

**INFORMATION MEMORANDUM DATED 4 May 2021**  
**pursuant to Article 2 of Italian Law No. 130 of 30 April 1999**

**PROGETTO QUINTO S.R.L.**

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

**Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036**

**Issue Price: 100% per cent.**

This Information Memorandum contains information relating to the issue by Progetto Quinto S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**") of the Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036 (the "**Class A Notes**" or the "**Senior Notes**"). In connection with the issue of the Senior Notes, the Issuer will also issue the Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036 (the "**Class J Notes**" or the "**Junior Notes**" and, collectively with the Senior Notes, the "**Notes**").

This document constitutes a *prospetto informativo* for all Notes for the purposes of Article 2, sub-section 3 of the Securitisation Law. This Information Memorandum constitutes also the admission document of the Senior Notes for the admission to trading on the professional segment ("**ExtraMOT PRO**") of the multilateral trading facility "ExtraMOT" operated by Borsa Italiana S.p.A. The Notes will be issued on 6 May 2021 (the "**Issue Date**"). The Junior Notes are not being offered pursuant to this Information Memorandum and no application has been made to list the Junior Notes on any stock exchange.

**Capitalised words and expressions in this Information Memorandum shall, except otherwise specified or so far as the context otherwise requires, have the meanings set out herein and in the Conditions.**

The principal source of payment of interest and of repayment of principal on the Notes will be the Collections and Recoveries made in respect of the Portfolio of the Receivables arising out of personal loans granted by Banca Progetto S.p.A. (the "**Originator**") to certain debtors (the "**Debtors**"), repayable through a Salary/Pension Assignment or, alternatively, assisted by Payment Delegation carried out in favour of the Originator by the relevant Debtor, or assisted by an Insurance Policy.

By operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Aggregate Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

Interest in respect of the Senior Notes will accrue on a daily basis and will be payable monthly in arrears in Euro on each Payment Date in accordance with the relevant Priority of Payments and as provided for in the Conditions. The Senior Notes will bear interest on their Principal Amount Outstanding from (and including) the Issue Date at the EURIBOR for 1 month deposits in Euro, except that for the Initial Interest Period, where it shall be the rate *per annum* obtained by linear interpolation of the European Interbank Offered Rate for 1 week and 1 month deposits in Euro (rounded to four decimal places with the mid-point rounded up), plus the Margin, provided that, in the event that in respect of any Interest Period the algebraic sum of the applicable EURIBOR and the Margin results in a negative rate, the applicable rate of Interest shall be deemed to be equal to 0 (zero).

As at the date of this Information Memorandum, all payments of principal and interest in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Decree No. 239 or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes. For further details see the section entitled "*Taxation*".

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Originator, the Representative of the Noteholders, any of the Other Issuer Creditors or the Co-Arrangers. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners until redemption by Monte Titoli for the account of the relevant Monte Titoli Account Holder. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) Article 83-bis of the Financial Laws Consolidated Act, and (ii) Regulation 13 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

The Senior Notes are expected, on issue, to be rated "AA (low) (sf)" by DBRS Ratings GmbH ("**DBRS**") and "Aa3 (sf)" by Moody's Investors Service Ltd ("**Moody's**" and, together with DBRS, the "**Rating Agencies**"). As of the date of this Information Memorandum, the credit rating applied for in relation to the Senior Notes will be issued by the Rating Agencies that are established in the European Union and that were 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 and by Regulation (EU) No. 462/2013 of the European Parliament and of the Council of 21 May 2013 (the "**CRA Regulation**") and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the ESMA (for the avoidance of doubt, such website does not constitute part of this Information Memorandum). It is not expected that the Junior Notes will be assigned a credit rating.

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

**The Senior Notes will be subscribed by the Lead Manager, subject to the terms and conditions of the Senior Notes Subscription Agreement and the Junior Notes will be subscribed by the Junior Subscriber, subject to the terms and conditions of the Junior Notes Subscription Agreement.**

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (*Redemption, Purchase and Cancellation*)). Unless previously redeemed in full or cancelled in accordance with the Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Conditions, the Notes will amortise on each Payment Date, subject to there being sufficient Issuer Available Funds and in accordance with the applicable Priority of Payments. The Notes, to the extent not redeemed in full by the Cancellation Date, shall be cancelled on such date.

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

The Securitisation is intended to qualify as a simple, transparent and standardised securitisation ("**STS-Securitisation**") within the meaning of Article 18 of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**EU Securitisation Regulation**"). Consequently, the Securitisation meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation (the "**STS Requirements**") and may, on or about the Issue Date, be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation. No assurance can be provided that the Securitisation does or will continue to qualify as an STS-securitisation under the EU Securitisation Regulation as at the date of this Information Memorandum or at any point in time in the future.

The Originator has used the service of Prime Collateralised Securities (PCS) EU SAS (PCS), as a verification agent authorised under article 28 of the EU Securitisation Regulation in connection with an assessment of the compliance of the Securitisation with the requirements of articles 19 to 22 of the EU Securitisation Regulation (the "**STS Verification**"). It is expected that the STS Verification prepared by PCS will be available on the PCS website (being, as at the date of this Information Memorandum, <https://www.pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope at <https://www.pcsmarket.org/disclaimer>. For the avoidance of doubt, such PCS website and the contents thereof do not form part of this Information Memorandum. The STS status of a transaction is not static and investors should verify the current status of the Securitisation on ESMA website. None of the Issuer, the Originator, the Co-Arranger, the Representative of the Noteholders or any Other Issuer Creditor makes any representation or accepts any liability for the Securitisation to qualify as an STS-securitisation under the EU Securitisation Regulation at any point in time.

**Compliance with the STS Requirements is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2014/65/EU) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).**

**CONSOB AND BORSA ITALIANA HAVE NOT EXAMINED NOR APPROVED THE CONTENT OF THIS INFORMATION MEMORANDUM**  
**Co-Arrangers**

**BANCA PROGETTO**

**BNP PARIBAS**

## CONTENTS

RESPONSIBILITY STATEMENTS.....	3
TRANSACTION OVERVIEW .....	8
RISK FACTORS .....	32
THE AGGREGATE PORTFOLIO.....	66
BANCA PROGETTO.....	81
CREDIT AND COLLECTION POLICIES .....	83
THE ISSUER .....	89
BANCA FININT .....	91
BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH .....	92
BNP PARIBAS .....	93
USE OF PROCEEDS.....	95
DESCRIPTION OF THE TRANSACTION DOCUMENTS .....	96
ESTIMATED WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES .....	108
TERMS AND CONDITIONS OF THE NOTES.....	110
SELECTED ASPECTS OF ITALIAN LAW.....	170
TAXATION.....	176
SUBSCRIPTION AND SALE.....	183
GENERAL INFORMATION.....	188

## RESPONSIBILITY STATEMENTS

*None of the Issuer, the Other Issuer Creditors, the Co-Arrangers and any other party to the Transaction Documents other than the Originator has undertaken or will undertake any investigations, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer or to establish the creditworthiness of any Debtor. In the Transfer Agreement and the Master Amendment Agreement, the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Loan Agreements, the Loans and the Debtors.*

*The Issuer accepts responsibility for the information contained in this Information Memorandum other than for the information on the sections for which other parties take responsibility as set out below. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*Banca Progetto has provided the information contained in this Information Memorandum under the sections entitled "The Aggregate Portfolio", "Banca Progetto", "Credit and Collection Policies" and any other information contained in this Information Memorandum relating to itself, the Receivables, the Loan Agreements, the Loans, and the Debtors and, together with the Issuer, accepts responsibility for the information contained in those sections. To the best of the knowledge and belief of Banca Progetto (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*Banca Finanziaria Internazionale S.p.A. ("**Banca Finint**") has provided the information contained in this Information Memorandum under the section entitled "Banca Finint" and any other information contained in this Information Memorandum relating to itself. To the best of the knowledge of Banca Finint (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*BNP Paribas Securities Services, Milan Branch ("**BNP Paribas Securities Services**") has provided the information contained in this Information Memorandum under the section entitled "BNP Paribas Securities Services, Milan Branch" and any other information contained in this Information Memorandum relating to itself. To the best of the knowledge of BNP Paribas Securities Services (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*BNP Paribas ("**BNP Paribas**") has provided the information contained in this Information Memorandum under the section entitled "BNP Paribas" and any other information contained in this Information Memorandum relating to itself. To the best of the knowledge of BNP Paribas (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*Save for the parties accepting responsibility for the information included in this Information Memorandum as stated above, no other party to the Transaction Documents accepts responsibility for such information.*

*Save as described under the section headed "Subscription and Sale" and in the sections describing the Transaction Documents, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.*

### **Representations about the Notes**

*No person has been authorised to give any information or to make any representation not contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Co-Arrangers, the Representative of the Noteholders, the Issuer, the Quotaholder or Banca Progetto (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Information Memorandum nor any sale or allotment made in connection with the offering of any of the Notes shall in any circumstances constitute a representation or create an implication that there has not been any change or any event reasonably*

likely to involve any change in the condition (financial or otherwise) of the Issuer, Banca Progetto or the information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Information Memorandum.

### **Limited recourse**

The Notes constitute direct, secured, limited recourse obligations of the Issuer. By virtue of the operation of the Securitisation Law and the Transaction Documents, the Issuer's rights, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the collections and the financial assets purchased through such collection will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the applicable Priority of Payments.

### **Other business relations with the Originator**

In addition to the interests described in this Information Memorandum, prospective Noteholders should be aware that each of the Co-Arranger and their related entities, associates, officers or employees (each a "**Relevant Entity**") may be involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any Other Issuer Creditor, both on its own account and for the account of other persons. As such, each Relevant Entity may have various potential and actual conflicts of interest arising in the ordinary course of its business. For example, a Relevant Entity's dealings with respect to the Notes, the Issuer or any other Issuer Creditor may affect the value of the Notes as the interests of this Relevant Entity may conflict with the interests of a Noteholder, and that Noteholder may suffer loss as a result. To the maximum extent permitted by applicable law, no Relevant Entity is restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents or the interests described above and may continue or take steps to further protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders. The Relevant Entities may in so doing act without notice to, and without regard to, the interests of the Noteholders or any other person.

Certain of the Relevant Entities or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistently with their customary risk management policies.

Typically, such Relevant Entities and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the prospectus. Any such short positions could adversely affect future trading prices of Notes issued under this Information Memorandum. The Relevant Entities and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, conflicts of interest could arise where a Relevant Entity is appointed as calculation agent for a Class of Notes or if proceeds from any issue of Notes under this Information Memorandum are used to repay financing granted to the group by the Relevant Entities and those Relevant Entities receive commissions on such Notes. For the purpose of this paragraph, the term "affiliates" includes parent companies.

### **U.S. Risk Retention Rules**

The Notes sold on the Issue Date may not be purchased by any person except for persons that are not

"U.S. persons" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). "**U.S. Risk Retention Rules**" means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended. Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. Each purchaser of the Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person; (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 20 of the U.S. Risk Retention Rules, and no other steps have been taken by the Issuer, the Originator, the Co-Arrangers and the Lead Manager or any of their affiliates or any other party to accomplish such compliance.

### **Selling Restrictions**

The distribution of this Information Memorandum and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum (or any part of it) comes are required by the Issuer and the Lead Manager to inform themselves about, and to observe, any such restrictions. Neither this Information Memorandum nor any part of it constitutes an offer, and this Information Memorandum 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.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

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

The Notes are complex instruments which involve a high degree of risk and are suitable for purchase only by sophisticated investors which are capable of understanding the risk involved. In particular the Notes should not be purchased by or sold to individuals and other non-expert investors.

No action has or will be taken which would allow an offering to the public (or a "offerta al pubblico") of the Notes in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Notes may not be offered, sold or delivered and neither this Information Memorandum 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.

Neither this Information Memorandum nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or an invitation or offer by the Issuer, Banca Progetto (in any capacity) or the Co-Arrangers that any recipient of this Information Memorandum, 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.

For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Information Memorandum, see the section entitled "Subscription and Sale".

#### **PRIIPs / EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU; (ii) a customer within the meaning of Directive 2002/92/EC, as amended and replaced by Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a Qualified Investor. Consequently, no key information document required by Regulation (EU) 1286/2014 for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **PRIIPs / UK Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### **MIFID II product governance / Professional investors and ECPs only target market**

Solely for the purposes of each manufacturer's product approval process under MiFID II, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined under MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (any such person being a distributor) should take into consideration the manufacturers' target market assessment; however, any such person, being a distributor subject to MiFID II, is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

#### **Benchmark Regulation (Regulation (EU) 2016/1011)**

Amounts payable in relation to the Senior Notes which bear a floating interest rate will be calculated by reference to the EURIBOR. As at the date of this Information Memorandum, the administrator of the EURIBOR is included on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011.

#### **STS Regulation**

On 12 December 2017, the European Parliament adopted Regulation (EU) 2017/2402 (i.e. the Securitisation Regulation) which applies from 1 January 2019. The Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the Securitisation Regulation) as regards (i) risk retention, (ii) due diligence, (iii) transparency, and (iv) the underwriting

*criteria for loans to be comprised in securitisation pools. Such common rules replace certain provisions in CRR, the AIFM Regulation and the Solvency II Regulation and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of Directive (EU) 2016/2341. Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("STS-Securitisations").*

### **Interpretation**

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

*All references in this Information Memorandum 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 and integrated from time to time.*

*The language of this Information Memorandum 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.*





	to the Servicing Agreement.
<b>Back-Up Servicer Facilitator</b>	Banca Finanziaria Internazionale S.p.A. (" <b>Banca Finint</b> "). The Back-Up Servicer Facilitator will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Account Bank</b>	BNP Paribas Securities Services, Milan Branch (" <b>BP2S</b> "). The Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Paying Agent</b>	BP2S. The Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Calculation Agent</b>	Banca Finint. The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
<b>Representative of the Noteholders</b>	Banca Finint. The Representative of the Noteholders will act as such pursuant to the Subscription Agreements and the Intercreditor Agreement.
<b>Corporate Servicer</b>	Banca Finint. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
<b>Quotaholder</b>	Stichting Rossellini.
<b>Stichting Corporate Servicer</b>	Wilmington Trust SP Services (London) Limited. The Stichting Corporate Servicer will act as such pursuant to the Stichting Corporate Services Agreement.
<b>Lead Manager</b>	BNP Paribas (" <b>BNP Paribas</b> "). The Lead Manager will act as such pursuant to the Senior Notes Subscription Agreement.
<b>Junior Subscriber</b>	Banca Progetto. The Junior Subscriber will act as such pursuant to the Junior Notes Subscription Agreement.
<b>Swap Counterparty</b>	BNP Paribas.
<b>Co-Arrangers</b>	Banca Progetto and BNP Paribas.
<b>Rating Agencies</b>	DBRS and Moody's.
<b>Reporting Entity</b>	Banca Progetto. The Reporting Entity will be designated under the Intercreditor Agreement. The Reporting Entity will act as such pursuant to, and for the purposes of, Article 7(2) of the EU Securitisation Regulation.
<b>Third party verifying STS compliance</b>	Prime Collateralised Securities (" <b>PCS</b> ").

### 3. PRINCIPAL FEATURES OF THE NOTES

<b>The Notes</b>	The Notes will be issued by the Issuer on the Issue Date in the following Classes:
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<i>Senior Notes</i>	Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036; and
<i>Junior Notes</i>	Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036.
<b>Issue Date</b>	The Notes will be issued on 6 May 2021.
<b>Issuance of the Notes</b>	On the Issue Date, the Subscription Price of the Senior Notes and the Junior Notes will be paid, respectively, by the Lead Manager and the Junior Notes Underwriter, in accordance with the Conditions and the Subscription Agreements in order to fund the redemption of the Initial Notes on the Issue Date.
<b>Issue Price</b>	The Notes will be issued at 100% of their principal amount.
<b>Use of proceeds</b>	<p>The net proceeds of the Notes will be applied by the Issuer in order to make the following payments:</p> <ul style="list-style-type: none"> <li>(a) <i>First</i>, repay the principal amount outstanding of the Initial Notes, together with the interest accrued but unpaid thereon;</li> <li>(b) <i>Second</i>, discharge any outstanding liabilities of the Issuer arising from the Warehouse Phase;</li> <li>(c) <i>Third</i>, credit the Cash Reserve Initial Amount into the Cash Reserve Account;</li> <li>(d) <i>Fourth</i>, credit into the Expenses Account such an amount as to bring the balance of such account up to (but not in excess of) the Retention Amount;</li> <li>(e) <i>Fifth</i>, pay any up-front fee, cost and expense due by the Issuer in accordance with the Transaction Documents; and</li> <li>(f) <i>Sixth</i>, credit any residual amount into the Cash Reserve Account.</li> </ul>
<b>Interest on the Senior Notes</b>	<p>Each Senior Note will bear interest on its Principal Amount Outstanding from (and including) the Issue Date at the EURIBOR for 1 month deposits in Euro, except that for the Initial Interest Period, where it shall be the rate <i>per annum</i> obtained by linear interpolation of the European Interbank Offered Rate for 1 week and 1 month deposits in Euro (rounded to four decimal places with the mid-point rounded up), plus the Margin, payable in Euro in arrears on the First Payment Date and, thereafter, on each Payment Date. The First Payment Date of the Notes will be on 27 May 2021.</p> <p>For the avoidance of any doubt, the EURIBOR in respect of any Interest Period may be a negative rate. However, in the event that in respect of any Interest Period the algebraic sum of the applicable EURIBOR and the Margin results in a negative rate, the</p>

applicable rate of Interest shall be deemed to be zero.

