issuer or in any other case such a sale would be prohibited under Italian law.

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 Pre-Acceleration Order of Priority. Prior written notice of the sale of the Portfolio shall be given to the Rating Agencies.

No authorisation to the sale of the Portfolios shall be necessary in case of exercise of the option by the Originators pursuant to clause 10 (*Limited Recourse*) of the Intercreditor Agreement.

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 prior notice to the Rating Agencies of the redemption of the Class A 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

6.7.1 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 the Issuer Available Funds and the Single Series Available Class

- B Notes Redemption Funds (if any);
- (b) the amount of any principal payment payable on the Class A Notes and the Class B Notes on the following Payment Date;
 - (c) the Principal Amount Outstanding of each Class of Notes on the following Payment Date (after deducting any principal payment due to be made on the Notes on that Payment Date);
 - (d) with respect to each Series of Class B Notes, the amount of the relevant Single Series Class B Notes Interest Payment Amount;
 - (e) with respect to each Series of Class A Notes, the amount of the relevant Single Portfolio Amortised Principal and Single Portfolio Class A Notes Principal Amount Outstanding;
 - (f) the amount of the relevant Single Portfolio Class A1 Notes Principal Payment Amount;
 - (g) the amount of the relevant Single Portfolio Class A2 Notes Principal Payment Amount;
 - (h) the amount of the relevant the Single Portfolio Class A1 Notes Principal Amount Outstanding;
 - (i) the amount of the relevant Single Portfolio Class A2 Notes Principal Amount Outstanding;
 - (j) with respect to each Portfolio, the relevant Single Portfolio Available Funds (if any), Single Portfolio Notes Principal Amount Outstanding and the Principal Amount Outstanding of the Relevant Series of the Class B Notes;
 - (k) the amount of the Principal Amortisation Reserve Amounts, Reserve Amount, the Target Cash Reserve Amounts, each Cash Reserve Excess, each Cash Reserve Amortisation Amount and the amount of each Cash Reserve that shall be utilized to increase the Issuer Available Funds and the Single Portfolio Available Funds; any calculation in respect to the Cash Reserves shall be made by the Computation Agent in accordance with the Cash Administration and Agency Agreement; and
 - (l) all payments due to be done by the Issuer on the immediately following Payment Date.

6.7.2 The Computation Agent, at least 5 (five) Business Days prior to each Payment Date (the “**Payments Report Date**”), deliver to the Representative of the Noteholders, the Servicers, the Corporate Services Provider, the Operating Bank, the Transaction Bank, the Paying Agent, the Back –up Computation Agent and the Rating Agencies a payments report setting out all such payments in the form which shall be agreed by the Parties (the “**Payments Report**”); *provided that* in case the Payments Report is not received by the Paying Agent, the Paying Agent shall promptly notify the Representative of the Noteholders and the Back-up Computation Agent of the occurrence of such event within 1 (one) Business Day following the Payments Report Date (the “**Paying Agent Notice**”). Upon receiving such notice the Representative of the Noteholders shall promptly inform the Rating Agencies.

- 6.7.3 Each determination by or on behalf of the Issuer of the Principal Payment on each Note, the Principal Amount Outstanding of each Note and on each Class of Notes shall in each case (in the absence of wilful default or gross negligence) be final and binding on all persons.
- 6.7.4 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 (i) by the Computation Agent to the Representative of the Noteholders, the Servicers, the Transaction Bank and the Paying Agent and (ii) by the Agent Bank to Euroclear, Clearstream, the Irish Stock Exchange and Monte Titoli, and shall cause notice of each determination of a principal payment and Principal Amount Outstanding of each Class of Notes to be given to the Noteholders in accordance with Condition 13 (*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 13 (*Notices*).
- 6.7.5 The Computation Agent pursuant to the Cash Administration and Agency Agreement shall in case a Detrimental Event and/or a Disequilibrium Event with respect to a Portfolio has occurred, promptly after each Calculation Date, give the Issuer, the Transaction Bank and the Rating Agencies written notice of such occurrence (respectively, the “**Detrimental Event Notice**” and the “**Disequilibrium Event Notice**”).
- 6.7.6 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.

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) 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 of the Portfolios, the date on which the proceeds of such sale (if any) are paid in accordance with the applicable Order of Priority, and (iii) the Final Maturity Date (following application of the Single Portfolio Available Funds or the Issuer Available Funds on such date in accordance with the applicable Order of Priority).

7. PAYMENTS

- 7.1 The Paying Agent shall arrange for payment of principal and interest in respect of the Notes to be made through the relevant operators of Monte Titoli, Clearstream and Euroclear to the accounts of the beneficial owners of the Notes with such operators in accordance with the rules and procedures of Monte Titoli, Clearstream and Euroclear, as the case may be.
- 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** If the due date for any payment of principal and/or interest (or any later date on which any Note could otherwise be presented for payment) is not a Business Day, the Noteholders will not be entitled to payment of the relevant amount until the immediately following Business Day. The Noteholders will not be entitled to any interest or other payment in consequence of any delay in receiving the amount due as a result of the due date not being a Business Day.
- 7.4** The Issuer reserves the right, according to the provisions of the Cash Administration and Agency Agreement, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents including the Paying Agent provided that (as long as the Class A Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require) the Issuer will at all times maintain a paying agent having a registered office in Ireland.

The Issuer will cause at least 30 days prior notice to be given of any change in or addition to the Paying Agent or their registered offices in accordance with Condition 13 (*Notices*).

8. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Law 239 Deduction or any other withholding or deduction required to be made by applicable law (including, for the avoidance of doubt, any withholding or deduction required pursuant to U.S. Foreign Account Tax Compliance Act, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto). Neither the Issuer nor any other Person shall be obliged to pay any additional amount to any Noteholder as a consequence of any such withholding or deduction.