Interest in respect of the Senior Notes will accrue on a daily basis and will be payable monthly in arrears in Euro on each Payment Date in accordance with the Priority of Payments and as provided for in the Conditions.

**Margin**

The applicable margin in respect of the Senior Notes will be 0.60% from the Issue Date until the Cancellation Date.

**Variable Return  
on the Junior Notes**

The Junior Notes will have a remuneration equal to the Variable Return.

The Variable Return will be payable in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.

**Form and denominations**

The denomination of the Senior Notes and the Junior Notes is Euro 100,000 and, thereafter, additional increments of Euro 1,000.

The Notes are held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the Monte Titoli Account Holders. The Notes have been accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provisions of (i) Article 83-*bis* of the Financial Laws Consolidation Act (ii) and the Regulation 13 August 2018. No physical document of title has been, nor will be issued in respect of the Notes.

**Ranking, status and subordination**

Subject to the Conditions and the applicable Priority of Payments, both prior to and following the service of a Trigger Notice:

- (a) the Senior Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Junior Notes;
- (b) the Junior Notes will rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Senior Notes.

The obligations of the Issuer to each Noteholder as well as to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. Each Noteholder and Other Issuer Creditor will have a claim against the Issuer only to the extent of the Issuer Available Funds net of any claims ranking in priority to or *pari passu* with such claims in accordance with the Priority of Payments. The Conditions and the Intercreditor Agreement will set out the order of priority

of application of the Issuer Available Funds.

**Withholding on the Notes**

As at the date of this Information Memorandum, payment of interest and other proceeds under the Notes may be subject to a Decree 239 Deduction. Upon the occurrence of any withholding or deduction for or on account of tax from any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.

**Mandatory Redemption**

On the First Payment Date and on each Payment Date thereafter on which there are Issuer Available Funds available for such purpose in accordance with the applicable Priority of Payments set out in Condition 6 (*Priority of Payments*), the Issuer will cause:

- (a) each Senior Note to be redeemed on such Payment Date in an amount equal to the Class A Principal Redemption Amount determined on the related Calculation Date; and
- (b) each Junior Note to be redeemed on such Payment Date in an amount equal to the Class J Principal Redemption Amount determined on the related Calculation Date.

**Optional Redemption**

Unless previously redeemed in full, on any Payment Date falling after the Payment Date on which the Principal Amount Outstanding of the Senior Notes is equal to or less than 10% of the Principal Amount Outstanding of the Senior Notes as at the Issue Date, the Issuer may dispose of all or part of the Aggregate Portfolio, subject to the terms and conditions of the Intercreditor Agreement, and to early redeem the Notes (in whole as regards the Senior Notes or in whole or in part as regards the Junior Notes) on any Payment Date at their Principal Amount Outstanding, together with interest accrued thereon up to such Payment Date, provided that:

- (a) the Issuer has certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person (other than the Other Issuer Creditors)) to discharge all of its outstanding liabilities in respect of any amount required to be paid under the Post-Enforcement Priority of Payments in priority to or *pari passu* with the Notes and the amount payable to the Swap Counterparty;
- (b) no Trigger Notice has been served on the Issuer prior to or upon such Payment Date;

and

- (c) the Notes (including any accrued but unpaid interest thereon) are redeemed and repaid in full.

Any such redemption shall be effected by the Issuer on giving not more than 30 (thirty) nor less than 15 (fifteen) days' prior notice in writing to the Representative of the Noteholders, the Noteholders and the Rating Agencies in accordance with Condition 17 (*Notices*).

**Redemption for taxation**

Unless previously redeemed in full, the Representative of the Noteholders – if so directed by the Noteholders in accordance with the Rules – will be entitled to direct the Issuer to dispose of the Aggregate Portfolio, subject to the terms and conditions of the Intercreditor Agreement, and to redeem the Notes (in whole) on any Payment Date at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including such Payment Date, if the Issuer at any time confirms to the Representative of the Noteholders the occurrence of a Tax Event, and the Issuer produces satisfactory evidence to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any other person) to discharge any amounts required under the Conditions to be paid in priority to or *pari passu* with such Notes.

Any such redemption shall be effected by the Issuer on giving not more than 60 (sixty) nor less than 20 (twenty) days' prior notice in writing to the Representative of the Noteholders, the Rating Agencies and the Noteholders in accordance with Condition 17 (*Notices*).

**Final Maturity Date**

Unless previously redeemed in full or cancelled in accordance with the Conditions, the Notes are due to be repaid in full at their respective Principal Amount Outstanding (together with interest accrued thereon) on the Final Maturity Date. The Notes, to the extent not redeemed in full on their Final Maturity Date, shall be cancelled.

**Source of payments of the Notes**

The principal source of payment of interest and repayment of principal on the Notes will be the collections and recoveries made in respect of the Receivables, purchased from time to time by the Issuer from the Originator pursuant to the Transfer Agreement.

**Segregation of the Portfolio**

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Aggregate Portfolio, any monetary claim accrued by

the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

The Aggregate Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes. Pursuant to the terms of the Intercreditor Agreement, the Issuer has empowered the Representative of the Noteholders, following the service of a Trigger Notice or upon failure by the Issuer to promptly exercise its rights under the Transaction Documents, to exercise all the Issuer's Rights, powers and discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Aggregate Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

#### **Non petition**

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment and performance of the obligations or enforce any Security (but without prejudice to the right of the Swap Counterparty to terminate the interest rate swaps under the Swap Agreement in accordance with its terms) and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment and performance of the Obligations or to enforce any Security, save as provided by the Rules of the Organisation of the Noteholders. In particular, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate), save as provided by the Rules of the Organisation of the Noteholders:

- (a) shall be entitled, save as expressly permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) shall, save as expressly permitted by the

Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it (but without prejudice to the right of the Swap Counterparty to terminate interest rate swaps under the Swap Agreement in accordance with its terms);

- (c) shall be entitled, until the date falling two years and one day after the date on which the Notes have been redeemed in full or cancelled in accordance with their terms and conditions, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (d) shall be entitled to take or join in the taking of any corporate action, legal proceeding or other procedure or step which would result in the Priority of Payments not being complied with.

#### **Limited recourse obligations of the Issuer**

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- (a) each Noteholder and each Other Issuer Creditor, excluding, for the avoidance of doubts, any payment obligation to the Swap Counterparty in relation to the Swap Excluded Amounts, will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (b) sums payable to each Noteholder and each Other Issuer Creditor, excluding, for the avoidance of doubts, any payment obligation to the Swap Counterparty in relation to the Swap Excluded Amounts, in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such Noteholder and (ii) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and
- (c) upon the Representative of the Noteholders giving notice in accordance with Condition 17 (*Notices*) that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be

realised in respect of the Aggregate Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Servicer having confirmed the same in writing to the Representative of the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

#### **Further securitisations**

The Issuer may not carry out further securitisations in accordance with the Conditions and the other Transaction Documents.

For further details, see the section entitled "*Terms and Conditions of the Notes*".

#### **The Organisation of the Noteholders**

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

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions of the Notes), for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the Representative of the Noteholders appointed at the time of the issue of the Notes, who is appointed by the Notes Subscribers, subject to and in accordance with the provisions of the Subscription Agreements. Each Noteholder is deemed to accept such appointment.

#### **Listing**

Application will be made to list the Senior Notes on the professional segment ExtraMOT PRO of the multilateral trading facility "ExtraMOT" managed by Borsa Italiana S.p.A..

#### **Rating**

On the Issue Date:

- (a) the Senior Notes are expected to be assigned a rating of "AA (low)" by DBRS and "Aa3" by Moody's; and
- (b) the Junior Notes are not expected to be assigned a rating.

As of the date of this Information Memorandum, each of DBRS and Moody's 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 and by Regulation (EU) No. 462/2013 of the European Parliament and of the Council of 21 May 2013 (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 Information Memorandum.

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

**Regulatory disclosure  
and retention undertaking**

Under the Intercreditor Agreement, Banca Progetto, in its capacity as Originator, has undertaken that it will:

- (a) retain, on an on-going basis, a material net economic interest in the Securitisation of not less than 5 (five) per cent., in accordance with option (d) of Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (b) not change the manner in which such material net economic interest is held, unless expressly permitted by Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (c) procure that any change to the manner in which such retained interest is held in accordance with paragraph (ii) above will be notified to the Calculation Agent to be disclosed in the Investors Report; and
- (d) comply with the disclosure obligations imposed on originators under Article 7(1)(e)(iii) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the EU Securitisation Regulation and the applicable Regulatory Technical Standards are applicable to the Securitisation.

In addition, the Originator has undertaken that the

material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

#### **Subscription and sale**

The Senior Notes will be subscribed by the Lead Manager subject to the terms and conditions of the Senior Notes Subscription Agreement.

The Junior Notes will be subscribed by the Junior Subscriber subject to the terms and conditions of the Junior Notes Subscription Agreement.

#### **STS-Securitisation**

The Securitisation is intended to qualify as a simple, transparent and standardised (STS) securitisation within the meaning of Article 18 of the EU Securitisation Regulation ("**STS-Securitisation**"). Consequently, the Securitisation meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and will be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation.

The compliance of the Securitisation with the STS Requirements has been verified as of the Issue Date by Prime Collateralised Securities (PCS) EU SaS, in its capacity as third party verification agent authorised pursuant to article 28 of the Securitisation Regulation. No assurance can be provided that the securitisation transaction described in this Information Memorandum (i) does or continues to comply with the Securitisation Regulation, (ii) does or will at any point in time qualify as an STS-Securitisation under the Securitisation Regulation or that, if it qualifies as a STS-Securitisation under the Securitisation Regulation, it will at all times continue to so qualify and remain an STS-Securitisation under the Securitisation Regulation in the future, and (iii) will remain at all times in the future included in the list published by ESMA as referred to in Article 27(5) of the Securitisation Regulation. None of the Issuer, the Joint Arrangers or any of the Parties makes any representation or accepts any liability in that respect.

#### **Governing Law**

The Notes will be governed by Italian law.

### **4. THE TRANSACTION**

#### **The Transaction**

The issuance of the Notes will be made in the context of the Transaction.

The Transaction consists of the following two phases:

- (a) a first phase, being the Warehouse Phase, which was implemented in August 2019 and

which will be extinguished on the Issue Date;  
and

- (b) a second phase, being the Securitisation, in the context of which the Notes will be issued.

The terms and conditions for the implementation of the Transaction are set out in the Transaction Documents.

**Warehouse Phase  
and Initial Notes**

Under the Warehouse Phase, the Issuer has purchased from the Originator the First Portfolio on 12 July 2019 and the Further Portfolios, in accordance with the terms and conditions of the Transfer Agreement.

In order to fund the Initial Purchase Price of the First Portfolio the Issuer has issued the Initial Notes on 1 August 2019.

During the Ramp-Up Period, Further Instalments have been drawn with respect to the Initial Notes, in order to provide the Issuer with the necessary funds to proceed with the purchase of Further Portfolios.

**Redemption of Initial Notes**

On the Issue Date, the Issuer will fully redeem all the Initial Notes, together with all accrued but unpaid interest thereon, by using the net proceeds of the Notes.

Such net proceeds will be also applied by the Issuer on the Issue Date to discharge any of its outstanding liabilities arising from the Warehouse Phase.

**5. ACCOUNTS**

**Collection Account**

The Issuer has established the Collection Account with the Account Bank into which all the Collections received or recovered in respect of the Aggregate Portfolio shall be credited.

**Payments Account**

The Issuer has established the Payments Account with the Paying Agent into which all amounts received from any party to a Transaction Document to which the Issuer is a party, other than the Collections.

**Cash Reserve Account**

The Issuer has established the Cash Reserve Account with the Account Bank into which (i) on the Issue Date, the Cash Reserve Initial Amount will be credited, and (ii) thereafter, on each Payment Date until the Senior Notes have been repaid in full, the Cash Reserve Target Amount shall be transferred.

**Cash Swap Collateral Account**

The Issuer has established the Cash Swap Collateral Account with the Account Bank for the purposes of depositing any cash collateral to be posted by the Swap Counterparty pursuant to any interest rate swap entered into in respect of the Senior Notes.

**Securities Swap Collateral Account**

The Issuer has established the Securities Swap Collateral Account with the Account Bank for the

purposes of depositing any securities collateral to be posted by the Swap Counterparty pursuant to any interest rate swap entered into in respect of the Senior Notes.

**Expenses Account**

The Issuer has established the Expenses Account with Banca Monte dei Paschi di Siena S.p.A., into which, on the Issue Date, the Retention Amount will be credited, using the proceeds deriving from the issue of the Notes.

During each Interest Period, the Retention Amount will be used by the Issuer to pay the Expenses. To the extent that the amount standing to the credit of the Expenses Account on any Payment Date is lower than the Retention Amount, the Issuer shall credit available amounts to the Expenses Account in accordance with the applicable Priority of Payments.

**Quota Capital Account**

The Issuer has established a quota capital account with Banca Monte dei Paschi di Siena S.p.A., into which its contributed quota capital is deposited.

**Eligible Institution**

The Accounts, excluding the Expenses Account and the Quota Capital Account, shall be held with BP2S. Should, for any reason, such accounts be transferred to another entity, such entity shall qualify as an Eligible Institution.

**6. CREDIT STRUCTURE**

**Issuer Available Funds**

The Issuer Available Funds, in respect of any Payment Date, are constituted by the aggregate of:

- (i) all Collections and Recoveries collected by the Servicer in respect of the Receivables during the immediately preceding Collection Period;
- (ii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement during the immediately preceding Collection Period;
- (iii) any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments (including, for the avoidance of doubt, interest, premium or any other amount representing its yield) and credited to the Payments Account at least 1 (one) Business Day prior to such Payment Date;
- (iv) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts, other than the Expenses Account and the Quota Capital Account, during the immediately preceding Collection Period;

- (v) any amounts received from the Swap Counterparty under the Swap Agreements (other than Swap Excluded Amounts) and credited to the Payments Account;
- (vi) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents with reference to the immediately preceding Collection Period;
- (vii) the Cash Reserve Amount transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;
- (viii) all the proceeds deriving from the sale (in whole or in part), if any, of the Portfolio, or the proceeds deriving from the issuance of the Notes, in accordance with the provisions of the Transaction Documents.

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

## Trigger Events

The occurrence of any of the following events shall constitute a Trigger Event in accordance with the Conditions:

- (i) *Non-payment of principal on the Senior Notes:*  
the Issuer defaults in the payment of the amount of principal due on the Senior Notes on the Final Maturity Date; or
- (ii) *Non-payment of interest on the Senior Notes:*  
the Issuer defaults in the payment of the amount of interest on a Payment Date, as due on the Senior Notes, and such default is not remedied within a period of 5 (five) Business Days from the due date thereof; or
- (iii) *Breach of other obligations:*  
the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any "*Non-payment of principal*" referred to under (i) above and/or any "*Non-payment of interest*" referred to under (ii) above), and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty)

days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

- (iv) *Breach of Representations and Warranties by the Issuer:*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within 15 (fifteen) days after the Representative of the Noteholders has served notice requiring remedy; or

- (v) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

- (vi) *Unlawfulness:*

it is or will become unlawful 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.

If a Trigger Event occurs, subject to Condition 15 (*Enforcement*) the Representative of the Noteholders:

- (a) in the case of a Trigger Event under items (i), (ii) or (vi) above, shall; and
- (b) in the case of a Trigger Event under items (iii), (iv) or (v) above, may or, if so directed by an Extraordinary Resolution of the holders of the Senior Notes then outstanding, shall,

in each case subject to being indemnified and/or secured in satisfaction, serve a Trigger Notice on the Issuer declaring the Notes to be due and payable, whereupon they shall become so due and payable at their Principal Amount Outstanding, following which all payments of principal, interest and other amounts due in respect of the Notes shall be made according to the Priority of Payments following the delivery of a Trigger Notice on such dates as the Representative of the Noteholders may determine.

Following the service of a Trigger Notice, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the operational functioning of the Issuer or the orderly payments of the amounts due under the Notes in accordance with the Post-Enforcement Priority of Payments and pursuant to the terms of the Transaction Documents, as required by

Article 21(4)(a) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Following the service of a Trigger Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio (in full or in part), subject to the terms and conditions of the Intercreditor Agreement. It is understood that no provisions shall require the automatic liquidation of the Portfolio pursuant to Article 21(4)(d) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

**Priority of Payments**

The Issuer Available Funds in respect of each Payment Date shall be applied in accordance with the priority of payments set forth below.