9. TRIGGER EVENTS

- 9.1** If any of the following events (each a “**Trigger Event**”) occurs:

(a) *Non-payment:*

- (i) the Issuer defaults in the payment of the amount of principal then due and payable on the Most Senior Class of Notes on the Final Maturity Date;
- (ii) on any Payment Date (provided that a 3 (three) Business Days' grace period shall apply) the amount paid by the Issuer as interest on the Most Senior Class of Notes is lower than (A) the relevant Interest Amount on the Class A Notes (in case the Most Senior Class of Notes are the Class A Notes), or (B) the relevant Single Series Class B Notes Interest Payment Amount on the Class B Notes (in case the Most Senior Class of Notes are the Class B Notes), as the case may be; or

(b) *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Most Senior Class of Notes (other than (i) the obligation to pay principal on the Notes in case the Issuer has not enough Single Portfolio Available Funds or Issuer Available Funds (as the case may be) to such purpose on any Payment Date, and (ii) any payment obligation on the Notes under paragraph (a) 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 will be required) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer certifying that such default is, in the sole opinion of the Representative of the Noteholders materially detrimental to the interests of the Noteholders of the Most Senior Class of Notes and requiring the same to be remedied; or

(c) 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 when made or deemed to be made; or

(d) Insolvency:

(i) 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* 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 (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by the Issuer or the same proceedings are otherwise initiated against the Issuer and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

(iii) 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 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) an order is made or an effective resolution is passed for the winding-up, liquidation, administration 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.

(e) Unlawfulness:

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

then the Representative of the Noteholders in any case acting in accordance with these Conditions and the Rules of the Organisation of the Noteholders:

- (i) shall, in the case of the Trigger Event set out under point (a) above;
- (ii) shall if so requested in writing by an Extraordinary Resolution 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 requested in writing by an Extraordinary Resolution 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 each of the Servicers) declaring that the Notes have immediately become due and payable at their Principal Amount Outstanding, together with accrued interest, and that the Acceleration Order of Priority shall apply.

Following the delivery of a Trigger Notice, without any further action or formality, on the immediately following Payment Date, and on each Payment Date thereafter, all payments of principal, interest and other amounts due with respect to the Notes and to the Other Issuer Creditors shall be made in accordance with the Acceleration Order of Priority.

10. CROSS COLLATERAL EVENTS

If any of the following events occurs (each a “**Cross Collateral Event**”):

- (a) *Disequilibrium Event*

With respect to 12 successive Payment Dates, a Disequilibrium Event occurs;

- (b) *Default Ratio*

The Default Ratio, as at any Collection Date, is higher than 5%; or

- (c) *Cash Reserve*

On any Calculation Date, with reference to the immediately following Payment Date, the aggregate of the Single Portfolio Negative Balances with respect to such Payment Date is equal to or exceeds the Cash Reserves;

then the Representative of the Noteholders, upon receipt of written notice from the Computation Agent, shall serve a written notice (a “**Cross Collateral Notice**”) to the Issuer (with a copy to each Servicer) and from the immediately following Payment Date the Cross Collateral Order of Priority shall apply without any further action or formality (provided that a Trigger Notice has not been already served)

11. ENFORCEMENT

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..

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.

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 11 (*Enforcement*), by the Representative of the Noteholders shall (in the absence of wilful default or gross negligence) 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.

12. THE REPRESENTATIVE OF THE NOTEHOLDERS

12.1 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.

12.2 Pursuant to the Rules of the Organisation of the Noteholders (attached hereto as Exhibit 1), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders.

12.3 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 and the Class B Noteholders by subscribing respectively for the Class A Notes and the Class B Notes and paying the relevant subscription price in accordance with the provisions of the Notes recognize the appointment of KPMG Fides Servizi di Amministrazione S.p.A. as Representative of the Noteholders. Each Noteholders is deemed to accept such appointment.

12.4 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. Such successor to the Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
- (b) a company or financial institution registered under article 106 of the Consolidated Banking Act (or article 107 of the Consolidated Banking Act as being in force before the Legislative Decree of 13 August 2010 No. 141 became effective or any other relevant register held from time to time by the Bank of Italy); or

- (c) any other entity permitted by specific provisions of Italian law applicable to the securitisation of monetary rights and/or by any regulations, instructions, guidelines and/or specific approvals issued by the competent Italian supervising authorities.

12.5 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 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 Class A Notes are listed on the Irish Stock Exchange, any change in the identity of the Representative of the Noteholders shall be notified to the Irish Stock Exchange.

13. 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.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, any notice to Noteholders shall also be published on the website of the Irish Stock Exchange (www.ise.ie) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in a newspaper as referred to above.

In addition, so long as the Class A Notes are listed on the Irish Stock Exchange, any notice regarding the Class A Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, the Transparency Directive.

The Representative of the Noteholders may sanction some other method of giving notice to the Noteholders of the relevant Class if, in its opinion, such other method is reasonable having regard to market practices then prevailing and to the rules of the stock exchange on which the Notes of the relevant Class are listed and provided that notice of such other method is given to the Noteholders of the relevant Class in such manner as the Representative of the Noteholders shall require.

14. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes shall be void unless made within 10 (ten) years (in the case of principal) or 5 (five) 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, in respect of any payment in relation to the Notes, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received by the Paying Agent or the Representative of the Noteholders on or prior to such date, the date on which, the full amount having been so received, notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

15. GOVERNING LAW AND JURISDICTION

- 15.1** 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.
- 15.2** All the Transaction Documents and any non-contractual obligations arising out of or connected with them are governed by Italian law.
- 15.3** 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 Class A Notes and the Class B Notes. For as long as any Note is outstanding there shall be a Representative of the Noteholders.

The contents of these Rules are considered included in the Conditions.

Article 2 (Definitions)

In these Rules, the following expressions have the following meanings:

“**Basic Terms Modification**” means:

- (1) the modification of the date of maturity of the relevant Class of Notes;
- (2) a modification which would have the effect of anticipating or postponing any day for payment of interest or principal thereon;
- (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, as pledgee, 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 of these Rules.

“**Class of Notes**” means the Class A Notes or the Class B Notes, as the case may be.

“**Extraordinary Resolution**” means a resolution of the Meeting of the Relevant Class Noteholders in relation to the matters specified under Article 20 of these Rules, duly convened and held in accordance with the provisions of these Rules.

“**Meeting**” means the meeting of the Noteholders or a Class of Noteholders (whether originally convened or resumed following an adjournment).

“**Notes**” and “**Noteholders**” mean:

- (1) in connection with a Meeting of Class A Noteholders, Class A Notes and Class A Noteholders respectively;
- (2) in connection with a Meeting of Class B Noteholders, Class B Notes and Class B Noteholders respectively; and
- (3) otherwise, in the case of a joint Meeting of more than one Class, any or all of the Class A Notes or the Class B Notes and any or all of the Class A Noteholders and the Class B Noteholders, respectively.

“**Paying Agent**” means The Bank of New York Mellon SA/NV – Milan branch or any other person acting from time to time as paying agent.

“**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.

“**Proxy**” means, in relation to any Meeting, a person duly appointed to vote.

“**Relevant Class Noteholders**” means the Class A Noteholders or the Class B Noteholders, as the context may require.

“**Relevant Date**” means the date on which principal or interest, as the case may be, on the Notes become due and payable.

“**Relevant Fraction**” means:

- (i) for all business other than voting on an Extraordinary Resolution (both at the first convening of a Meeting and in case such Meeting is resumed after adjustment for want of a quorum): (a) in case of a meeting of a particular Class of the 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:

- (i) for voting on an Extraordinary Resolution other than one relating to a Basic Terms Modification: (a) in case of a meeting of a particular Class of the Notes, more than one-third 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, more than one-third of the Principal Amount Outstanding of the outstanding Notes of such Classes of Notes; and

- (ii) 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 Notes.

“Representative of the Noteholders” means KPMG Fides Servizi di Amministrazione 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.

“Specified Office” means the office of the Paying Agent at Via Mike Bongiorno, 13 – 20124 Milan, Italy, or such other address as the Paying Agent may from time to time specify pursuant to Cash Administration and Agency Agreement.

“Voter” means, in relation to any Meeting, the holder of a Blocked Note.

“Voting Certificate” means, in relation to any Meeting, a certificate issued to a Noteholder by the relevant Monte Titoli Account Holder in accordance with the resolution dated 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 75% of the Relevant Class Noteholders, who for the time being are entitled to receive notice of a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

“24 hours” means a period of 24 hours including all or part of a day upon which banks are open for business in both the places where the Meeting is to be held and in each of the places where the 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.

Article 3 **(Organisation purpose)**

Each Class A Noteholder and Class B 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 and/or the Class B Noteholders or, where the context requires, a reference to the Class A Noteholders and/or the Class B Noteholders collectively.

TITLE II - THE MEETING OF NOTEHOLDERS

Article 4

(General)

Subject to Article 20 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 present or not present at such Meeting and whether voting or not voting and any resolution passed at a meeting of the Class A Noteholders duly convened and held as aforesaid shall also be binding upon the Class B Noteholders.

In each of the above cases, all the relevant Classes of Noteholders shall be bound to give effect to any such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

Notice of the result of every vote on a resolution duly passed by the Noteholders shall be published, at the expense of the Issuer, in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders) within 14 days of the conclusion of the Meeting.

Subject to the provisions of these Rules and the Conditions, joint meetings of the Class A Noteholders, and the Class B 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 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 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 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 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 Classes 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 integrated), 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 and none

of the Monte Titoli Account Holders shall be allowed to release the relevant Notes before such date unless the Voting Certificate is first surrendered to it. So long as a Voting Certificate is valid, the Noteholder 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 Paying Agent, or at some other place approved by the Paying Agent, at any time prior to the time fixed for a Meeting. If the Paying Agent requires, satisfactory proof of the identity of each Proxy named the relevant Voting Certificate, such proof shall be produced at the Meeting, but the 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.

Article 8
(Notice)

At least 21 day notice (excluding the day on which the notice is delivered and 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 Paying Agent (with a copy to the Issuer and to the Representative of the Noteholders), and published in accordance with Condition 13 (*Notices*) at least 15 days before the date of the Meeting. The notice shall set forth the full text of any resolutions to be proposed and that Voting Certificate shall be obtained to participate to the Meeting.

The 21 day notice of any Meeting shall be deemed to be waived by the Noteholders when: (i) Noteholders representing 100% of the Principal Amount Outstanding of the relevant Class attend the relevant Meeting or (ii) Noteholders representing 100% of the Principal Amount Outstanding of the relevant Class request the 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 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 minutes after the time fixed for any Meeting a quorum is not present, then it shall be adjourned for such period (which shall be not less than 14 days and not more than 42 days) and at such place as the Chairman determines; provided, however, that no Meeting may be adjourned more than once. Notice shall be published in accordance with Condition 13 (*Notices*) of the relevant Class of Notes not more than 8 days before the date of the meeting.

Article 12
(Adjourned Meeting)

The Chairman may, with the consent of (and shall if directed by) any Meeting, adjourn such Meeting from time to time and from place to place, *provided that* no Business shall be transacted at any adjourned Meeting except Business which might lawfully have been transacted at the Meeting from which the adjournment took place.

Article 13
(Notice following adjournment)

Article 8 shall apply to any Meeting which is to be resumed after adjournment save that:

- (a) 8 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 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 and the 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 vote or any instruction pursuant to which it was given has been amended or revoked, *provided that* the Issuer and Paying Agent have not been notified in writing of such amendment or revocation not less than 24 hours before the time fixed for the Meeting. Unless revoked, any appointment of a Proxy under a 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.