**Pre-Enforcement**

**Priority of Payments**

On each Payment Date prior to the service of a Trigger Notice, an optional redemption pursuant to Condition 8.2 (*Redemption, Purchase and Cancellation - Optional Redemption*), a redemption for taxation pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or the Final Maturity Date, the Issuer Available Funds shall be applied in accordance with the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period);
- (ii) *Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;
- (iii) *Third*, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;
- (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on

such Payment Date to the Account Bank, the Calculation Agent, the Paying Agent, the Corporate Servicer, the Stichting Corporate Servicer, the Servicer, the Back-up Servicer Facilitator and any Other Issuer Creditors (but excluding any amount to be paid under any other items below);

- (v) *Fifth*, to pay, *pari passu* and *pro rata*, all the amounts due and payable to the Swap Counterparty under the Swap Agreement, including termination payments due and payable by the Issuer to the extent it is not satisfied from the payment by the Issuer of any Replacement Swap Premium to the Swap Counterparty but excluding any Excluded Swap Termination Amounts due and payable by the Issuer;
- (vi) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes on such Payment Date;
- (vii) *Seventh*, to credit into the Cash Reserve Account the amount necessary to bring the balance of such account up to the Cash Reserve Target Amount;
- (viii) *Eighth*, to pay, *pari passu* and *pro rata*, the Class A Principal Redemption Amount due and payable on the Senior Notes on such Payment Date;
- (ix) *Ninth*, to pay any Excluded Swap Termination Amounts due and payable to the Swap Counterparty under the Swap Agreement;
- (x) *Tenth*, to pay to the Originator (to the extent not already paid or payable under other items of this Priority of Payments), to the Co-Arrangers and the Lead Manager any amount due and unpaid under the other Transaction Documents;
- (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, the Class J Principal Redemption Amount due and payable on the Junior Notes on such Payment Date (other than the Cancellation Date, up to an amount that makes the Principal Amount Outstanding of the Class J Notes not lower than Euro 1,000);
- (xii) *Twelfth*, to pay *pari passu* and *pro rata*, any Variable Return on the Junior Notes.

#### **Post-Enforcement**

#### **Priority of Payments**

On each Payment Date following the service of a Trigger Notice, an optional redemption pursuant to



Condition 8.2 (*Redemption, Purchase and Cancellation - Optional Redemption*), a redemption for taxation pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or on the Final Maturity Date, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period);
- (ii) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and *expenses* incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;
- (iii) *Third*, if the relevant Trigger Event is not an Insolvency Event, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;
- (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Calculation Agent, the Paying Agent, the Corporate Servicer, the Stichting Corporate Servicer, the Servicer, the Back-up Servicer Facilitator, and any Other Issuer Creditors (but excluding any amount to be paid under any other items below);
- (v) *Fifth*, to pay, *pari passu* and *pro rata*, all the amounts due and payable to the Swap Counterparty under the Swap Agreement, including termination payments due and payable by the Issuer to the extent it is not satisfied from the payment by the Issuer of any Replacement Swap Premium to the Swap Counterparty but excluding any Excluded

- Swap Termination Amounts due and payable by the Issuer;
- (vi) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes on such Payment Date;
  - (vii) *Seventh*, to pay, *pari passu* and *pro rata*, all amounts in respect of Principal Outstanding on the Senior Notes;
  - (viii) *Eighth*, to pay any Excluded Swap Termination Amounts due and payable to the Swap Counterparty under the Swap Agreement;
  - (ix) *Ninth*, to pay to the Originator (to the extent not already paid or payable under other items of this Priority of Payments), to the Co-Arrangers and the Lead Manager any amount due and unpaid under the other Transaction Documents;
  - (x) *Tenth*, to pay, *pari passu* and *pro rata*, to the extent that the Senior Notes has been redeemed in full, the Principal Amount Outstanding of the Junior Notes (on such Payment Date other than the Cancellation Date, up to an amount that makes the Principal Amount Outstanding of the Class J Notes not lower than Euro 1,000);
  - (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, any Variable Return on the Junior Notes.

#### **Pass-through Event**

The occurrence of any of the following events shall constitute a Pass-through Event in accordance with the Conditions:

- (i) *Breach of performance triggers:*
  - the Cumulative Net Default Ratio, in respect of the Receivables purchased from the Originator, has exceeded the 4.0% in the immediately preceding Collection Period, as specified in the latest Servicer's Report available on the immediately preceding Servicer's Report Date; or
- (ii) *Servicer Termination Event*
  - the occurrence of a Servicer Termination Event, unless the Servicer is substituted within 45 (forty-five) days from the effectiveness of the relevant termination.

## **7. REPORTS**

### **Servicer's Report**

Under the Servicing Agreement, no later than each Servicer's Report Date, the Servicer shall prepare and send by e-mail or fax, to the Issuer, the Account Bank, the Corporate Servicer, the Back-up Servicer

Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders, the Servicer's Report substantially in the form attached to the Servicing Agreement.

**Account Bank Report**

Under the Cash Allocation, Management and Payment Agreement, the Account Bank shall deliver its relevant Account Bank Report in relation to the immediately preceding Collection Period, to the Issuer, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders, within 2 (two) Business Days after the end of the relevant Collection Period.

**Payments Report**

Under the Cash Allocation, Management and Payment Agreement, the Calculation Agent shall prepare, on each Calculation Date, a Payments Report, setting out all the payments to be made on the following Payment Date under the Priority of Payments, which shall be prepared and delivered by the Calculation Agent to the Issuer, the Account Bank, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders before the delivery of a Trigger Notice.

**Investors Report**

Under the Cash Allocation, Management and Payment Agreement, the Calculation Agent shall, within five Business Days after each Payment Date, prepare and deliver, via email or facsimile transmission, to the Issuer, the Account Bank, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders a report containing information on the amounts received or collected in respect of the Portfolio, the payments made on the Notes with reference to the immediately preceding Interest Period, based on the information contained, respectively, in the Servicer's Report and in the Payments Report or in the Post Trigger Payments Report, as the case may be.

**Post Trigger Payments Report**

Under the Cash Allocation Management and Payments Agreement, the Calculation Agent shall prepare and deliver to the Issuer, the Account Bank, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders the report setting out all the payments to be made on the following Payment Date under the Post Trigger Notice Priority of Payments, following the

occurrence of a Trigger Event and the delivery of a Trigger Notice.

**Transparency Loan Report**

Under the Servicing Agreement, the Servicer has undertaken to prepare and submit to the Reporting Entity, on a monthly basis by no later than the Transparency Report Date, the Transparency Loan Report setting out all the information required to comply with Article 7(1)(a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

**Transparency Investors' Report**

Under the Cash Allocation Management and Payments Agreement, the Calculation Agent has undertaken to prepare and submit to the Reporting Entity the Transparency Investors' Report setting out all the information with respect to the Notes required to comply with Articles 7(1)(e), 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards. Such report shall be prepared both (i) on or prior to the Transparency Report Date with reference to the information requested under Articles 7(1)(e), 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation, and (ii) in case an inside information or significant event (within the respective meanings of Articles 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation) has occurred, without delay with reference to the information requested under Articles 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation, it being understood that on each Transparency Report Date the Transparency Investor Report shall indicate whether an inside information or a significant event has occurred or not.

**8. TRANSFER AND ADMINISTRATION OF THE PORTFOLIO**

**Transfer Agreement**

Pursuant to a Transfer Agreement, entered into between the Issuer and the Originator, the Issuer and the Originator have agreed the terms and conditions for the transfer of each Portfolio by the Originator to the Issuer, in each case without recourse and pursuant to the Securitisation Law.

Under the terms of the Transfer Agreement, the Originator has given certain representations and warranties to the Issuer in relation to itself and the Receivables comprised in each Portfolio and has undertaken to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the purchase and ownership of such Receivables.

**Aggregate Portfolio**

The Aggregate Portfolio is comprised of any Receivable purchased by the Issuer pursuant to the Transfer Agreement.

*First Portfolio*

On 12 July 2019 the Issuer purchased the First Portfolio from the Originator pursuant to the terms and

	<p>conditions of the Transfer Agreement. The purchase price of the First Portfolio has been funded through the proceeds deriving from the issue of the Initial Notes.</p>
<i>Further Portfolios</i>	<p>During the Ramp-Up Period the Issuer purchased the Further Portfolios in accordance with the provisions of the Transaction Documents.</p>
<b>Nature of the sale of Portfolios</b>	<p>Each Portfolio has been transferred to the Issuer without recourse (<i>pro soluto</i>), in accordance with the Securitisation Law and subject to the satisfaction of certain conditions set forth in the Transfer Agreement.</p> <p>Each Further Portfolio has been selected by the Originator so that the Receivables satisfy the Criteria and the Purchase Conditions set forth in the Transfer Agreement (for further details, see the section "<i>The Aggregate Portfolio</i>").</p>
<b>Criteria</b>	<p>Pursuant to the Transfer Agreement, the Originator sold to the Issuer (and the Issuer purchased from the Originator) the Receivables arising from Loan Agreements which met, as at the relevant Valuation Date, the Eligibility Criteria.</p>
<i>Common Criteria</i>	<p>The Common Criteria applied to each Portfolio sold by the Originator to the Issuer.</p>
<i>Specific Criteria</i>	<p>In respect of each Portfolio, the Common Criteria were supplemented and specified by certain specific criteria agreed between the Originator and the Issuer.</p>
<b>Servicing Agreement</b>	<p>Under the Servicing Agreement entered into on 12 July 2019 between Banca Progetto, as Servicer, and the Issuer, the Servicer has agreed to administer and service the Receivables comprised in the Aggregate Portfolio in compliance with the Securitisation Law on behalf of the Issuer.</p> <p>The Servicer will be the "<i>soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento</i>" pursuant to Article 2, paragraph 3 (c) of the Securitisation Law and, therefore, shall take the responsibility provided for by Article 2, paragraph 6, of the Securitisation Law.</p> <p>Under the Servicing Agreement the Servicer has undertaken to prepare and submit to the Issuer, the Account Bank, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscribers and the Representative of the Noteholders the Servicer's Report.</p>

## 9. OTHER TRANSACTION DOCUMENTS

<b>Master Amendment Agreement</b>	<p>Pursuant to the Master Amendment Agreement, entered into on or about the Issue Date, the Issuer, the Originator, the Representative of the Noteholders and the other parties involved in the Transaction have</p>
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agreed to carry out certain activities, to discharge the Issuer in respect of certain obligations concerning the Warehouse Phase, to make certain amendments to the Transaction Documents and to give certain representations and warranties in respect of the Portfolio.

#### **Intercreditor Agreement**

Under the Intercreditor Agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, the parties thereto have agreed, *inter alia*, to apply the Issuer Available Funds in accordance with the Priority of Payments and the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Aggregate Portfolio.

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

#### **Cash Allocation, Management and Payment Agreement**

Under the Cash Allocation, Management and Payment Agreement entered into between the Issuer and certain Other Issuer Creditors:

- (a) the Account Bank has agreed to provide the Issuer with certain account handling, management and payment services in relation to money from time to time standing to the credit of the Accounts held by it;
- (b) the Paying Agent has agreed to provide the Issuer with certain account handling, management and other services in relation to money from time to time standing to the credit of the Accounts held by it;
- (c) the Paying Agent and the Calculation Agent have agreed to provide the Issuer with certain calculation, notification, payment and reporting services in relation to the Notes, including calculation of the amounts due under the Notes and arranging for the payment to the Noteholders.

#### **Swap Agreement**

The Issuer entered into a swap master agreement with the Swap Counterparty on 29 July 2019 (as amended and restated under the Deed of Amendment of the Swap Agreement) in the form of the Swap Master Agreement, together with the Swap Confirmation and the Credit Support Annex that form part of, supplement and are subject to the Swap Master Agreement.

<b>Hedging Security Document</b>	Pursuant to the Hedging Security Document, the Issuer assigns to the Representative of the Noteholders (acting for itself and for the benefit of the Secured Creditors) as security for the payment and discharge of the Secured Obligations all of the Issuer's right, title and interest from time to time deriving or accruing from the Swap Agreement.
<b>Corporate Services Agreement</b>	Pursuant to the Corporate Services Agreement the Corporate Servicer has agreed to provide the Issuer with certain administrative and corporate services.
<b>Quotaholder Agreement</b>	Pursuant to the Quotaholder Agreement the Quotaholder has given certain undertakings in relation to the management of the Issuer and the exercise of its rights as Quotaholder of the Issuer.
<b>Stichting Corporate Services Agreement</b>	Pursuant to the Stichting Corporate Services Agreement the Stichting Corporate Servicer has agreed to provide the Quotaholder with certain corporate administration and management services.
<b>Senior Notes</b>	
<b>Subscription Agreement</b>	Pursuant to the Senior Notes Subscription Agreement the Issuer and the Lead Manager have agreed the terms and conditions upon which the Issuer will issue, and the Lead Manager will subscribe and pay the Senior Notes as of the Issue Date.
<b>Junior Notes</b>	
<b>Subscription Agreement</b>	Pursuant to the Junior Notes Subscription Agreement the Issuer and the Junior Notes Subscriber have agreed the terms and conditions upon which the Issuer will issue, and the Junior Notes Subscriber will subscribe and pay the Junior Notes as of the Issue Date.
<b>Master Definitions Agreement</b>	Within the context of the Securitisation, the Master Definitions Agreement sets out the definitions of certain terms used in the Transaction Documents.

## **RISK FACTORS**

*The following paragraphs set out certain aspects of the issue of the Notes of which prospective noteholders should be aware. Prospective noteholders should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making an investment decision.*

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other reasons. While the various structural elements described in this Information Memorandum are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes 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.*

*In addition, whilst the various structural elements described in this Information Memorandum are intended to lessen some of the risks discussed below for the Noteholders, there can be no assurance that these measures will be sufficient to ensure that the Noteholders of any Class receive payment of interest or repayment of principal from the Issuer on a timely basis or at all.*

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

### **RISK FACTORS RELATED TO THE ISSUER**

#### **Securitisation Law**

The Securitisation Law was enacted in Italy on 30 April 1999. As at the date of this Information Memorandum, as far as the Issuer is aware, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority. 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 as at the date of this Information Memorandum.

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

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of (a) the Collections and the Recoveries made on its behalf by the Servicer in respect of the Portfolio, and (b) any other amounts required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the relevant Transaction Documents. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

Consequently, there is no assurance that, over the life of the Notes or at the redemption date of any Class of 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.

Following the delivery of a Trigger Notice, the Issuer may (with the prior consent of the Representative of the Noteholders), or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio then outstanding in accordance with the provisions of the Intercreditor Agreement.

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



None of the Issuer or the Co-Arrangers nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, search or other action to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigation, search or other action to establish the creditworthiness of any of the Debtors. There can be no assurance that the assumptions used in modelling the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loans.

The Issuer will rely instead on the representations and warranties given by the Originator in the Transfer Agreement and in the Master Amendment Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivable will be the requirement that the Originator indemnifies the Issuer for the damage deriving therefrom, subject to the terms and conditions of the Transfer Agreement. There can be no assurance, however, that the Originator will have the financial resources to honour such obligations.

### **Commingling Risk**

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections and Recoveries held by the Servicer are lost or frozen. The Securitisation Law has been amended so as to clarify, *inter alia*, that, should any insolvency procedure be opened against the relevant servicer as account-holder, any positive balance standing to the credit of the relevant bank account/s, as well as any amounts credited to such account/s during such procedure, shall be immediately returned to the Issuer regardless the ordinary procedural rules about the filing of claims and distribution of payments out of the insolvency estate. Such provisions of the Securitisation Law have not been the subject of any official interpretation and to date they have been commented by a limited number of legal commentators. Consequently, there remains a degree of uncertainty with respect to the interpretation and application thereof.

In addition, such risk is mitigated through the obligation of the Servicer under the Servicing Agreement to transfer any Collections held by the Servicer to the Collection Account on a periodical basis.

Prospective Noteholders should note that, in order to mitigate any possible risk of commingling (i) pursuant to the Cash Allocation, Management and Payment Agreement, it is required that the Account Bank shall at all times be an Eligible Institution, and (ii) under the Servicing Agreement, the Servicer has undertaken to transfer any Collection received or recovered by itself into the Collection Account within 2 (two) Business Day from the relevant collection date. In addition, pursuant to the Servicing Agreement, following the termination of the Servicer's appointment, the Issuer (also through the Successor Servicer) shall duly instruct the Debtors, the Employers/Pension Authorities and the Insurance Companies in order to allow them to pay any amount due in respect of the Receivables directly into the Collection Account.

### **Liquidity and credit risk**

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Debtors and the Employers/Pension Authorities as at the Scheduled Instalment Dates. Individual, personal or financial conditions of the Debtors and the Employers/Pension Authorities may affect the ability of the Debtors and the Employers/Pension Authorities, as the case may be, to repay the Loans. Unemployment, loss of earnings, illness (including any illness arising in connection with an epidemic) and other similar factors may lead to an increase in delinquencies by the Loans and could ultimately have an adverse impact on the ability of the Debtors and the Employers/Pension Authorities to repay the Loans. These risks are mitigated, in respect of the Senior Notes, through the establishment of a cash reserve into the Cash Reserve Account.

Furthermore, the Issuer is subject to the risk of failure by the Servicer to collect or to recover sufficient funds in respect of the Portfolio in order to enable the Issuer to discharge all amounts payable under the Notes when due.

The Issuer is also subject to the risk of default in payment by the Debtors and the failure to realise or to recover sufficient funds in respect of the Loans in order to discharge all amounts due from those Debtors

under the Loans. With respect to the Senior Notes, this risk is mitigated by the credit support provided by the Junior Notes.