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 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 Terms 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 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 given herein and in the Conditions, 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 into, or the cancellation of any of the Notes or any Class, 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 Conditions, 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) to authorise 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;

- (i) following the service of a Trigger Notice, power to resolve on the sale of one or more Claim(s) comprised in the Portfolio(s);
- (j) 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;
- (k) 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;
- (l) power to sanction a Basic Terms Modification; and
- (m) power to direct the Representative of the Noteholders to concur in and execute all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.

provided that:

- (A) no Extraordinary Resolution involving a Basic Terms Modification passed by the Relevant Class Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of the other Class of Notes (to the extent that the Notes of each such Class are then outstanding); and
- (B) no other 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 the Class A Notes are 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 the Class A Notes are then outstanding).

Article 21 **(Challenge of Resolution)**

Each Noteholder who was absent, dissenting or non voting can challenge resolutions in accordance with article 2416 of the Italian Civil Code.

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.

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 and the Class B Noteholders by subscribing respectively for the Class A Notes or the Class B Notes and paying the relevant subscription price in accordance with the provisions of the Notes Subscription Agreement recognize the appointment of KPMG Fides Servizi di Amministrazione S.p.A. as Representative of the Noteholders.

Simultaneously with the issue and delivery of the Notes, the Class A Noteholders and the Class B Noteholders, pursuant to the terms of the Notes Subscription Agreement, will confirm the appointment of KPMG Fides Servizi di Amministrazione S.p.A. as Representative of the Noteholders and KPMG Fides Servizi di Amministrazione S.p.A. will accept such appointment.

The Issuer acknowledges and accepts the appointment of KPMG Fides Servizi di Amministrazione 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, by reason of purchase and holding the Class A Notes or the Class B Notes, as the case may be, will recognise the Representative of the Noteholders as its representative and is deemed to be bound by the terms and conditions of the Transaction Documents

signed by the Representative of the Noteholders as if such holder of the Class A Notes or the Class B Notes 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, by reason of purchase and holding the Class A Notes and the Class B Notes, as the case may be:

- (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 and the Class B 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 and the Class B Notes, as the case may be, in connection with the issue of the Class A Notes and the Class B 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.

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 and the Class B 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.

The Representative of the Noteholders shall be:

- (1) a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch or through a branch situated in a European Union country; or
- (2) a company or financial institution registered under article 106 of the Consolidated Banking Act (or any other relevant register held from time to time by the Bank of Italy); or
- (3) any other entity which may be permitted to act in such capacity by any applicable provisions of Italian law.

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 relevant 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 (if any) 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.

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 against 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 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 of any misconduct or default on the part of such delegate or sub-delegate. The Representative of the Noteholders shall as soon as reasonably practicable give notice to the Issuer of the appointment of any delegate and the renewal, extension and termination of such appointment and shall procure that any delegate shall also as soon as reasonably practicable give notice to the Issuer of any sub-delegate.

The Class A Noteholders and the Class B 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 and the Class B Notes are or will be a party. Each of the Class A Noteholders and the Class B 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 or the Class B 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 relevant Transaction Documents to which. If a new representative of the Noteholders is not appointed by the Meeting within sixty 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.

1. 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 or such other event, condition or act 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 thereunder and, until it shall have actual knowledge or express notice to the contrary, it shall be entitled to assume that the Issuer and each 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, enforceability, 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 Paying Agent, 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 Class A Notes by the Rating Agencies or any other credit or rating agency 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 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 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 rights under the Intercreditor Agreement unless it has been indemnified 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.

2. 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 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 opinion the Representative of the Noteholders, it may be proper to make, provided that (i) the Representative of the Noteholders is of the opinion that such modification will not be materially prejudicial to the interests of the Class A Noteholders, or, in the event the Class A Notes have been redeemed in full, the Class B Noteholders; 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 agency or other expert whether obtained by the Issuer or the Representative of the Noteholders or as provided in the Transaction Documents otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss 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 gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, the Representative of the Noteholders shall not be liable for acting on any advice, opinion or information contained in or purported to be conveyed by any such letter, telex, telegram, facsimile transmission or e-mail 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 gross negligence (*colpa grave*) or willful misconduct (*dolo*);
- (vi) subject to granting the access to the documents to any Noteholders as provided for by the Conditions, 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(d) (*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 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.

3. 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 (unless it has direct knowledge thereof) for which a certificate is expressly provided for hereunder or any other Transaction Document and it shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do;
- (b) for the purpose of exercising any right, power, trust, authority, duty or discretion under or in

relation to the Transaction Documents or the Notes, in considering whether such exercise would be materially prejudicial to the interests of the Noteholders and the Other Issuer Creditors, take into account, amongst other things, any written confirmation from the Rating Agencies that the then current ratings of the Notes would not be adversely affected by such exercise;

- (c) 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.
- 4. 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 and any Transaction Document 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 **(Indemnity)**

It is hereby acknowledged that the Issuer has covenanted and undertaken under the Notes Subscription Agreement to reimburse, pay or discharge (on a full indemnity basis) on demand, to the extent not already reimbursed, paid or discharged by any Noteholders, all 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: (i) in case any of the obligation hereunder are incurred as a result of any negligence of the Representative of the Noteholders, the amount that shall be paid by the Issuer shall be lowered considering (a) the level of negligence (*gravità della colpa*) of the Representative of the Noteholders and (b) the amount of Requests which have been caused by such negligence of the Representative of the Noteholders; and (ii) 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 30 (*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 (also in the interest of the Other Issuer Creditors) 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 31 (*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 these Rules, including those concerning its validity, interpretation, performance and termination, as well as all non contractual obligations arising out or in connection with these Rules, shall be submitted to the exclusive jurisdiction of the courts of Milan, Italy.

SELECTED ASPECTS OF ITALIAN LAW

The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy.