However, in each case, there can be no assurance that the levels of Collections and Recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

**Interest rate risk arising from the mismatch between the interest rate applicable on the Loans and the Senior Notes may affect the ability of the Issuer to meet its payment obligations under the Notes in case of termination of the Swap Agreement**

The Receivables include interest payments calculated at fixed interest rates and times which are different from the floating interest rates and times applicable to interest in respect of the Senior Notes. The Issuer expects to meet its payment obligations under the Notes primarily from the payments relating to the Collections. However, the fixed interest rate applicable in respect of the Loans has no correlation to the floating interest rate from time to time applicable in respect of the Senior Notes.

In order to reduce the risk arising from a situation where EURIBOR increases to such an extent that the Collections are no longer sufficient to cover the Issuer's obligations under the Senior Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty. In the Issuer's view, the Swap Agreement has appropriately mitigated the above risk. In particular, the Swap Agreement hedges such interest rate risk providing that the Swap Notional Amount is determined by reference to the lesser of the Principal Amount Outstanding of the Class A Notes and the Collateral Portfolio Outstanding Principal Due in respect of the Receivables.

No conclusive assurance can be given as to the completeness and soundness of such risk coverage in all kind of situations. For further details, see the sections headed "*Transaction Overview - Credit Structure*" "*Description of the Transaction Documents – The Swap Agreement*".

The Swap Agreement contain provisions aimed at ensuring, upon the occurrence of certain events, the replacement of the Swap Counterparty with a suitably rated replacement swap counterparty who is willing to enter into a replacement swap agreement substantially on the same terms as the Swap Agreement. However, no assurance can be given that the Issuer will be able to enter into a replacement swap agreement with a suitably rated entity that will provide the Issuer with the same level of protection as the Swap Agreement.

**Failure by any Noteholder or Other Issuer Creditor to comply with non-petition undertakings may affect the ability of the Issuer to meet its obligations under the Notes**

By operation of the Securitisation Law, the Issuer's right, title and interest in and to the Aggregate Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections are segregated (*costituiscono patrimonio separato*) from all other assets of the Issuer and will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation in priority to the Issuer's obligations to any other creditors.

Pursuant to the Conditions and the Intercreditor Agreement, until the date falling 2 (two) years and 1 (one) day after the Cancellation Date, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate), save as provided by the Rules of the Organisation of the Noteholders, shall be entitled to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer.

If any Issuer's Insolvency Event were to be initiated against the Issuer, no creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer would have the right to claim in respect of the Receivables. However, there can in any event be no assurance that the Issuer would be able to meet all of its obligations under the Notes.

**Conflict of interests may influence the performance by the transaction parties of their**

## **obligations under the Securitisation**

Prospective Noteholders should be aware that Banca Finint is involved in the following roles under the Securitisation: Representative of the Noteholders, Corporate Servicer, Calculation Agent and Back-Up Servicer Facilitator.

Prospective Noteholders should also be aware that Banca Finint may be involved in a broad range of transactions including, without limitation, banking, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Issuer or any Other Issuer Creditor, both on its own account and for the account of other persons. As such, Banca Finint may have various potential and actual conflicts of interest arising in the ordinary course of its business.

In order to mitigate such risk, pursuant to the Intercreditor Agreement, Banca Finint has represented and warranted that it has adequate offices, personnel and departments - separate from each of the roles carried out by Banca Finint in the context of the Securitisation or otherwise - and has adequate internal procedures aimed at preventing any conflict of interest. As a consequence thereof, Banca Finint has undertaken to promptly notify the Issuer, the Other Issuer Creditors and the Noteholders should a conflict of interest arise within Banca Finint acting in any capacity in the context of the Securitisation or otherwise.

## **Credit risk on the Originator and the other parties to the Transaction Documents**

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 Originator and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are a party. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any). In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Transfer Agreement and the Master Amendment Agreement in respect of the Portfolio. The performance by such parties of their respective obligations under the relevant Transaction Documents may be influenced on the solvency of each relevant party.

It is not certain that a suitable alternative servicer could be found to service the Portfolio in the event that the Servicer becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative servicer is found it is not certain whether such alternative servicer would service the Portfolio on the same terms as those provided for in the Servicing Agreement.

The Originator faces significant competition from a large number of banks throughout Italy and abroad. The deregulation of the banking industry in Italy and throughout the European Union has intensified competition in both deposit-taking and lending activities, contributing to a progressive narrowing of spreads between deposit and loan rates. In addition, as with all European banks, the introduction of the Economic and Monetary Union may eliminate markets in which the Originator has a comparative advantage and provide significantly more competition in other areas, such as electronic banking.

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

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. Amounts deriving from the Portfolio will not be available to any other creditor 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.

Under Italian law, *prima facie*, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders on behalf of the Noteholders and the Other Issuer Creditors would have the right to claim in respect of the Receivables, even in the event of bankruptcy of the Issuer.

The Issuer is unlikely to have a large number of creditors unrelated to the Securitisation because (a) the corporate object of the Issuer, as contained in its by-laws (*statuto*) is very limited, and (b) under the Conditions, the Issuer has undertaken to the Noteholders, *inter alia*, not to 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 and envisage that the Issuer will engage. Therefore, the Issuer must comply with certain covenants provided for by the Conditions which contain restrictions on the activities which the Issuer may carry out (including incurring further substantial debt), with the result that the Issuer may only carry out limited transactions in connection with the Securitisation. Accordingly, the Issuer is less likely to have creditors who would claim against it other than the Noteholders and the Other Issuer Creditors (all of whom have agreed to non-petition provisions contained in the Transaction Documents) and the other third parties creditors in respect of any taxes, costs, fees or expenses incurred in relation to such securitisations and in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

To the extent that the Issuer incurs any ongoing taxes, costs, fees and expenses (whether or not related to the Securitisation), the Issuer has established the Expenses Account, into which the Retention Amount shall be credited on the Issue Date and refilled on each Payment Date in accordance with the applicable Priority of Payments and out of which payments of the aforementioned taxes, costs, fees and expenses shall be paid during any Collection Period.

Notwithstanding the foregoing, there can be no assurance that if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

## **RISK FACTORS RELATED TO THE NOTES**

### **Suitability**

Structured securities, such as the Notes, are sophisticated instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to the relevant risks. Such prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition and upon advice from such advisers as they may deem necessary.

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 Originator, the Co-Arrangers or the Lead Manager 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 Originator, the Co-Arrangers or the Lead Manager from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

### **Source of Payments to Noteholders**

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of or guaranteed by the Originator, the Servicer, the Representative of the Noteholders, any of the Other Issuer Creditors or the Co-Arrangers. None of such parties, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

The Issuer will not – as at the Issue Date – have any significant assets for the purpose of meeting its obligations under the Securitisation, other than the Portfolio, any amounts and/or securities standing to the credit of the Accounts (other than the Quota Capital Account) and its rights under the Transaction Documents to which it is a party. Consequently, there is a risk 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), the funds available to the Issuer may be insufficient to pay interest on the Notes or to repay the Notes in full.

#### **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 payment in accordance with the applicable Priority of Payments. If there are not sufficient Issuer Available Funds to pay in full all principal and interest and 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. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of the Noteholders of the Issuer's Rights.

#### **Yield and prepayment considerations**

The yield to maturity, the amortisation and the weighted average life of the Notes of each Class will depend on, *inter alia*, the amount and timing of repayment of principal on the Loans (including prepayments and proceeds deriving from the enforcement of the Collateral Securities and those from the enforcement of a Loan) and on the actual date (if any) of exercise of the Optional Redemption pursuant to Condition 8.2 (*Redemption, Purchase and Cancellation - Optional Redemption*). Such yield may be adversely affected by higher or lower than anticipated rates of prepayment, delinquency and default of the Loans.

The rates of prepayment, delinquency and default of Loans cannot be predicted and are influenced by a wide variety of economic, social and other factors, including prevailing market interest rates and margin offered by the banking system, the availability of alternative financing, local and regional economic conditions and certain existing Italian legislation which simplifies the refinancing of loans and any future legislation which may be enacted to the same purpose. In particular, prepayments rates of salary/pension assignment and payment delegation loans has been historically very volatile. Therefore, no assurance can be given as to the level of prepayments, delinquency and default that the Loan will experience. The yield to maturity of the Notes will also depend on the actual date (if any) of exercise of the optional redemption provided for by Condition 8 (*Redemption, Purchase and Cancellation*). Such yield may be adversely affected by higher or lower than anticipated rates of payment, delinquency and default of the Receivables.

#### **Subordination**

In respect of the obligations of the Issuer to pay interest and repay principal on the Notes, subject to the Priority of Payments, the Notes of each Class rank as set out in Condition 6 (*Priority of Payments*).

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders and then (to the extent that the Senior Notes have not been redeemed) by the Senior Noteholders as described above.

As long as the Notes are outstanding, the Most Senior Class of Noteholders shall be entitled to determine the remedies to be exercised in connection with the outstanding Notes.

## **Subordination provisions may be disregarded in insolvency proceedings**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, several cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the Excluded Swap Termination Amounts.

The English Supreme Court has held that a flip clause as described above is valid under English law.

Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, a subsequent 2016 U.S. Bankruptcy Court decision held that in certain circumstances flip clauses are protected under the U.S. Bankruptcy Code and therefore enforceable in bankruptcy. The 2016 decision was affirmed on 14 March 2018 by the U.S. District Court for the Southern District of New York, which 2018 decision was further affirmed on 11 August 2020 by the U.S. Court of Appeals for the Second Circuit. The implications of this conflict remain unresolved.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the U.S.), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Counterparty's payment rights in respect of Excluded Swap Termination Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to any replacement counterparty, depending on certain matters in respect of that entity.

In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Senior Noteholders, the market value of the Senior Notes and/or the ability of the Issuer to satisfy its obligations under the Senior Notes.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Senior Notes. If any rating assigned to the Senior Notes is lowered, the market value of the Senior Notes may reduce.

## **Investment in the Notes is only suitable for certain investors**

Structured securities, such as the Notes, are sophisticated financial instruments, which can involve a significant degree of risk. Prospective investors in any Class of the Notes should ensure that they understand the nature of such Notes and the extent of their exposure to the relevant risks. Such prospective investors should also ensure that they have sufficient knowledge, experience and access to professional advice to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

Investment in the Notes is only suitable for investors who (i) have the requisite knowledge and experience in financial and business matters to evaluate such merits and risks of an investment in the

Notes; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation; (iii) are capable of bearing the economic risk of an investment in the Notes; and (iv) recognise that it may not be possible to dispose of the Notes for a substantial period of time, if at all.

Prospective Noteholders should not rely on or construe any communication (written or oral) of the Issuer, the Co-Arranger, or any other transaction party 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 Co-Arrangers, or any other transaction party shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

If an investor does not properly assess the nature of the Notes and the extent of its exposure to the relevant risks before making its investment decision, it may suffer losses.

Therefore, prospective Noteholders 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 judgment and upon advice from such advisers as they may deem necessary.

### **Limited enforcement rights**

The protection and exercise of the Noteholders' rights against the Issuer and the preservation and enforcement of the security under the Notes is one of the duties of the Representative of the Noteholders to the extent provided by the Transaction Documents. The Conditions and the Rules of the Organisation of the Noteholders limit the ability of each individual Noteholder to bring individual actions against the Issuer.

Only the Representative of the Noteholders may pursue the remedies available under general law or under the Transaction Documents to obtain payment of the obligations of the Issuer deriving from any of the Transaction Documents or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations or to enforce the Security, save as provided by the Rules of the Organisation of the Noteholders.

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

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretion of the Representative of the Noteholders as if they formed a single class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different Classes of Notes, to have regard only to the interests of the holders of the Class of Notes ranking highest in the order of priority then outstanding.

### **Direction of holders of the Most Senior Class of Notes following the delivery of a Trigger Notice may affect the interests of the holders of the other Classes of Notes**

Following the delivery of a Trigger Notice and in accordance with the Conditions, the Issuer may (with the prior consent of the Representative of the Noteholders), or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio then outstanding in accordance with the provisions of the Intercreditor Agreement.

In addition, at any time after a Trigger Notice has been served, the Representative of the Noteholders shall, provided that it has been indemnified and/or secured to its satisfaction, without further notice, take such steps (including the sale of the Portfolio) and/or institute such proceedings against the Issuer as it is requested in writing by the holders of the Notes.

The directions of the holders of the Most Senior Class of Notes holding the required majorities may be adverse to the interests of the holders of the minority Noteholders voting against (or not voting) such directions.

### **Certain modifications may be approved by the Representative of the Noteholders without Noteholders' consent**

Pursuant to the Rules of the Organisation of the Noteholders, the Representative of the Noteholders may from time to time and without the prior consent or sanction of the Noteholders and the Other Issuer Creditors and subject to a prior notice to the Rating Agencies concur with the Issuer and any other relevant parties in making any amendment or modification to the Rules of the Organisation of the Noteholders or any other Transaction Documents if in its opinion: (i) it is expedient to make such amendment or modification in order to correct a manifest error or an error of a formal, minor or technical nature; or (ii) save as provided under point (i) above, such amendment or modification (which shall be other than in respect of a Basic Terms Modification or any provision in the Rules of the Organisation of the Noteholders which makes a reference to the definition of "Basic Terms Modification") is not materially prejudicial to the interest of the Noteholders. There is no assurance that each Noteholder concurs with any such modification by the Representative of the Noteholders.

### **Limited secondary market**

There is not at present an active and liquid secondary market for the Senior Notes. The Senior Notes will not be registered under the Securities Act and will be subject to significant restrictions on resale in the United States.

Although an application has been made for the Senior Notes to be admitted to trading on the ExtraMOT PRO, there can be no assurance that a secondary market for any of the Senior Notes will develop or, if a secondary market does develop in respect of any of the Senior Notes, that it will provide the holders of such Senior Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Senior Notes. Consequently, any purchaser of Senior Notes may be unable to sell such Notes to any third party and it may therefore have to hold the Senior Notes until final redemption or cancellation thereof.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of the asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions 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 an investor.

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

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.

In Europe, the U.S. and elsewhere there is 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 Co-Arrangers 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 in the Notes on the Issue Date or at any time in the future.

In addition, 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 various types of regulated investors (including, *inter alia*, credit institutions, investment firms or other financial institutions, authorised alternative investment fund managers,



insurance and reinsurance companies and UCITS funds) 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. The retention and due diligence requirements hereby described apply, or are expected to apply, in respect of the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Representative of Noteholders, the Originator, the Co-Arrangers 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 investors in the Notes 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.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by the Basel Committee on Banking Supervision (with adjustments) 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. There are material differences between the new requirements and the previous requirements including with respect to the certain matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance will be made through new technical standards. In general, the new regulations (including the retention and due diligence requirements) apply to securitisations the securities of which are issued on or after the application date of 1 January 2019, including securitisations established prior to the date where further securities are issued on or after 1 January 2019. Accordingly, the new requirements apply in respect of the Notes.

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. For further details, see the risk factors entitled "*The EU Securitisation Regulation and the STS framework*", "*Investors' compliance with due diligence requirements under the EU Securitisation Regulation*" and "*Disclosure requirements under CRA Regulation and EU Securitisation Regulation*" below.

### **The EU Securitisation Regulation and the STS framework**

On 12 December 2017, the European Parliament adopted Regulation (EU) 2017/2402 (the "**EU Securitisation Regulation**") which applies from 1 January 2019. The EU Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the EU Securitisation Regulation) as regards (i) risk retention, (ii) due diligence, (iii) transparency, and (iv) the

underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace the existing provisions in CRR, the AIFM Regulation and the Solvency II Regulation and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to Article 32 of Directive (EU) 2016/2341. Secondly, the EU Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("**STS-Securitisations**").

*The general framework established by the EU Securitisation Regulation*

The risk retention, transparency, due diligence and underwriting criteria requirements described above apply in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules made at the national level), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Prospective investors are required to independently assess and determine the sufficiency of the information contained in this Information Memorandum or made available by the Issuer and the Originator for the purposes of complying with any relevant requirements and none of the Issuer, the Originator, the Reporting Entity, the Co-Arrangers, the Representative of the Noteholders or any other party to the Transaction Documents makes any representation that such information is sufficient in all circumstances for such purposes.

Various parties to the securitisation transaction described in this Information Memorandum are subject to the requirements of the EU Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements, including with regard to the risk retention requirements under Article 6 of the EU Securitisation Regulation and transparency obligations imposed under Article 7 of the EU Securitisation Regulation. Non-compliance with final Regulatory Technical Standards may adversely affect the value, liquidity of, and the amount payable under the Notes. Prospective investors in the Notes must make their own assessment in this regard.

With respect to the commitment of the Originator to retain a material net economic interest in the Securitisation in accordance with option set out in Article 6, paragraph 3(d) of the EU Securitisation Regulation and with respect to the information made available to the Noteholders and prospective investors in accordance with Article 7 of the EU Securitisation Regulation, please refer to the sections entitled "*Subscription and Sale - Regulatory Disclosure and Retention Undertaking*" and "*General Information - Transparency Requirements under the EU Securitisation Regulation*".