It applies to securitisation transactions involving the “true” sale (by way of non-gratuitous assignment) of claims, where the sale is to a company created in accordance with Article 3 of the Securitisation Law and all amounts paid by the assigned debtors in respect of the claims are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction. It should be noted that Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”) converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”), and Italian Law Decree no. 91 of 24 June 2014 (“*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l’efficientamento energetico dell’edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normative europea*”) converted with amendments into Law No. 116 of 11 August 2014, (“**Law 116/2014**”)

Law 9/2014 and Law 116/2014 introduce, *inter alios*, the following amendments to 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 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 (*id est* 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;
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; and
7. 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 Law 130 is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. The prevailing interpretation of such provisions, which view has been strengthened by article 4 of Law 130, is that 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 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 register of companies where the assignee is enrolled, commenced enforcement proceedings in respect of the relevant claims;
- (b) (i) 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 Italian Royal Decree No. 267 of 16 March 1942 (*Disciplina del fallimento, del concordato preventivo e della liquidazione coatta amministrativa*) (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 register of companies 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 register of companies 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 has been published respectively (i) in the Official Gazette No. 142, Part II, of 2 December 2014 and (ii) filed for publication in the companies' register of Rome on 5 December 2014.

Ring-Fencing of the Assets

By operation of Law 130, the claims relating to each securitisation transaction will, by operation of law, be segregated 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 Law 130). In addition, the Securitisation Law (as amended by Law 9/2014) confirms that the securitised assets, which benefit from the segregation, expressly include, not only the claims towards the assigned debtors, but also any other monetary claims owed to the issuer in relation to the securitisation, and any cash-flows generated by the collection of the assigned receivables, including any eligible investments and financial assets purchased by the issuer for the purpose of the transaction.

It should, also noted that Law 9/2014 and Law 116/2014 set out new provisions concerning the segregation and clarifying the operation of the bank accounts that may be opened by the issuer with the servicer or other depositories for the collection of the sums paid by the assigned debtors and any other sums paid or otherwise due to the issuer in the context of the securitisation. In particular it is provided that:

1. the amounts paid by the assigned debtors and any other amount due to the issuer under the securitisation credited into the bank accounts opened by the issuer with: (a) the servicers; or (b) the third party depository bank of securitisation transactions, may be utilized only to fulfil the obligations of the issuer 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 third party depository 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 issuer without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and
2. 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.

However, prospective Noteholders should be aware that, as at the date of this Prospectus, these provisions of the Securitisation Law (as introduced by Law 9/2014 and Law 116/2014) have not been tested in any case law nor specified in any further regulation.

Claw-Back of the Sale of the Portfolios

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 the assignment 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 paragraph 1(1), 1(2) and 1(3) of article 67 of the Bankruptcy Law applies, within six months of the admission to compulsory liquidation. Under the Warranty and Indemnity Agreement, each of the Originators have represented and warranted that it was solvent as of the Transfer Date and on the Issue Date.

Claw-Back Action Against The Payments Made To Companies Incorporated Under Law 130

According to article 4 of Law 130, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according 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 suspected period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to article 67 of the Bankruptcy Law.

Ineffectiveness of Prepayments by Borrowers

Pursuant to article 65 of the Bankruptcy Law, in the event that a Borrower (to the extent the same is subject to the Bankruptcy Law) is declared bankrupt, any payment made by the Borrower during the two-year period prior to the declaration of bankruptcy in respect of any amount which falls due and payable on or after the date of declaration of bankruptcy (including accordingly, any prepayments made under the relevant Loan Agreement) are ineffective *vis-à-vis* the Issuer. In this regard, it has to be noted that a case from the Italian Supreme Court (*Corte di Cassazione*, judgement No. 19978 of July 18th 2008) stated that article 65 of the Bankruptcy Law does not apply in case the right of prepayment and the related right to obtain the cancellation of the mortgage securing the prepaid loan are directly and imperatively attributed to the Borrower by specific provisions of law.

The Securitisation Law, as amended by Law 9/2014, provides that (i) the claw-back provisions set forth in article 67 of the Bankruptcy Law do not apply to payments made by the Borrowers to the Issuer in respect of the securitised Claims and (ii) the payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to article 65 of the Bankruptcy Law.

Mutui Fondiari

In addition to the general legislation commonly applicable to mortgage lending, mortgage loans which qualify as *mutui fondiari* are regulated by specific legislation 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).

Ordinary Enforcement Proceedings

A mortgage lender (whose debt is secured by a mortgage) may commence enforcement 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 (10) ten days of filing, but not later than (90) 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 and, on the basis of the expert's evaluation, the court shall determine 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 enforcement 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 enforcement 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 enforcement proceedings from the court order or injunction of payment to 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. Law No. 302 has been passed with the aim of reducing the duration of enforcement proceedings.

***Mutui Fondiari* Enforcement Proceedings**

The Mortgage Loans include *inter alia* mortgage loans qualifying as *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, as amended by Article 12 of Decree No. 342, 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.

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 1.0%) from the end of the calendar year in which the initial stage of the enforcement proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Article 120 Ter of the Consolidated Banking Act

Article 120 ter of the Consolidated Banking Act provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is null and void with respect to mortgage loan agreements entered into, with an individual as borrower, for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic 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 amount outstanding of the loans (the “**Substitutive Prepayment Penalty**”). containing the following main provisions: (i) with respect to variable rate loan agreements, the Substitutive Prepayment Penalty should not exceed 0.50% and should be further reduced to (a) 0.20% in case of early redemption of the loan carried out within the third year from the final maturity date and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (ii) with respect to fixed rate loan agreements entered into before 1 January 2001, the Substitutive Prepayment Penalty should not exceed 0.50%, and should be further reduced to: (a) 0.20%, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date, (iii) with respect to fixed rate loan agreements entered into after 31 December 2000, the Substitutive Prepayment Penalty should be equal to: (a) 1.90% if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50% if the relevant early redemption is carried out following the first half of loan's agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20%, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

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

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

Article 120 Quater of the Consolidated Banking Act

Article 120-quater of the Consolidated Banking Act provides that any borrower may at any time prepay the relevant loan funding such prepayment by a loan granted by another lender which will be

subrogated pursuant to article 1202 of the Italian civil code (“*surrogato per volontà del debitore*”) in the rights of the former lender, including the mortgages (without any formalities for the annotation of the transfer with the land registry, which shall be requested by enclosing a certified copy of the deed of subrogation (“*atto di surrogazione*”) to be made in the form of a public deed (“*atto pubblico*”) or of a deed certified by a notary public with respect to the signature (“*scrittura privata autenticata*”) without prejudice to any benefits of a fiscal nature.

In the event that the subrogation is not completed within ten days from the relevant request from the succeeding lender to the former lender to start the relevant cooperation procedures, the original lender shall pay to the borrower an amount equal to 1% of the amount of the loan for each month or part thereof of delay, provided that if the delay is due to the succeeding lender, the latter shall repay to the former lender the delay penalty paid by it to the borrower.

Cancellation of Mortgages

Art. 40-bis of the Consolidated Banking Act and Law decree No. 7 of 31 January 2007 (the “**Bersani Decree**”) as converted into law by Law No. 40 of 2 April 2007, as applicable, set out certain provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

Convention Between the Ministry of Economy and Finance, the Italian Banking Association and Associations of the Representative of the Companies

On the 3rd of August 2009, the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies signed a convention about the temporary suspension of small and middle-sized companies debts to the banking system in order to help companies struck by the financial crisis (the “**PMI Convention**”).

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

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

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended.

On 28 February 2012 the ABI and the Ministry of Economy and Finance entered into a new convention (the “**New PMI Convention**”) providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the Suspension. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more

than 90 days from the date of request of the suspension; and (ii) the possibility for small and middle-sized companies that have not already requested a Suspension to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of two years for unsecured loans and of three years for mortgage loans.

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

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

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI (*Associazione Bancaria Italiana*) has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan).

In this respect, it should be considered that the Originators (other than BCC Castellana Grotte – Credito Cooperativo, BCC Ostra e Morro, BCC Sesto S.Giovanni and BCC Ancona) have acceded to the New PMI Convention and the list of the banks which have acceded (as of 26 March 2014) to the July 2013 PMI Convention is available on the ABI website.

Insolvency Proceedings

A commercial entrepreneur (“*imprenditore che esercita un'attività commerciale*”) qualifying under article 1 of the Bankruptcy Law may be subject to insolvency proceedings (“*procedure concorsuali*”). Insolvency proceedings 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 that are in state of insolvency. 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 fulfill 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 *curatore fallimentare*, and the creditors' claims have been approved, the sale of the

debtor'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 which is in a crisis situation may propose 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.

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 Senior 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 Senior Notes

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 Senior 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 Senior 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 Senior Notes or in the transfer of the Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Interest and other proceeds accrued on the Senior Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Senior Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Senior Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, “**IRES**”); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, “**IRPEF**”) plus local surtaxes, if applicable; or (iii) entrepreneurial income tax (*imposta sul reddito di impresa*, “**IRI**”); under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, “**IRAP**”).

Where the holder of the Senior Notes is an Italian resident investment fund subject to the tax regime provided by Law No. 77 of 23 March 1983 (“**Fund**”), interest payments relating to the Senior Notes are not subject to *imposta sostitutiva* but must be included in the management results of the Fund accrued at the end of each tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Italian resident pension funds are subject to a 20 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year.

Any positive difference between the nominal redeemable amount of the Senior 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.

Capital Gains

Any capital gain realised upon the sale for consideration or redemption of Senior 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 Senior Notes (and, in certain cases, depending on the status of the holders of the Senior 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 Senior Notes who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Senior 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 Senior Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Senior 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 Senior Notes not in connection with an entrepreneurial activity pursuant to all disposals on Senior 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 Senior 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 Senior Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Senior 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 Senior 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 Senior 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 Senior 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 Senior Notes which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but a substitutive tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by the holders of the Senior 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 Senior Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Senior Notes are effectively connected, if the Senior 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 Senior Notes are effectively connected, through the sale for consideration or redemption of the Senior Notes are exempt from taxation in Italy to the extent that the Senior Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Senior 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 Senior Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Senior Notes with no permanent establishment in Italy to which the Senior 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 Senior 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 Senior 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 Senior 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 Senior 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 Senior Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Senior 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.

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.

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.

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.

Stamp Duty

Article 13, paragraph 2-*ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (“Stamp Duty Law”), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (“Statement Duty”). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate of 0.2 per cent. (but in any case not exceeding € 14,000.00. This cap is not applied to individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterized for tax purposes as “financial instruments”. The relevant taxable basis shall be determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement.

The stamp duty must be levied on:

- (i) whoever executes or takes advantage (in Italian known as the “*caso d’uso*”) of the document included in the Tariff, as the main obligors (*obbligati in via principale*);
- (ii) whoever signs, receives, accepts or negotiates the document included in the Tariff, if the stamp duty has not already been properly paid, as the joint obligors (*obbligati in via solidale*).

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients and qualified it as an “*ente gestore*” (managing entity). Such “*ente gestore*”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

The Issuer seems not to fall within the list of the obligors, as set forth in the Stamp Duty Law, neither in the definition of “ente gestore”. However, the lack of an interpretation by the Italian tax authority

with respect to securitisation transactions and the broad scope of the Statement Duty could lead the Italian tax authority to a different interpretation and may induce the authority to include the Issuer among the obligors.

SUBSCRIPTION AND SALE

Pursuant to the Notes Subscription Agreement entered into on or about the Signing Date between the Issuer, the Originators, the Arranger and the Representative of the Noteholders, each Originator has agreed to subscribe and pay for the Relevant Series of Class A Notes and Class B Notes upon the terms and subject to the conditions thereof and have appointed the Representative of the Noteholders to act as the representative of the holders of the Class A Notes and the Class B Notes, subject to the conditions set out therein (the “**Notes Subscription Agreement**”).