*The STS framework established by the EU Securitisation Regulation*

The EU Securitisation Regulation applies to the fullest extent to the Notes. The Securitisation is intended to qualify as a STS-Securitisation within the meaning of Article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and it has been notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation.

No assurance can be provided that the Securitisation does or continues to qualify as an STS-Securitisation under the Securitisation Regulation at any point in time in the future.

The Originator has used the service of Prime Collateralised Securities (PCS) EU SAS (PCS), as a verification agent authorised under article 28 of the EU Securitisation Regulation in connection with an assessment of the compliance of the Securitisation with the requirements of articles 19 to 22 of the EU Securitisation Regulation.

Non-compliance with the status of an STS-Securitisation may result in higher capital requirements for investors, as well as in various administrative sanctions and/or remedial measures being imposed on the Issuer or the Originator. Any of such administrative sanctions and/or remedial measures may affect the ability of the Issuer to fulfil its payment obligations under the Notes. As no reimbursement payments

to the Issuer for the payment of any of such administrative sanctions and/or remedial measures are foreseen, the repayment of the Notes may be adversely affected.

The STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various regimes provided for by the law of the European Union that were amended (or will be amended in due course) to take into account the STS framework (such as "Type 1 securitisation" under Solvency II Regulation; regulatory capital treatment under the securitisation framework of the CRR and the forthcoming changes (which are yet to be finalised) to the EMIR regime that will address certain exemptions for STS securitisation swaps, as to which investors are referred to the risk factor headed "*EMIR may impact the obligations of the Swap Counterparty and the Issuer under the Swap Agreement*").

### **Senior Notes as eligible collateral for Eurosystem operations**

After the Issue Date an application may be made to a central bank in the Euro-zone to record the Senior Notes as eligible collateral, within the meaning of the guidelines of the European Central Bank (the "ECB").

However, there is no assurance that the Senior Notes will be 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 satisfaction of the Eurosystem eligibility criteria and, in accordance with its policies, will not be given prior to issue of the Senior Notes. If the Senior Notes are accepted for such purposes, Eurosystem may amend or withdraw any such approval in relation to the Senior Notes at any time.

In the event that Senior Notes are not recognised (or cease to be recognised) as an eligible collateral for Eurosystem operations, the holders of such Senior Notes would not be able to access the ECB funding. In such case, there is no assurance that the holders of the Senior Notes will find alternative sources of funding or, should such alternative sources be found, these will be at equivalent economic terms compared to those applied by the ECB. In the absence of suitable sources of funding, the holders of the Senior Notes may ultimately suffer a lack of liquidity.

Neither the Issuer, nor the Co-Arrangers or any other party involved in the Securitisation (i) gives any representation or warranty as to whether Eurosystem will ultimately confirm that the Senior Notes are eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem for such purpose; and (ii) will have any liability or obligation in relation thereto if the Senior Notes are at any time deemed ineligible for such purposes.

### **EMIR may impact the obligations of the Swap Counterparty and the Issuer under the Swap Agreement**

EMIR prescribes a number of regulatory requirements for counterparties to derivatives contracts including (i) a mandatory clearing obligation for certain classes of OTC derivatives contracts (the "**Clearing Obligation**"); (ii) collateral exchange, daily valuation and other risk mitigation requirements for OTC derivatives contracts not subject to clearing (the "**Risk Mitigation Requirements**"); and (iii) certain reporting requirements. In general, the application of such regulatory requirements in respect of a swap transaction will depend on the classification of the counterparties to such derivative transaction.

Pursuant to EMIR, counterparties can be classified as: (i) financial counterparties (the "**FCs**"), and (ii) non-financial counterparties (the "**NFCs**"). The category of NFCs is further split into: (i) non-financial counterparties above the "clearing threshold" (the "**NFCs+**"), and (ii) non-financial counterparties below the "clearing threshold" (the "**NFCs-**").

Whereas FCs and NFCs+ entities may be subject to the Clearing Obligation or, to the extent that the relevant swaps are not subject to clearing, to the collateral exchange obligation and the daily valuation obligation under the Risk Mitigation Requirements, such obligations do not apply in respect of NFC- entities.

The Issuer is currently an NFC-, although a change in its position cannot be ruled out. Should the status of the Issuer change to NFC+ or FC, this may result in the application of the Clearing Obligation or the

collateral exchange obligation and daily valuation obligation under the Risk Mitigation Requirements, although it seems unlikely that the Swap Agreement would be a relevant type of OTC derivative contract that would be subject to the Clearing Obligation under the relevant implementing measures made to date. It should also be noted that, given the STS designation of the Securitisation, should the status of the Issuer change to NFC+ or FC, another exemption from the Clearing Obligation and a partial exemption from the collateral exchange obligation may be available for the Issuer, provided that the applicable conditions are satisfied.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the Clearing Obligation and the collateral exchange obligation were they to be applicable, which may (i) lead to regulatory sanctions, (ii) adversely affect the ability of the Issuer to continue to be party to the Swap Agreement (possibly resulting in a restructuring or termination of the Swap Agreement) or to enter into replacement swap agreements, and/or (iii) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge the interest rate risk in respect of the Senior Notes. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors' receiving less interest on the Senior Notes than expected.

### **Investors' compliance with due diligence requirements under the EU Securitisation Regulation**

Investors should be aware of the due diligence requirements under Article 5 of the EU Securitisation Regulation that apply to institutional investors with an EU nexus (including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision and UCITS funds). Amongst other things, such requirements restrict an institutional investor (other than the originator, sponsor or original lender within the meaning of the EU Securitisation Regulation) from investing in securitisation positions unless, prior to holding the securitisation position:

- (1) that institutional investor has verified that:
  - (1) for certain originators, certain credit-granting standards were met in relation to the origination of the underlying exposures;
  - (2) the risk retention requirements set out in Article 6 of the EU Securitisation Regulation are being complied with; and
  - (3) information required by Article 7 of the EU Securitisation Regulation has been made available; and
- (2) that institutional investor has carried out a due diligence assessment which enables it to assess the risks involved, which shall include at least (among other things) the risk characteristics of its securitisation position and the underlying exposures of the securitisation, and all the structural features of the transaction that can materially impact the performance of its securitisation position.

In addition, under Article 5(4) of the EU Securitisation Regulation, an institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and non-trading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures.

Depending on the approach in the relevant EU Member State, failure to comply with one or more of the due diligence requirements may result in penalties including fines, other administrative sanctions and possibly criminal sanctions. In the case of those institutional investors subject to regulatory capital requirements, penal capital charges may also be imposed on the securitisation position (i.e., notes) acquired by the relevant institutional investor.

The institutional investors due diligence requirements described above apply in respect of the Notes. Relevant institutional investors are required to independently assess and determine the sufficiency of

the information contained in this Information Memorandum for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Prospective investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of the non-compliance should seek guidance from their regulator.

### **Disclosure requirements under CRA Regulation and EU Securitisation Regulation**

The CRA Regulation provides for certain additional disclosure requirements for structured finance instruments within the meaning of Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 ("**SFIs**"). Such disclosure will need to be made via a website to be set up by ESMA. The Commission Delegated Regulation 2015/3 of 30 September 2014, which contains regulatory technical standards adopted by the European Commission to implement provisions of the CRA Regulation, came into force on 26 January 2015. These regulatory technical standards apply from 1 January 2017. In relation to an SFI issued or outstanding on or after the date of application of Commission Delegated Regulation 2015/3 of 30 September 2014, the issuer, originator and sponsor are required to comply with the reporting requirements. In its press release, dated 27 April 2016, ESMA communicated to the public that it is unlikely that ESMA will make available the SFI-website on which the reports on outstanding SFIs must be made available by 1 January 2017 or that it will be able to publish the technical instructions which ESMA must prepare pursuant to Article 8b of the CRA Regulation by that date. In the press release ESMA concluded that the reporting obligations under the CRA Regulation for SFIs may possibly be replaced by obligations based on new rules to be adopted and to be included in the EU Securitisation Regulation. Accordingly, pursuant to the obligations set forth in Article 7(2) of the EU Securitisation Regulation, the originator, sponsor and securitisation special purpose entity (SSPE) of a securitisation shall designate amongst themselves one entity to submit the information set out in points (a), (b), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation, which includes the prospectus issued in the context of the offer of notes in a securitisation transaction, to a regulated securitisation repository. The securitisation repository, which authorisation requirements are set out in chapter 4 of the EU Securitisation Regulation will in turn disclose information on securitisation transactions to the public. With the application of these provisions, the disclosure requirements of the CRA Regulation concerning SFIs are also addressed.

The Notes are issued after 1 January 2019. Consequently, the disclosure requirements of Article 7 of the EU Securitisation Regulation apply in respect of the Notes.

### **Bank Recovery and Resolution Directive**

On 2 July 2014 the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**") entered into force.

The purpose of the Bank Recovery and Resolution Directive is to lay down rules and procedures relating to the recovery and resolution of banks and investment firms by providing supervisory national authorities with harmonised tools and powers to address crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The Bank Recovery and Resolution Directive applies, *inter alia*, to (i) credit institutions, (ii) investment firms, and (iii) 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.

A resolution authority will only be permitted to use resolution powers and tools in relation to an institution if all the conditions set out in Article 32 of the BRRD for resolution are satisfied. Such resolution powers and tools may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private

sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The main resolution tools referred to in the BRRD are (a) the sale of business tool, (b) the bridge institution tool, (c) the asset separation tool, and (d) the bail-in tool, which can be applied individually or in any combination by the relevant resolution authority.

Member States were required to adopt and publish by 31 December 2014 the laws, regulations and administrative provisions necessary to comply with the BRRD, with the exception of the bail-in power which shall be applied from 1 January 2016 at the latest.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees: (a) Legislative Decree No. 180/2015 which implements the BRRD in Italy, and (b) Legislative Decree No. 181/2015 which amends the Consolidated Banking Act and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. Such Legislative Decrees were published on the Official Gazette on 16 November 2015 and entered into force on the same date, save for: (i) the bail-in tool, which will apply from 1 January 2016; and (ii) the "depositor preference" to deposits other than those protected by the deposit guarantee scheme and those of individuals and small and medium enterprises, which will apply from 1 January 2019.

### **Liquidity Coverage Ratio And High Quality Liquid Assets**

Further to the introduction of the Liquidity Coverage Ratio ("**LCR**") under the CRR, a delegated act has been adopted in October 2014 and published in the Official Journal of the European Union in January 2015 (the "**Delegated Act**"). The Delegated Act sets out rules governing what assets can be considered as high quality liquid assets ("**HQLA**") and how the expected cash outflows and inflows are to be calculated under stressed conditions. HQLA are assets that can be sold on private markets with no loss or little loss of value, even in stressed conditions.

The Delegated Act applied from 1 October 2015, under a phase-in approach before it became binding from 1 January 2018. This progressive implementation of the LCR was meant to allow credit institutions sufficient time to build up their liquidity buffers, whilst preventing a disruption of the flow of credit to the real economy during the transitional period.

With specific reference to securitisation transaction, the Delegated Act - recognizing the good liquidity performance of certain securitisations and in order to ensure consistency across financial sectors - identifies certain criteria to be complied with by securitisation instruments to be eligible as level 2B assets for credit institutions' liquidity buffers.

As the criteria for asset-backed securities to qualify as level 2B assets are not entirely consistent with recent market standards and, given the lack of guidance on the interpretation of the LCR regulation generally and the criteria applicable to level 2B assets in particular, it is not certain whether the Senior Notes qualify as level 2B assets for the purposes of the LCR and the Issuer makes no representation whether such criteria are met by such Notes.

In general, 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 in their particular circumstances and in light of, *inter alia*, this specific matter, based upon their own judgment and upon advice from their own advisers as they may deem necessary and/or by seeking guidance from their relevant national regulator.

No predictions can be made as to the precise effect of such matter on any investor or otherwise and neither the Issuer nor any other transaction party gives a representation to any investor that the information described in this Information Memorandum is sufficient in all circumstances for such purposes.

### **U.S. Risk Retention requirements**

The credit risk retention regulations implemented by U.S. Federal regulatory agencies including the SEC pursuant to Section 15G of the Exchange Act (the "**U.S. Risk Retention Rules**") came into effect

with respect to residential mortgage backed securities on 24 December 2015 and other classes of asset backed securities on 24 December 2016. The U.S. Risk Retention Rules generally require the "sponsor" of a "securitisation transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Securitisation does not and is not intended to comply with the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption for non-U.S. transactions provided for in Rule 20 of the U.S. Risk Retention Rules (regarding non-U.S. transactions). Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the ABS interests (as defined in Rule 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests (as defined in Rule 2 of the U.S. Risk Retention Rules) issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Information Memorandum as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying securitised receivables was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Notes sold on the Issue Date may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Each purchaser of the Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person; (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules. Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 20 of the U.S. Risk Retention Rules, and no other steps have been taken by the Issuer, the Originator, the Co-Arrangers and the Lead Manager or any of their affiliates or any other party to accomplish such compliance.

There can be no assurance that the exemption provided for in Rule 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether failure of the transaction to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and it could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Issuer, the Originator, the Servicer, the Co-Arrangers, the Lead Manager, the Junior Subscriber, the Representative of the Noteholders or any other party to the Transaction Documents, or any of their respective affiliates, makes any representation to any prospective investor or purchaser of the Notes as to whether the transaction described in this Information Memorandum complies with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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 by the CRD IV in particular and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### **Investor compliance with due diligence requirements under the UK Securitisation Regulation**

Pursuant to the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020 ("**EUWA**"), from 11pm (GMT) on 31 December 2020, EU regulations (including the EU Securitisation Regulation) which previously had direct effect in the UK by virtue of the European Communities Act 1972 were transposed into domestic law in the UK.

In order to smooth the transition from the EU Securitisation Regulation regime to that under the EUWA and any implementing laws or regulations in force in the United Kingdom in relation to the EU Securitisation Regulation or amending the EU Securitisation Regulation as it applies in the United Kingdom (together with applicable directions, secondary legislation, guidance, binding technical standards and related documents published by the Financial Conduct Authority (the "**FCA**") and the Prudential Regulation Authority (the "**PRA**") of the United Kingdom) (the "**UK Securitisation Regulation**"), the UK regulators have put various transitional provisions in place until 31 March 2022 or such later date as specified by the FCA under its temporary transitional powers under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 (the "**Standstill Period**"). In certain cases, UK regulated entities can continue to comply with the previous requirements under the EU Securitisation Regulation instead of the UK Securitisation Regulation. In particular, UK originators, sponsors and SSPEs may use the standardised reporting templates developed by ESMA for the purpose of Article 7 of the EU Securitisation Regulation, rather than the standardised reporting templates adopted by the FCA for the purpose of Article 7 of the UK Securitisation Regulation, during the Standstill Period.

The UK Securitisation Regulation includes in Article 5 due diligence requirements which are applicable to UK institutional investors in a securitisation.

If the due diligence requirements under Article 5 of the UK Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such UK institutional investors, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the UK institutional investor.

In respect of the due diligence requirements under Article 5 of the UK Securitisation Regulation, potential investors should note in particular that:

- (i) in respect of the risk retention requirements set out in Article 6 of the UK Securitisation Regulation, under the Intercreditor Agreement, the Originator has undertaken to retain, on an on-going basis, a material net economic in the Securitisation of not less than 5 (five) per cent., in compliance with Article 6(3)(d) of the EU Securitisation Regulation only and not in compliance with Article 6 of the UK Securitisation Regulation; and
- (ii) in respect of the transparency requirements set out in Article 7 of the UK Securitisation Regulation, under the Intercreditor Agreement, the Originator, in its capacity as designated Reporting Entity under Article 7 of the EU Securitisation Regulation, will make use of the standardised templates developed by ESMA in respect of the disclosure requirements set out in Article 7 of the EU Securitisation Regulation and Commission Delegated Regulation (EU) 2020/1224 (the "**Securitisation Regulation Disclosure Requirements**") for the purposes of the Securitisation and will not make use of the standardised templates adopted by the FCA.

UK institutional investors (as defined in the UK Securitisation Regulation) should be aware that whilst, at the date of this Information Memorandum, the Securitisation Regulation Disclosure Requirements and the transparency requirements of Article 7 of the UK Securitisation Regulation are very similar, and the FCA has also issued a standstill direction under its temporary transitional powers under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 allowing for reporting on the basis of Commission Delegated Regulation (EU) 2020/1224 of 16 October 2019 until



the expiry of the Standstill period, the Securitisation Regulation and UK Securitisation Regulation (including but not limited to the Securitisation Regulation Disclosure Requirements and the transparency requirements of Article 7 of the UK Securitisation Regulation) may diverge. No assurance can be given that the information included in this Information Memorandum or provided in accordance with the Securitisation Regulation Disclosure Requirements will be sufficient for the purposes of assisting such UK institutional investors in complying with their due diligence obligations under Article 5 of the UK Securitisation Regulation.

Therefore, relevant UK institutional investors are required to independently assess and determine the sufficiency of the information described in this prospectus for the purposes of complying with Article 5 of the UK Securitisation Regulation, and any corresponding national measures which may be relevant to investors, and no assurance can be given that this is the case. None of the Issuer, the Co-Arrangers, the Representative of the Noteholders, the Servicer, the Originator or any of the other parties involved in the Securitisation makes any representation that any such information described in this Information Memorandum is sufficient in all circumstances for such purposes.

### **Volcker Rule**

The enactment of the Dodd-Frank Act, which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act. Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company Act of 1956, commonly referred to as the Volcker Rule.

The Volcker Rule generally prohibits "banking entities" broadly defined to include U.S. banks, bank holding companies and foreign banking organisations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading in financial instruments, (ii) acquiring or retaining any "ownership interest" in, or in "sponsoring" a "covered fund", and (iii) entering into certain transactions with such funds subject to certain exemptions and exclusions.

An "ownership interest" is defined widely and may arise through a holder's exposure to the profits and losses of the "covered fund", as well as through certain rights of the holder to participate in the selection or removal of an investment advisor, investment manager, or general partner, trustee, or member of the board of directors of the "covered fund". A "covered fund" is defined widely, and includes any issuer which would be an investment company under the Investment Company Act of 1940 (the ICA) but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule's implementing regulations.

Not all investment vehicles or funds, however, fall within the definition of a "covered fund" for the purposes of the Volcker Rule. For example, for most non-U.S. banking entities, a non-U.S. issuer that offers its securities only to non-U.S. persons may be considered not to be a "covered fund". Additionally, the Issuer should not be a "covered fund" for the purposes of the regulations adopted to implement Section 619 of the Volcker Rule, and also should be able to qualify for the "Loan Securitization Exclusion" provided under Section 10(c)(8) of the Volcker Rule, although there may be additional exclusions or exemptions available to the Issuer. However, if the Issuer is deemed to be a "covered fund", the provisions of the Volcker Rule and its related regulatory provisions, will severely limit the ability of "banking entities" to hold an "ownership interest" in the Issuer or enter into certain credit related financial transactions with the Issuer and this could adversely impact the ability of the banking entity to enter into new transactions with the Issuer and may require amendments to certain existing transactions and arrangements. "Ownership interest" is defined to include, among other things, interests arising through a holder's exposure to profits and losses in the covered fund or through any right of the holder to participate in the selection of an investment manager or advisor or the board of directors of such covered fund. Amendments to the Volcker Rule provide that ownership interests do not include certain senior loans or senior debt interests with specified characteristics.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may restrict the ability of relevant individual prospective purchasers to invest in the Notes and, in addition, may have a

negative impact on the price and liquidity of the Notes in the secondary market. There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in "ownership interests" of the Issuer should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each investor must determine for itself whether it is a "banking entity" subject to regulation under the Volcker Rule. If investment by "banking entities" in the Notes of any Class is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Notes. None of the Issuer, the Co-Arrangers or any other party to the Transaction Documents makes any representation regarding (i) the status of the Issuer under the Volcker Rule, or (ii) the ability of any purchaser to acquire or hold the Notes, now or at any time in the future.

### **Changes or uncertainty relating to EURIBOR may affect the value or payment of interest under the Senior Notes**

The Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" ("**Benchmarks**") are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such Benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any notes linked to a Benchmark, such as the Senior Notes given that they are linked to the EURIBOR.

Key international reforms of Benchmarks include IOSCO's proposed Principles for Financial Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies.

The Benchmarks Regulation would apply to "contributors", "administrators" and "users of" Benchmarks in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of Benchmarks, and (ii) ban the use of Benchmarks of unauthorised administrators. The Benchmarks Regulation entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for "critical" benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the "**Market Abuse Regulation**") have applied from 3 July 2016.

The Benchmarks Regulation could also have a material impact on any listed notes linked to an index based on a Benchmark, including in any of the following circumstances: (i) an index which is a Benchmark may not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In such event, depending on the particular Benchmark and the relevant applicable terms, the notes could be delisted (if listed), adjusted, redeemed or otherwise impacted; (ii) the methodology or other terms of the Benchmark related to a series of notes could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the Benchmark or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the relevant notes, including the relevant calculation agents' determination of the rate or level in its discretion.

Any of the international, national or other reforms (or proposals for reform) or the general increased

regulatory scrutiny of Benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

As at the date of this Information Memorandum, it is not possible to ascertain (i) what the impact of the above-mentioned reforms regarding Benchmarks will be on the determination of EURIBOR in the future, which could adversely affect the value of the Senior Notes, (ii) if such reforms may affect the determination of EURIBOR for the purposes of the Senior Notes, (iii) whether such reforms will result in a sudden or prolonged increase or decrease in EURIBOR rates, or (iv) whether such reforms will have an adverse impact on the liquidity or the market value of the Senior Notes and the payment of interest thereunder.

Furthermore, pursuant to the Conditions in certain circumstances, EURIBOR may be amended if an Alternative Benchmark Rate is determined in accordance with Condition 7.9 (*Fallback Provisions*). In this respect, please see the section entitled "*Terms and Conditions of the Notes*".

Various interest rate benchmarks (including the EURIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Senior Notes. The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed), and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmark Regulation could have a material impact on the Senior Notes, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark", or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Senior Notes (which are linked to EURIBOR).

While (i) an amendment may be made under Condition 7.9 (*Fallback provisions*) to change the base rate on the Senior Notes from EURIBOR to an Alternative Benchmark Rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation and subject to certain conditions being satisfied, (ii) the Issuer (or the Servicer on its behalf) is under an obligation to appoint a Rate Determination Agent which must be the investment banking division of a bank of international repute and which is not an affiliate of the Originator to determine an Alternative Benchmark Rate in accordance with Condition 7.9 (*Fallback provisions*), and (iii) an amendment may be made under Article 30 (*Amendments of the Transaction Documents*) of the Rules of the Organisation of the Noteholders to change the base rate that then applies in respect of the Swap Agreement for the purpose of aligning the base rate of the Swap Agreement to the benchmark rate of the Senior Notes following a Benchmark Rate Modification, there can be no assurance that any such amendments will be made or, if made, that they (a) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Senior Notes and the Swap Agreement, or (b) will be made prior to any date on which any of the risks described in this risk factor may become relevant.

It is a condition of any Benchmark Rate Modification that the Swap Counterparty has approved the proposed Alternative Benchmark Rate determined by the Rate Determination Agent on the basis of Condition 7.9.4.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmark Regulation reforms in making any investment decision with respect to the Senior Notes.

## **RISK FACTORS RELATED TO THE UNDERLYING ASSETS**

### **Loans' performance**

The Aggregate Portfolio comprises Receivables deriving from Loans classified as performing (*crediti in bonis*) by the Originator, in accordance with the Bank of Italy's guidelines as at the relevant Valuation Date, the relevant Transfer Date and the Issue Date. For further details, see the section headed "*The Aggregate Portfolio*".

However, there can be no guarantee that (i) the Debtors will not default under the Loans and that they will therefore continue to perform under the Loans; (ii) the Employer/Pension Authorities will continue to perform under the Salary/Pension Assignments and the Payment Delegations; or (iii) the Insurance Companies will perform their obligations under the Insurance Policies.

It should be noted that general economic conditions and other factors may affect the ability of the Debtors and/or the Employers/Pension Authorities to repay the Loans and/or the Insurance Companies to make payments under the Insurance Policies. In particular, the Portfolio is significantly concentrated in the sector of public employees and pensioners whose pension is paid by *Istituto Nazionale Previdenza Sociale* (INPS).

The recovery of overdue amounts in respect of the Loans (and/or other claims comprised in the Portfolio) will be affected by the length and/or the effectiveness of enforcement proceedings in respect of the Loans (and/or other claims comprised in each Portfolio), which in the Republic of Italy can take a considerable time depending on the type of action required and where such action is taken. Factors which can have a significant effect on the length and/or the effectiveness of the proceedings include the following: (i) certain courts may take longer than the national average to enforce the Loans (and/or other claims comprised in each Portfolio); and (ii) further time will be required for the proceedings if it is necessary to obtain a payment injunction (*decreto ingiuntivo*) or if the Debtor or any Employer/Pension Authority and/or Insurance Company raises a defence or counterclaim to the proceedings. Moreover, the recovery amount and timing of the indemnification payments from the Insurance Companies will depend on the terms of the relevant Insurance Policies and the capability of the Insurance Companies to fulfil the relevant contractual obligations.

### **Insurance coverage**

All Loan Agreements are assisted by an Insurance Policy issued by the Insurance Companies in favour of the Originator in accordance with the terms and conditions provided for by the Insurance Master Agreements. There can be no assurance that the insured losses will be covered in full for the benefit of the Issuer. Any loss incurred which is not covered (or which is not covered in full) by the relevant Insurance Policy could adversely affect the value of the Receivables and the ability of the Issuer to recover the full amount due under the relevant Loan.

### **Right to future Receivables**

Under the Transfer Agreement, the Originator has transferred to the Issuer also the claims relating to the Collateral Securities, the Insurance Policies, any prepayment fees (if any) and any indemnities payable upon early repayment of the Loans or termination of the Loan Agreements. If the Originator is or becomes insolvent, the court may treat the above claims as "future receivables". The Issuer's claims to any future receivables that have not yet arisen at the time of the Originator's admission to the relevant insolvency proceeding might not be effective and enforceable against the insolvency receiver of the Originator.

The recovery of amounts due in relation to the Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable amount of time depending on the type of action required and where such action is taken and on several other factors, including the following: (i) proceedings in certain courts involved in the enforcement of the Loans and the Collateral Securities may take longer than the national average; (ii) obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; and (iii) further time is required if it is necessary to obtain a payment injunction (*decreto ingiuntivo*) and whether or not the relevant Debtor raises a defence or counterclaim to the proceedings.

### **Settlement of the over-indebtedness crisis (*sovraindebitamento*) under Law No. 3/2012**

Under Italian Law No. 3 of 27 January 2012 ("*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*") (the "**Law No. 3/2012**"), in order to remedy situations in which a debtor is definitively not able to fully and timely fulfil its obligations ("*sovraindebitamento*"), a debtor may enter into a debt restructuring agreement ("**Settlement Agreement**") in the context of the settlement procedure provided for therein ("**Settlement Procedure**").

In particular, the debtor cannot accede to the Settlement Procedure if it:

- (a) is subject to insolvency procedures provided by the Italian Bankruptcy Law;
- (b) has benefited from any Settlement Procedure in the past five years;
- (c) is subject, for circumstances chargeable to it, to the measures provided for articles 14 and 14-*bis* of Law No. 3/2012;
- (d) has filed unclear documentation which does not consent to properly recognize its financial and patrimonial situation.

Pursuant to Law No. 3/2012, a Settlement Agreement may provide for a one-year period moratorium in respect of payments in favour of creditors who have not entered into the Settlement Agreement (*creditori estranei*), provided that:

- (i) the debt restructuring plan is suitable to ensure payment of the relevant obligations within the relevant deadline provided for therein;
- (ii) the execution of the debts restructuring plan has been entrusted to a liquidator appointed by the competent Court; and
- (iii) the moratorium does not concern undistrainable (*impignorabili*) receivables.

The Settlement Agreement must be filed with the competent Court together with, *inter alia*, the list of all creditors of the relevant debtor.

The competent Court, in the event that the requirements provided by Law No. 3/2012 subsist, provides, by decree, that the creditors cannot commence or continue foreclosure proceedings (*azioni esecutive*) and seizures (*sequestri conservativi*) and create pre-emption rights on the assets of the debtor, provided that such decree may be revoked by the competent Court in the event of actions in prejudice of the creditors or fraud against them made by the debtor.

The Settlement Agreement has to be agreed by creditors (excluding certain categories of secured creditors and the purchasers or assignees of the relevant receivables owed by the debtor which have purchased such receivables from less than one year from the date of request of the Settlement Procedure) representing at least 60 per cent. of the debtor's debts and then be approved (*omologato*) by the competent Court.

In the event that a Debtor will obtain to be admitted to a Settlement Procedure, such circumstance may adversely and materially affects the ability of the Servicer to recover the overdue amounts in respect of the Receivables owed by such Debtor.

### **Consumer protection legislation**

The Loans are consumer loans and are regulated by, amongst other things: (i) Articles 121 to 126 of

the Consolidated Banking Act; (ii) chapter II, section I of law No. 142 of 19 February 1992; and (iii) Italian Legislative Decree No. 206 of 6 September 2005 (the "**Consumer Code**"). Chapter II, section I of law No. 142 of 19 February 1992 was repealed by the Consolidated Banking Act, but currently remains in force pending the Bank of Italy issuing the regulations implementing the foregoing provisions of the Consolidated Banking Act. Under the current legislation, consumer loans are only those granted for amounts respectively lower and higher than the maximum and minimum levels set forth by Article 122, first paragraph, letter a) of the Consolidated Banking Act, such levels being currently fixed at Euro 75,000 and Euro 200 respectively.

The following risks, amongst others, could arise in relation to a consumer loan contract:

- (i) pursuant to Article 125-*quinquies* of the Consolidated Banking Act, debtors under consumer loan contracts linked to supply contracts have the right to terminate the relevant contract with the lender following a default by the supplier, provided that such default meets the conditions set out in Article 1455 of the Italian Civil Code. In the case of termination of the consumer loan contract, the lender must reimburse all instalments and sums paid by the debtor. However, the lender has the right to claim these payments from the relevant defaulting supplier. Pursuant to sub-section 4 of Article 125-*quinquies* of the Consolidated Banking Act, debtors are entitled to exercise any of the rights mentioned under sub-sections 1 to 3 of the same Article, which they had against the original lender, against the assignee of any lender under such consumer loan contracts;
- (ii) pursuant to Article 125-*sexies* of the Consolidated Banking Act, debtors under consumer loan contracts have the right (which cannot be waived by agreement between the parties) to prepay any consumer loan (in whole or in part) with the right to a *pro rata* reduction in the aggregate amount of the loan, equal to the amounts of interest and costs that should be accrued until the final maturity date of such loan. Pursuant to second paragraph of Article 125-*sexies*, in case of prepayment of the consumer loan, the lender has the right to receive an indemnity from the debtor that cannot exceed the following limits: (i) 1 per cent. of the early prepaid amount, should the prepayment be made more than 1 year before the final maturity date of the loan; or (ii) 0.5 per cent. of the early prepaid amount, should the prepayment be made at least 1 year or less than 1 year before the final maturity date of the loan, provided that in any case such indemnity cannot exceed the amount of interest that the debtor would have paid on the loan until its final maturity date. Furthermore, third paragraph of Article 125-*sexies* provides for specific circumstances under which such indemnity is not due by the debtor to the lender;
- (iii) pursuant to Article 125-*septies* of the Consolidated Banking Act, debtors are entitled to exercise against the assignee of any lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation of the provisions of Article 1248 of the Italian Civil Code (that means the debtors have such right even if they have accepted the assignment or have been given written notice thereof). This could result in Debtors obtaining a right of set-off or other right of defence against the Issuer in respect of any of the Originator's obligations to the Debtors. For this purpose, under the Transfer Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the relevant Receivables as a result of the exercise by any Debtor and/or any Employer/Pension Authority and/or Insurance Company of a right of set-off (in this respect, see also paragraph "*Rights of set-off (compensazione) and other rights of the Debtors*" below).

The Consumer Code has repealed Articles 1469-*bis* to 1469-*sexies* of the Italian Civil Code, which were applicable to the Loan Agreements and substituted the regulation contained therein, with substantially the same terms. Article 33 of the Consumer Code provides that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract is deemed to be unfair and is not enforceable against the consumer whether or not the consumer's counterparty acted in good faith. Article 33 of Consumer Code identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually negotiated or that they can be considered

fair in the circumstances of the relevant consumer contract. Such clauses include, amongst others, clauses which give the right to the non-consumer contracting party to (a) terminate the contract or (b) modify the conditions of the contract without reasonable cause. However, with regard to financial contracts, if there is a valid reason, the provider is empowered to modify the economic terms but must inform the consumer immediately; in this case the consumer has the right to terminate the contract.

Pursuant to Article 36 of Consumer Code, the following clauses, amongst others, are considered unfair as matter of law and are null and void: (a) any clause which has the effect of excluding or limiting the remedies of the consumer in case of total or partial failure by the non-consumer contracting party to perform its obligations under the consumer contract; and (b) any clause which has the effect of making the consumer party to clauses he has not had any opportunity to consider and evaluate before entering into the consumer contract. The Originator has represented and warranted in the Transfer Agreement and in the Master Amendment Agreement that the Loan Agreements comply with all applicable laws and regulations.

### **The Lexitor Ruling**

Article 16(1) of Directive 2008/48/EC on credit agreements for consumers provides that, in the event of early repayment of the loan the consumer, is entitled to a reduction in the total cost of the credit, such reduction consisting of the interest and the costs for the remaining duration of the contract. Such provision has been transposed in Italy through Article 125-*sexies* of the Consolidated Banking Act (for further details, see the section headed "*Consumer protection legislation*" above).

On 11 September 2019, the Court of Justice of the European Union (the "**CJEU**") has stated that Article 16(1) of Directive 2008/48/EC must be interpreted in the sense that the right of the consumer to a reduction in the total cost of the credit in the event of early repayment of the loan includes all the costs imposed on the consumer and, therefore, also includes the costs relating to services prior to or connected with the signing of the contract (upfront costs such as processing costs or agency fees).