Under the Notes Subscription Agreement, both Banca Cambiano and Banca di Pisa e Fornacette will undertake that they will retain at the origination and maintain on an ongoing basis a material net economic interest of at least 5% in the Transaction in accordance with option (1)(d) of Article 405 of the CRR, option (1)(d) of Article 51 of the AIFM Regulation and option (2)(d) of Article 254 of the Solvency II Regulation. Please refer to section headed “*Regulatory Initiatives May Result in Increased Regulatory Capital Requirements and/or Decreased Liquidity in Respect of the Notes*”.

The Notes Subscription Agreement is subject to a number of conditions precedent and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

UNITED STATES OF AMERICA

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act.

Each of the Originators has represented and agreed that it has not offered or sold the Notes, and will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all Notes except in accordance with Rule 903 of the Regulation S promulgated under the Securities Act. None of the Arranger, nor the Originators, nor their respective Affiliates, nor any person acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

The Notes covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(iii), (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the completion of the distribution of Securities as determined and certified by the initial Noteholders, except in either case in accordance with Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

REPUBLIC OF ITALY

Each of the Issuer and the Originators, under the 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, represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy the Notes, this Prospectus nor any other offering material relating to Notes other than to professional investors (“*investitori qualificati*”), as defined on the basis of the Directive 2003/71/EC (Directive of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading), pursuant to Article 100, paragraph 1, letter (a), of Italian legislative decree No. 58 of 24 February 1998 (the “**Consolidated Financial Act**”) or in other circumstances where an express exemption from compliance with the restrictions to the offerings to the public applies, as provided under the Consolidated Financial Act or CONSOB regulation No. 11971/1999, and in accordance with applicable Italian laws and regulations. In any case the Junior Notes may not be offered to individuals or entities not being professional investors in accordance with the Securitisation Law. Additionally the Junior Notes may not be offered to any investor qualifying as “*cliente al dettaglio*” pursuant to CONSOB regulation No. 16190/2007.

Each of the Issuer and the Originators, under the Notes Subscription Agreement, represents and agrees that any offer by it of the Notes of the relevant Class or Classes in the Republic of Italy shall be made only by banks, investment firms or financial companies permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 31 October 2007 and any other applicable laws and regulations and in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

In connection with the subsequent distribution of the Notes in the Republic of Italy, Article 100-*bis* of the Consolidated Financial Act requires to comply also on the secondary market with the public offering rules and disclosure requirements set forth under the Consolidated Financial Act and relevant CONSOB implementing regulations, unless the above subsequent distribution is exempted from those rules and requirements according to the Consolidated Financial Act and relevant CONSOB implementing regulations.

FRANCE

Each of the Issuer and the Originators, under the Notes Subscription Agreement, represents and agrees that this Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the “**AMF**”) and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed by it to the public in France or used in connection with any offer for subscription or sale of notes to the public in France.

Each of the Issuer and the Originators, under the Notes Subscription Agreement, will also represent and agree in connection with the initial distribution of the Notes by it that:

- (i) there has not been and there will be no offer or sale, directly or indirectly, of the Notes by it to the public in the Republic of France (*an appel public à l'épargne* as defined in Article L. 411-1 of the French Code monétaire et financier);
- (ii) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in Articles L. 411-2 and D. 411-1 of the French Code monétaire et financier; or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in Article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in Article L. 411-2, L. 533-16 and L. 533-20 of the *Code monétaire et financier* (together the “**Investors**”).

Offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

UNITED KINGDOM

Each of the Issuer and the Originators (initial holders of the Notes) represented under the Notes Subscription Agreement that:

- (i) financial promotion: any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) general compliance: there has been and there will be compliance with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

GENERAL RESTRICTIONS

The Issuer and the Noteholders (including the Originators as initial holders of the Notes) shall comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, they will not, directly or indirectly, offer, sell or deliver of any Notes or distribute or publish any prospectus, form of application, prospectus (including the Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken by them to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

EEA STANDARD SELLING RESTRICTION

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), under the Notes Subscription Agreement it is represented and agreed that there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

1. to any legal entity which is a qualified investor as defined in the Prospectus Directive;

2. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

GENERAL INFORMATION

- (1) The Issuer is not involved in any legal, governmental or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position nor is the Issuer aware that any such proceedings being pending or threatened.
- (2) The execution by the Issuer of the Transaction Documents and the issue of the Notes were authorised by a resolution of the quotaholder's meeting which took place on 4th October 2017.
- (3) Save as disclosed in this Prospectus, after the issuance of the Notes the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
- (4) The Issuer prepares annual audited financial statements for financial years ending on 31 December of each year. No interim or consolidated financial statements will be produced by the Issuer. So long as any of the Class A Notes remain listed on the Irish Stock Exchange, copies of the Issuer's annual audited non-consolidated financial statements shall be made available in electronic form free of charge at the registered office of the Paying Agent.
- (5) The auditors of the Issuer are Baker Tilly Revisa S.p.A., a joint stock company incorporated under Italian law, enrolled in the “*albo speciale delle società di revisione*” held by CONSOB pursuant to article 161 of the Consolidated Financial Act with No. 3 and enrolled in the “*registro dei revisori legali*” held by Ministry of the Economy and Finance (“*Ministro dell’economia e delle finanze*”) pursuant to Legislative Decree No. 39 of 27 January 2010 with No. 15585, having the following VAT code and registration to the register of Enterprises of Bologna: 01213510017. The address of Baker Tilly Revisa S.p.A. is in via Siepelunga 59, 40141 - Bologna, Italy. They have audited the Issuer’s accounts, in accordance with generally accepted auditing standards in Italy for the financial years ended on, respectively, 31 December 2015 and 31 December 2016.
- (6) The proceeds arising from the issue of the Class A Notes amount to Euro 542,581,000. The Issuer estimates that its aggregate ongoing expenses in connection with the Transaction (excluding any fees and expenses in relation to the Servicers) will be equal approximately to Euro 110,000 (exclusive of any value added tax) per annum.
- (7) Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on its regulated market. The expenses for admission to trading of the Class A Notes is equal to Euro 2,140.
- (8) 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 and deliver it to the Issuer, the Corporate Services Provider, the Representative of the Noteholders, the Paying Agent, the Servicers and the Rating Agencies, based on the data contained in the Monthly Servicing Report and in the Payments Report and setting forth the performance of the Portfolios (also on an aggregate basis) and of the Notes and in particular will contain information, *inter alia*, on (i) the Issuer Available Funds (and their application) on the immediately preceding Payment Date (ii) the principal amount outstanding on the Notes before and after the immediately preceding Payment Date and interest accrued and interest actually paid on the Notes in respect of the immediately preceding Payment Date (iii) details on the collections and unpaid amounts on the Portfolios (also on an aggregate basis) in the preceding Collection Periods and (iv) the occurrence of a Disequilibrium Event. Each Investors Report will be made available to the Noteholders and certain other persons on a monthly basis via the Operating Bank's internet website currently located at <http://www.investbanca.it/pontormormbs-2017> (for the avoidance of doubt, such website does not constitute part of this Prospectus).

- (9) 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 for the Notes are as follows:

	ISIN No.
Class A1	IT0005315210
Class A2	IT0005315228
Class B1	IT0005315236
Class B2	IT0005315244

- (10) Copies of the following documents in electronic form may be inspected (and, in the case of the documents listed in (a) below, may be obtained) during usual business hours at the registered offices of the Representative of the Noteholders or at the Specified Office of the Paying Agent at any time after the Issue Date and so long as any of the Class A Notes remain listed on the Irish Stock Exchange:

- (a) the *Statuto* and *Atto Costitutivo* of the Issuer;
- (b) the Transfer Agreements;
- (c) the Warranty and Indemnity Agreement;
- (d) the Cash Administration and Agency Agreement;
- (e) the Notes Subscription Agreement;
- (f) the Servicing Agreement;
- (g) the Back-up Servicing Agreement;
- (h) the Intercreditor Agreement;
- (i) the Corporate Services Agreement;
- (j) the Quotaholder's Agreement;
- (k) the Stichting Corporate Services Agreement.

- (11) This Prospectus will be available in electronic form to the public during usual business hours at the Specified Offices of the Paying Agent and at the registered office of the Representative of the Noteholders at any time after the Issue Date so long as any of the Class A Notes remain listed on the Irish Stock Exchange, and will be published on the Central Bank's website.

- (12) The websites referred to in this Prospectus and the information contained in such web-sites do not form part of this Prospectus. Neither the Issuer nor any of the parties listed under this prospectus take responsibility for the further information available in the websites referred to in this Prospectus.

- (13) Save as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2016.

- (14) **Home Member State for the purpose of the Transparency Directive.** The Issuer will elect Ireland as Home Member State for the purpose of the Transparency Directive.

- (15) The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of the Irish Stock Exchange and trading on its regulated market (the Main Securities Market).

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited financial statements of the Issuer for the financial years ended on 31 December 2015 and 31 December 2016, respectively, together in each case with the audit report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the Central Bank of Ireland. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents deemed to be incorporated by reference in this Prospectus may be obtained (without charge), during usual office hours on any weekday, from the registered office of the Issuer and the Representative of the Noteholders and at the Specified Office of the Paying Agent.

Copies of documents deemed to be incorporated by reference in this Prospectus will be published on the website of the Irish Stock Exchange at:

- http://www.ise.ie/debt_documents/Annual%20Financial%20Statement_6c9f84e4-a095-4f96-9039-96dd21fd2e.pdf (financial statements 2015); and
- http://www.ise.ie/debt_documents/2016%20Financial%20Statements_62dfaad3-2f43-48a4-a708-c2502bcbe26e.PDF (financial statements 2016).

THE ISSUER

Pontormo RMBS S.r.l.

Via Cherubini, 99
Empoli (FI), Italy

ORIGINATORS, SERVICERS AND BACK-UP SERVICERS

Banca di Pisa e Fornacette Credito Cooperativo S.c.p.A.

Lungarno Pacinotti, 8 – 56126 Pisa
Italy

Banca Cambiano 1884 S.p.A.

Viale Antonio Gramsci, 34
Firenze (FI), Italy

OPERATING BANK

Invest Banca S.p.A.

Via L. Cherubini, 99
Empoli (FI), Italy

**REPRESENTATIVE OF THE NOTEHOLDERS – BACK-UP COMPUTATION AGENT and STICHTING
CORPORATE SERVICES PROVIDER**

KPMG Fides Servizi di Amministrazione S.p.A.

Via Vittor Pisani, 27
Milano (MI), Italy,
acting through its office in Via Eleonora Duse, 53,
00197 Rome, Italy

TRANSACTION BANK- AGENT BANK and PAYING AGENT

The Bank of New York Mellon SA/NV – Milan branch

46 Rue Montoyer, Montoyerstraat 46 - B-1000
Brussels, Belgium,
acting through its Milan branch
at via Mike Bongiorno, 13
20124 Milan, Italy

CORPORATE SERVICES PROVIDER and COMPUTATION AGENT

Cabel Holding S.p.A.

Via L. Cherubini, 99
Empoli (FI), Italy

LISTING AGENT

The Bank of New York Mellon SA/NV, Dublin Branch

Riverside II, Sir John Rogerson's Quay
Grand Canal Dock,
Dublin 2,
Ireland

ARRANGER

Banca Akros S.p.A.

Viale Eginardo, 29
20149 Milan, Italy

LEGAL ADVISOR AS TO ITALIAN LAW

Orrick, Herrington & Sutcliffe

Piazza della Croce Rossa 2/c
00161 Rome, Italy