The CJEU has based its findings on the interpretation of the definition of "total cost of the credit" set forth in Article 3(g) of Directive 2008/48/EC, according to which such cost includes interest, commissions, taxes and any other kind of fees which the consumer is required to pay in connection with the credit agreement and which are known to the creditor, except for notarial costs. Consequently, under the CJEU interpretation, such definition does not contain any restriction relating to the duration of the credit agreement at issue.

Further, on 4 December 2019 the Bank of Italy has issued a "*guidance*" for the implementation of the principle established by the CJEU, to the effect that all costs (including upfront costs) should be included among the costs to be refunded in the event of early repayment, both for new relationships and for existing relationships.

There can be no assurance that, in case of early repayment of any Loan, this risk may impact on the cash flows deriving from the Receivables, notwithstanding, as represented and warranted under the Transfer Agreement and the Master Amendment Agreement, by the Originator to the Issuer, that under relevant Loan Agreement the Debtors have no right to receive the reimbursement of all or part of the amount relating to the relevant Loans (including, without limitation, the repayment of upfront fees or other amounts to be refunded or repaid in the event of early termination of the relevant Loan).

### **Payment Delegations and bankruptcy of the Servicer**

The Payment Delegations relating to the Portfolio have been issued by the relevant Debtors in favour of Banca Progetto (*i.e.* the relevant employer pays the portion of the salary object of Payment Delegation to Banca Progetto in repayment of the relevant Loans).

In the event of bankruptcy or other insolvency proceeding of the Originator, the Payment Delegations can be terminated. As a result, in order for the Issuer to be entitled to receive the relevant quotas of the wages or salaries or pensions from the Employer/Pension Authorities of the relevant Debtors in discharge of the payment obligations under the relevant Loans, it would be necessary that (i) such Debtors issue new Payment Delegations in favour of the Issuer, and (ii) the Employer/Pension

Authorities accept such new Payment Delegations, subject to the requirements and limits provided for by general law provisions and by the applicable circulars of the Minister of Economy and Finance. In this respect, it has to be noted that the Debtors and the Employer/Pension Authorities are under no obligation to execute a new Payment Delegation and accept them, respectively. The Servicing Agreement provides that, should a Payment Delegation is terminated for any reason (including in the event of bankruptcy or other insolvency proceeding of the Originator), the Servicer shall request (i) the relevant Debtor to issue a new Payment Delegation in favour of the Issuer, and (ii) the relevant Employer/Pension Authority to accept such new Payment Delegation.

### **Geographic concentration risk**

The Loans have been granted to Debtors who, as at the relevant Valuation Date, were resident in Italy. A deterioration in economic conditions resulting in increased unemployment rates, consumer and commercial bankruptcy filings, a decline in the strength of national and local economies, inflation and other results that negatively impact household incomes could have an adverse effect on the ability of the Debtors to make payments on the Loans and result in losses on the Notes.

Loans included in the Aggregate Portfolio may also be subject to geographic concentration risks within certain regions of Italy. To the extent that specific geographic regions in Italy have experienced, or may experience in the future, weaker regional economic conditions (due to local, national and/or global macroeconomic factors) than other regions in Italy, a concentration of the Loans in such a region may exacerbate the risks relating to the Loans described in this section. Certain geographic regions in Italy rely on different types of industries.

Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Loans in that region or the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of such crises (such as coronavirus, measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases) in a particular region may weaken economic conditions and negatively impact the ability of affected Debtors to make timely payments on the Loans. This may affect receipts on the Loans. If the timing and payment of the Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans, see the section headed "*The Aggregate Portfolio*".

Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

### **COVID-19 pandemic and possible similar future outbreaks**

Different regions of the world have, from time to time, experienced virus outbreaks. A widespread global pandemic of the severe acute respiratory syndrome coronavirus 2 (commonly known as SARS-CoV-2) and of the infectious disease COVID-19, caused by the virus, is currently taking place. Given that this virus and the conditions it causes are relatively new, a vaccine and effective cure is yet to be developed.

Although COVID-19 is still spreading and the final implications of this pandemic are difficult to estimate at this stage, it is clear that it will have significant consequences and will affect the lives of a large portion of the global population. As such, Banca Progetto may be adversely affected by the wider macroeconomic effects of the ongoing COVID-19 pandemic and any possible future outbreaks, seeing as it is very likely that this pandemic will have a substantial negative effect on Italy and the Italian market.

At present, the pandemic has led to the state of emergency being declared in various countries, including Italy, as well as the imposition of travel restrictions, including the closure of the Italian land borders and the restriction of flights to and from the European Union, the establishment of quarantines and the temporary shutdown of various institutions and companies, including the adoption by several companies in Italy of an unprecedented measure, namely that of having all, or the vast majority, of its



employees now working remotely.

In this context, legislators, regulators and supervisors, on both a national and international level, have issued regulations, communications and guidelines. These are mainly aimed at ensuring that the efforts of the financial institutions are focused on the development of the critical economic functions they perform, and to ensure consistent application of regulatory frameworks.

With respect to the Notes, any quarantines or spread of viruses may affect in particular: (i) the Originator's own capacity to carry out its business as normal (as with the current COVID-19 situation in which the Italian Government impose additional teleworking and certain lockdowns); (ii) the ability of some Debtors to make timely payments of principal and/or interests under the relevant Loans; (iii) the cash flows derived from the Receivables in the event of payment holidays or any other measure whether imposed by the competent government authority or applicable legislation or otherwise affecting payments to be made by the Debtors under the Receivables; (iv) the market value of the Notes; and (v) third parties ability to perform their obligations under the Transaction Documents to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics).

Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

## **RISK FACTORS RELATED TO TAX MATTERS**

### **Tax Treatment of the Issuer**

The Issuer is an Italian corporate entity and, as such, is subject in principle to corporate income tax ("**IRES**") and regional tax for productive activities ("**IRAP**"). However, assuming that, based on the provision of the Securitisation Law and on a correct application of the applicable accounting principle, the assets and liabilities acquired, assumed and beneficially owned by the Issuer are lawfully treated as off-balance sheet assets and liabilities for accounting purposes (i.e. a "substance over form" approach), any income derived by the Issuer from the Portfolio and under any of the documents pertaining to the Securitisation in relation to the Securitisation, should not be subject to any taxation with the only exception of amounts, if any, available to the Issuer after the full discharge of its obligations in relation to the Notes and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

This conclusion is based on the interpretation of article 83 of Italian Presidential Decree No. 917 of 22 December 1986, under which positive and negative items of income are included in the computation of the taxable income to the extent they must be included in the profit and loss account of the taxpayer and has been confirmed by the Italian tax authority in Circular letter of 6 February 2003, number 8/E and in resolution of 4 August 2010, number 77/E. In particular, the Italian tax authorities have stated that, in the context of a securitisation transaction, only amounts, if any, available to a securitisation vehicle after fully discharging its obligations towards the noteholders and any other creditors of the securitisation vehicle in respect of any costs, fees, and expenses in relation to the securitisation transaction, should be imputed for tax purposes to the securitisation vehicle.

It is, however, possible that the Ministry of Economics and Finance or another competent authority may issue further regulations, letters or rulings relating to the 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.

As confirmed by the tax authority (Ruling No. 222 issued by *Agenzia delle Entrate* on 5 December 2003), the interest accrued on the Accounts will be subject to withholding tax on account of corporate income tax. As of the date of this Information Memorandum, such withholding tax is levied at the rate of 26 per cent. and is to be imposed at the time of payment.

### **Withholding Tax under the Notes**

Payments of interest and other proceeds under the Notes may or may not be subject to withholding or

deduction for or on account of Italian tax pursuant to Decree 239.

If a withholding or deduction is levied on account of tax in respect of payments of amounts due to Noteholders pursuant to the Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

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

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly known as "**FATCA**"), provides that various information reporting requirements must be satisfied with respect to (i) certain payments from sources within the United States, (ii) "foreign pass-through payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Failure to comply with such information reporting requirements may trigger a U.S. withholding tax, currently at 30 per cent rate on such payments.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (the "**IGAs**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being FATCA Withholding) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign pass-through payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the U.S. Internal Revenue Service.

The United States and the Republic of Italy have entered into an agreement (the "**US-Italy IGA**") based largely on the Model 1 IGA, which has been ratified in Italy by Law number 95 of 18 June 2015, published in the Official Gazette number 155 of 7 July 2015.

Since the FATCA regulations are complex and uncertain in some respects, in particular with respect to the definition of so-called "pass-thru payments", the application of FATCA to payments between financial intermediaries is not entirely certain. Indeed, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding.

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

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES, AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS AND OFFICIAL GUIDANCE THAT IS SUBJECT TO CHANGE. EACH POTENTIAL NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

### **GENERAL RISK FACTORS**

#### **Claw-back of the sales of the Receivables**

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Italian Bankruptcy Law but only in the event that the relevant assignment is made within three months of the adjudication of bankruptcy of the Originator or, in cases where paragraph 1 of article 67 applies (e.g. if the payments made or the obligations assumed by the bankrupt party exceed by more than one-fourth the consideration received or promised), within six months of the adjudication of bankruptcy. This may have an impact on the Issuer's ability to meet its payment obligations under the Notes.

The Issuer is subject to the risk that any assignment of the Receivables made by the Originator to the Issuer pursuant to the Transfer Agreement may be clawed-back (*revocato*) in case of insolvency of the Originator. Such risk is mitigated by the fact that, according to the Transfer Agreement, in relation to each portfolio of Receivables transferred by it, the Originator has provided the Issuer with (i) a solvency certificate signed by an authorised representative of the Originator; and (ii) a good standing certificate issued by the competent companies' register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*), dated no earlier than 30 (thirty) Business Days prior to the relevant Offer Date, stating that the Originator is not subject to any insolvency proceeding. Furthermore, under the Transfer Agreement, the Originator has represented that it is solvent as at the relevant execution date and the date of payment of the purchase price of the Initial Portfolio and such representation have been repeated as at the Transfer Date of each Further Portfolio.

Prospective investors should also note that the relevant authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Information Memorandum (for further details, see paragraph "*Securitisation Law*" above).

Moreover, prospective investors should be aware that, for the purpose of compliance with Articles 20(2) and 20(3) of the EU Securitisation Regulation, the Originator would be subject to Italian insolvency laws that do not contain severe claw back provisions (for further details, see section "*Banca Progetto*" below).

**Interest rate risk arising from the mismatch between the interest rate applicable on the Loans and the Senior Notes may affect the ability of the Issuer to meet its payment obligations under the Senior Notes in case of termination of the Swap Agreement**

The Receivables include interest payments calculated at interest rates and interest periods which are different from the floating interest rates and interest periods applicable to interest in respect of the Senior Notes. The Issuer expects to meet its payment obligations under the Notes primarily from the payments relating to the Collections and the Recoveries. However the interest rate applicable in respect of the Loans has no correlation to the floating interest rate from time to time applicable in respect of the Senior Notes.

In order to reduce the risk arising from a situation where EURIBOR increases to such an extent that the Collections and the Recoveries are no longer sufficient to cover the Issuer's obligations under the Senior Notes, the Issuer has entered into the Swap Agreement with the Swap Counterparty in respect of the Senior Notes. In addition, pursuant to the Hedging Security Document, the Issuer has granted, in favour of the Representative of the Noteholders (acting for itself and for the benefit of the Initial Noteholders and the Other Issuer Creditors), a security interest over the contractual rights of the Issuer arising out of the Swap Agreement.

For further details, see the sections headed "*Transaction Overview - Other Transaction Documents – Swap Agreement*" and "*Transaction Overview - Other Transaction Documents – Hedging Security Document*".

In the event of early termination of any of the Swap Agreement, including any termination upon failure by the relevant Swap Counterparty to perform its obligations, there is no assurance that the Issuer will be able to meet its payment obligations under the Senior Notes in full or even in part.

**Historical Information**

The historical financial and other information set out in the sections headed "*Banca Progetto*" and "*The*

*Aggregate Portfolio*", including in respect of the default rates, represents the historical experience of Banca Progetto, which accepts responsibility for the fairness and accuracy of these sections. However, there can be no assurance that the future experience and performance of Banca Progetto as Servicer will be similar to the experience shown in this Information Memorandum.

### **Servicing of the Portfolio**

The Receivables comprised in the Portfolio have been serviced by Banca Progetto in its capacity as Servicer starting from the relevant Transfer Date of the Initial Portfolio pursuant to the Servicing Agreement. Previously, the Receivables comprised in the Portfolio were always serviced by Banca Progetto in its capacity as owner of the Receivables comprised in the Portfolio.

The net cash flows deriving from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

The Servicer has undertaken to prepare and submit to the Issuer on a periodical basis certain reports in the form set out in the Servicing Agreement, containing information as to, *inter alia*, the Collections made in respect of the Portfolio.

### **Rights of set-off (*compensazione*) and other rights of the Debtors**

Under general principles of Italian law, the Debtors are entitled to exercise rights of set-off in respect of amounts due by them under the relevant Loan Agreements against any amounts payable by the Originator to the relevant Debtor.

The assignment of receivables under the Securitisation Law is governed by Article 58 paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provisions, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice in the Official Gazette and (ii) the date of its registration in the competent companies' register. Consequently, Debtors and Employers/Pension Authorities may exercise a right of set off against the Issuer on the basis of claims against the Originator and/or the Issuer which have arisen before the later of: (i) the publication of the notice in the Official Gazette and (ii) the registration in the competent companies' register have been completed.

In addition, on 24 December 2013, Decree No. 145 came into force providing that "*from the date of the publication of the notice of the assignment in the Official Gazette or from the date certain at law on which the purchase price has been paid, even in part, (...) in derogation from any other provisions, the relevant assigned debtors may not set-off the receivables purchased by the securitisation company with such debtors' receivables vis-à-vis the assignor arisen after such date.*".

The transfers of the First Portfolio and the Further Portfolios from the Originator to the Issuer has been

- (i) registered on the Companies Register of Treviso-Belluno on the following date, and
- (ii) published in the following issues of the Official Gazette, Part II:

Further, as set out in paragraph "*Consumer protection legislation*" above, pursuant to Article 125-*septies* of the Consolidated Banking Act, debtors of consumer loans (and the Loans would qualify as such) are entitled to exercise against the assignee of any lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation of the provisions of Article 1248 of the Italian Civil Code (that means the debtors have such right even if they have accepted the assignment or have been given written notice thereof and if the transfer has been made enforceable against them). In this respect, it must be noted that Article 4, paragraph 2, of the Securitisation Law (as amended by Decree No. 145) provides that debtors of securitised receivables are not entitled to exercise any right of set-off against the securitisation company for any claims they have *vis-à-vis* the relevant originator which have arisen after the date of completion of the enforceability formalities of the transfer of such receivables to the securitisation company as provided for under the Securitisation Law. However, it is unclear whether the amendments made to Article 4, paragraph 2, of the Securitisation Law by Decree No. 145 in relation to set-off rights of the assigned debtors also prevails on article 125-*septies* of the Consolidated Banking Act, considering the special nature of the latter (i.e. provisions

aimed at protecting the category of consumers).

In this regard, under the terms of the Transfer Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Receivables comprised in the Portfolio as a result of the exercise by any Debtor and/or any Employer/Pension Authority and/or Insurance Company of a right of set-off.

### **Italian Usury Law**

Italian law No. 108 of 7 March 1996 (as amended and supplemented from time to time, the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than the threshold rates – *tassi soglia* - (the "**Usury Rates**") set every three months by a Decree issued by the Italian Treasury (the last such Decree having been issued on 29 March 2021 and published in the Official Gazette of 31 March 2021 No. 78 and being applicable for the quarterly period from 1 April 2021 to 30 June 2021). 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: (a) 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 (b) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

In 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 *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 would become 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, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Such opinion seems having been confirmed by the Italian Supreme Court, who recently stated (Cass. Sez. I, 11 January 2013, No. 602 and Cass. Sez. I, 11 January 2013, No. 603) that a reduction of the interest rate to the Usury Rates applicable from time to time, shall automatically apply.

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 (namely 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 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 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 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.

The Italian Supreme Court, under decision No. 350/2013, as recently confirmed by decision No. 23192/17, has clarified that the default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rates. Such interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates.

Prospective Noteholders should note that whilst the Originator has undertaken in the Transfer Agreement and the Master Amendment Agreement to indemnify the Issuer in respect of any damages, losses, claims, costs and expenses that may be incurred by the Issuer in connection with any loss or reduction in any interest accrued on the relevant 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 Senior Notes may be adversely affected as a result of a Loan being found to be in contravention with the Usury Law, thus allowing the relevant 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 Loan.

Under the Transfer Agreement and the Master Amendment Agreement, the Originator has represented that the interest rates applicable to the Loans are in compliance with the then applicable Usury Rate.

#### **Compounding of interest (*anatocismo*)**

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 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 Italy is a common market practice on the grounds that such practice should be characterised as a customary rule (*uso normativo*). According to certain judgements from Italian Supreme Court (*Corte di Cassazione*) (including judgements No. 2374/1999, No. 2593/2003 and No. 21095/2004 as recently confirmed by judgment No. 24418/2010 of the same Court), 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 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") 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.) dated 9 February 2000 and published on 22 February 2000. Law No. 342 was challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under the Legge Delega. By decision No. 425 dated 9 October 2000, the Italian Constitutional Court declared as unconstitutional on these grounds such Article 25, paragraph 3, of Law No. 342.

According to a ruling of the Tribunal of Bari dated 29 October 2008 the amortisation plans known as "French amortisation plans" (applied to certain type of loans in Italy, such as the Loan Agreements) are not valid, being in breach of Articles 1283 and 1284 of the Italian Civil Code. The rationale behind such ruling seems to be, *inter alia*, that the French amortisation plans would *per se* lead to apply to the relevant loan an interest rate higher than the interest rate contractually agreed between the lender and the borrower and, therefore, to increase the cost of the financing for the borrower. According to such ruling, banks which use in their loans the French amortisation plan would be in breach of Article 1283

and 1284 as the relevant rate of interest and the cost of the financing would not be clearly indicated in the relevant loan agreement. As a result, the relevant contractual interest rate may be challenged by the relevant borrower and the legal interest rate may apply.

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 Law No. 147 of 27 December 2013. In particular, such Law (become effective on 1 January 2014), seems to remove the possibility for compounding of interest.

In this respect, Law Decree No. 91 of 24 June 2014 converted into law by Law No. 116 of 11 August 2014 (the "**Decree No. 91**"), has recently amended and replaced paragraph 2 of Article 120 of the Consolidated Banking Law, stating that the C.I.C.R. has to establish the methods and criteria of compounding of interest accrued in the context of the transactions regulated under Title VI of the Consolidated Banking Act with a periodicity of not less than one year. On 3 August 2016 the C.I.C.R. has issued such regulation.

Prospective Noteholders should note that under the terms of the Transfer Agreement and the Master Amendment Agreement, the Originator has represented that all the Loan Agreements have been executed and performed in compliance with all applicable laws, provisions and regulations including, *inter alia*, all the forms of publicity provided by Article 116 of the Consolidated Banking Act and by the C.I.C.R. Resolution dated 4 March 2003 on I.S.C. (*Indicatore Sintetico di Costo*) and T.A.N. (*Tasso Annuo Nominale*). Furthermore, the Originator has undertaken to indemnify the Issuer from and against, *inter alia*, all damages, loss, claims, liabilities, costs and expenses incurred by it arising from the non-compliance of the terms and conditions of any relevant Loan Agreement with the provisions of Article 1283 of the Italian Civil Code.

#### **Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit)**

A severe or extended downturn in the Republic of Italy's economy could adversely affect the results of operations and the financial condition of the Originator which could in turn affect the ability to perform its obligations under the Transaction Documents to which it is a party and, solely with reference to macro-economic conditions affecting the Republic of Italy, the ability of Debtors to repay the Receivables.

The Issuer is affected by disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union and, on 29 March 2017, the UK Government invoked Article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. Under the terms of the ratified European Union-UK article 50 withdrawal agreement, a transition period has commenced which will last until 31 December 2020. During this period, most EU rules and regulations will continue to apply to and in the UK and negotiations in relation to a free trade agreement will be ongoing. During the transition period, the UK and the European Union may not reach agreement on the future relationship between them, or may reach a significantly narrower agreement than that envisaged by the political declaration of the European Commission and the UK Government.

The exit of the United Kingdom from the European Union; the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on global economic conditions and the stability of international financial markets. These could include further falls in equity markets, a further fall in the value of the pound and, more in general,

increase in financial markets volatility, reduction of global markets liquidities with possible negative consequences on the asset prices, operating results and capital and/or financial position of Banca Progetto.

In addition to the above and in consideration of the fact that at the date of this Information Memorandum there is no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods through which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Eurozone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. This situation could therefore have a significant negative impact on the operating results and capital and financial position of Banca Progetto.

In light of the on-going political uncertainty as regards the structure of the future relationship between the UK and the EU, the Issuer cannot predict what, if any, impact the United Kingdom's exit from the European Union will have on the Securitisation or the Issuer's ability to make payments on the Senior Notes.

**Reduction or withdrawal of the ratings assigned to the Senior Notes after the Issue Date may affect the market value of the Senior Notes**

The credit ratings assigned to the Senior Notes reflect the Rating Agencies' assessment only of the likelihood of payment of interest in a timely manner, pursuant to the Conditions and the Transaction Documents, 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. The ratings do not address (i) the likelihood that the principal will be redeemed on the Senior Notes, as expected, on the scheduled redemption dates; (ii) the possibility of the imposition of Italian or European withholding taxes; (iii) the marketability of the Senior Notes, or any market price for the Senior Notes; or (iv) whether an investment in the Senior Notes is a suitable investment for a Noteholder.

The ratings are based, among other things, on the Rating Agencies' determination of the value of the Aggregate Portfolio, the reliability of the payments on the Aggregate Portfolio and the availability of credit enhancement. Future events such as any deterioration of the Aggregate Portfolio, the unavailability or the delay in the delivery of information, the failure by the Transaction Parties to perform their obligations under the Transaction Documents and the revision, suspension or withdrawal of the unsecured, unsubordinated and unguaranteed debt rating of third parties involved in the Securitisation could have an adverse impact on the credit ratings of the Senior Notes, which may be subject to revision or withdrawal at any time by the assigning Rating Agency. In addition, in the event of downgrading of the unsecured, unsubordinated and unguaranteed debt rating of third parties involved in the Securitisation, there is no guarantee that the Issuer will be in a position to secure a replacement for the relevant third party or there may be a significant delay in securing such a replacement and, consequently, the rating of the Senior Notes may be affected.

A rating is not a recommendation to purchase, hold or sell the Senior Notes. 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 ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being



taken against a relevant rating agency and the publication of the updated ESMA's list.

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 judgment of the Rating Agencies, the credit quality of the Senior Notes has declined or is in question. A qualification, downgrade or withdrawal of any of the ratings mentioned above may affect the market value of the Senior Notes.

### **Concentration of roles in Banca Progetto**

Under the terms of the Transaction Documents Banca Progetto has performed and will perform multiple roles in the context of the Securitisation, such as, *inter alia*, the Originator and the Servicer. The concentration of such roles in one entity may, in the event of insolvency of Banca Progetto, adversely impact the structure of the Securitisation and the Issuer's ability to meet its obligations under the Notes. Prospective Noteholders should note, however, that such risk is mitigated by the provisions of the Transaction Documents, which already provide and regulate the terms and conditions of the replacement of the different Issuer's counterparts in the context of the Securitisation.

### **Change of law**

The structure of the Securitisation and, *inter alia*, the issue of the 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 Issue Date or that such change will not adversely impact the structure of the Securitisation and the treatment of the Notes.

### **Projections, forecasts and estimates**

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this Information Memorandum, 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 are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Information Memorandum and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained in this Information Memorandum to reflect events or circumstances occurring after the date of this Information Memorandum.

*The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Notes but the inability of the Issuer to pay interest or repay principal on the Notes of any Class may occur for other reasons. While the various structural elements described in this Information Memorandum are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of any Class of interest or principal on such Notes on a timely basis or at all.*

## THE AGGREGATE PORTFOLIO

### Introduction

All the Notes will be collateralised by the Aggregate Portfolio, comprised of the First Portfolio and each Further Portfolio purchased from time to time by the Issuer pursuant to the Transfer Agreement.

The Receivables included in the Aggregate Portfolio arise from Salary/Pension Assignment and Payment Delegation personal loans which have been granted for general purposes.

The Receivables included in the Aggregate Portfolio do not consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives, swaps or other derivatives instruments or synthetic securities.

### The First Portfolio

On 12 July 2019 the Issuer purchased the First Portfolio from the Originator pursuant to the terms and conditions of the Transfer Agreement.

The purchase price of the First Portfolio has been funded through the proceeds deriving from the issue of the Initial Notes.

### The Further Portfolios

During the Ramp-Up Period the Issuer purchased on a monthly basis Further Portfolios in accordance with the provisions of the Transaction Documents.

### The Eligibility Criteria

Under the Transfer Agreement the Receivables have been selected on the basis of

- (a) certain common criteria (the "**Common Criteria**"), and
- (b) certain further specific criteria (the "**Specific Criteria**" and, together with the Common Criteria, the "**Eligibility Criteria**"),

which have been met as of the relevant Valuation Date.

#### Common Criteria

All the Receivables included in the First Portfolio and the Further Portfolios purchased by the Issuer from the Originator pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date, met the following Common Criteria:

- 1) that have been granted by the Originator as lender and have not been redeemed in full;
- 2) that are denominated in Euro and the related loan agreements do not contain any provision allowing for the conversion in another currency;
- 3) that have been drawn in full and there are no obligations or possibilities for more drawings to be made;
- 4) the amortisation plan of which provides for fix amount monthly Instalments with a fixed interest rate;
- 5) which are not classified as "*sofferenze*" or "*inadempienze probabili*" (unlikely to pay) pursuant to the Circular of the Bank of Italy no. 49 of 1989, as subsequently amended, and this classification has been communicated to the relevant Debtor;
- 6) which have to be reimbursed in full by no later than 30 June 2031;
- 7) which have not been executed and entered into pursuant to any law or regulation which provides from the date of execution of the loan for financial concessions, public contributions of any nature, discounts provided by law, contractual limits to the interest rate and/or other provisions allowing concessions or reductions to the debtors in relation to the principal and/or the interests;

- 8) in relation to which the relevant Debtor is not currently benefitting from payment suspensions;
- 9) which are payable through direct debit or bank transfer (*bonifico bancario*);
- 10) that are not subject to any right of revocation, set-off or counter-claim of the debtors;
- 11) that have not been transferred and/or assigned to third parties, unless such Receivables have been repurchased before the relevant transfer date;
- 12) with reference to which no recovery activity has been mandated to a law firm as per the communication delivered to each single Debtor;
- 13) in respect of which the Debtor has not notified to the Originator or taken any legal action against the Originator and such actions has not yet been determined;
- 14) which have not been restructured and in respect of which the Originator has not exercised its right to terminate the loan agreement, nor it has declared the Debtor's obligations to be immediately due and payable;
- 15) in respect of which none of the Debtors or other obligors has been served by the Originator with a writ of enforcement (*atto di esecuzione*) or a payment injunction (*decreto ingiuntivo*) or entered into an out-of-court settlement following a non-payment;
- 16) that are granted to consumers as defined by article 21 of Legislative Decree No. 58 of 24 February 1998, are assisted by a Salary/Pension Assignment and/or a Payment Delegation which have been notified to the employer/pension authority of the relevant Debtor and accepted by it;
- 17) in relation to which insurance policies granted by an Eligible Insurance Company, of which the Originator is the beneficiary, covering the risk of death of the Debtor and the risk of loss of job of the debtor have been granted;
- 18) to the relevant Debtor is an individual, resident or domiciled in Italy, employee of a public body or a private company or pensioners;
- 19) the relevant Debtor is not a manager or employee of the Originator nor an employee of the Insurance Company which have granted the Insurance Policies assisting the such loans;
- 20) in relation to which at least one Instalment has been paid;
- 21) which have not more than two due and unpaid Instalments;
- 22) have not been subject to events at the occurrence of which the Insurance Company is obliged to pay the relevant indemnity pursuant to the Insurance Policy;
- 23) whose Debtors have not opened a deposit account with the Originator or entered into analogous contractual arrangements with the Originator.

### **Purchase Conditions**

All the Receivables comprised in any Further Portfolio were purchased by the Issuer from the Originator pursuant to the Transfer Agreement subject to the satisfaction of the Purchase Conditions in relation to the relevant Further Portfolio as set out in schedule 9 (*Condizioni per l'Acquisto*) of the Transfer Agreement.

### **Registration and publication of the transfer of the First Portfolio and the Further Portfolios**

Each transfer of the First Portfolio and the Further Portfolios from the Originator to the Issuer under the Transfer Agreement is regulated pursuant to and in accordance with the combined provisions of Articles 1 and 4 of the Securitisation Law and has been perfected as follows:

- (i) by registration on the Companies Register of Treviso-Belluno on the following date, and
- (ii) by publication in the following issues of the Official Gazette, Part II:

- (a) No. 35 of 23 March 2021;
- (b) No. 24 of 25 February 2021;
- (c) No. 10 of 23 January 2021;
- (d) No. 150 of 24 December 2020;
- (e) No. 137 of 21 November 2020;
- (f) No. 125 of 24 October 2020;
- (g) No. 112 of 24 September 2020;
- (h) No. 96 of 18 August 2020;
- (i) No. 86 of 23 July 2020;
- (j) No. 74 of 25 June 2020;
- (k) No. 61 of 23 May 2020;
- (l) No. 49 of 23 April 2020;
- (m) No. 35 of 21 March 2020;
- (n) No. 24 of 25 February 2020;
- (o) No. 10 of 23 January 2020;
- (p) No. 151 of 24 December 2019;
- (q) No. 138 of 23 November 2019;
- (r) No. 126 of 26 October 2019;
- (s) No. 113 of 26 September 2019;
- (t) No. 84 of 18 July 2019.

#### **Repurchase of certain Receivables**

On 4 May 2021, the Originator and the Issuer have entered into a repurchase agreement pursuant to which the Issuer has transferred back without recourse (*pro soluto*) to the Originator, in accordance with Article 58 of the Consolidated Banking Act, certain Receivables included in the Aggregate Portfolio which as of 28 February 2021 had the following features:

- (i) were classified as Defaulted Receivables in accordance with the Transaction Documents;
- (ii) the relevant Loan Agreement had more than one due and unpaid Instalment;
- (iii) in relation to which the Originator was aware that the relevant Debtor had access to *Cassa Integrazione Guadagni* or similar salary subsidies;
- (iv) in relation to the relevant Debtor the Originator was aware that a Life Damage has occurred;
- (v) the relevant Loans were insured by CF Assicurazioni S.p.A. or CF Life S.p.A.; and
- (vi) had an outstanding principal due equal to zero.

#### **Description of the Aggregate Portfolio**

The following tables set out details of the Aggregate Portfolio derived from information provided by Banca Progetto as Originator and Servicer on behalf of the Issuer of the Receivables comprised in the Aggregate Portfolio.

The information in the following tables reflects the position as of 28 February 2021, unless otherwise specified.

All the Loans from which the Receivable included in the Aggregate Portfolio derives are paid through

monthly Instalments and bear a fixed rate (the weighted average fixed rate is 5.8% p.a.). The Principal Instalments are calculated through the French amortisation method.

**TABLE 1 – PORTFOLIO SUMMARY**

	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<i>Principal balance</i>	170,237,780	166,099,545	6,826,777	19,871,310	<b>363,035,413</b>
<i>Original balance</i>	190,577,596	191,136,809	7,930,041	22,409,954	<b>412,054,400</b>
<i>Number of loans</i>	10,487	7,223	346	1,306	<b>19,362</b>
<i>Average balance</i>	16,233	22,996	19,731	15,215	<b>18,750</b>
<i>Max balance</i>	88,760	66,735	44,089	57,754	<b>88,760</b>
<i>Average original balance</i>	18,173	26,462	22,919	17,159	<b>21,282</b>
<i>Delegation %</i>	0.0%	30.2%	13.2%	2.6%	<b>14.2%</b>
<i>WA borrower age</i>	69	52	49	45	<b>60</b>
<i>Average instalment</i>	219	287	269	229	<b>246</b>
<i>WA seasoning (yrs)</i>	1.4	1.5	1.6	1.4	<b>1.5</b>
<i>WA residual term (yrs)</i>	8.2	8.2	7.9	7.9	<b>8.2</b>
<i>WA original term (yrs)</i>	9.6	9.7	9.6	9.3	<b>9.7</b>

**TABLES 2 – BREAKDOWN BY TYPE OF LOAN**

<b>Product Type</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>Assignment (CQ)</b>	170,237,780	115,907,821	5,928,409	19,359,255	<b>311,433,265</b>
<b>Delegation (DP)</b>		50,191,724	898,369	512,055	<b>51,602,148</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Product Type</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>Assignment (CQ)</b>	46.9%	31.9%	1.6%	5.3%	<b>85.8%</b>
<b>Delegation (DP)</b>		13.8%	0.2%	0.1%	<b>14.2%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 3 – BREAKDOWN BY OUTSTANDING PRINCIPAL RANGE**

<b>Outst. Principal Range</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>&lt;10,000</b>	15,194,079	2,876,583	272,786	2,371,570	<b>20,715,019</b>
<b>(10,000-20,000)</b>	82,900,996	30,237,765	2,321,267	8,617,809	<b>124,077,836</b>

(20,000-30,000)	52,578,769	95,595,300	3,610,258	7,998,376	<b>159,782,702</b>
(30,000-40,000)	15,953,275	33,039,698	535,669	785,243	<b>50,313,885</b>
>=40,000	3,610,661	4,350,199	86,799	98,311	<b>8,145,971</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

Outst. Principal Range	Pensioners	Public	Semi Public	Private	Total
<10,000	4.2%	0.8%	0.1%	0.7%	<b>5.7%</b>
(10,000-20,000)	22.8%	8.3%	0.6%	2.4%	<b>34.2%</b>
(20,000-30,000)	14.5%	26.3%	1.0%	2.2%	<b>44.0%</b>
(30,000-40,000)	4.4%	9.1%	0.1%	0.2%	<b>13.9%</b>
>=40,000	1.0%	1.2%	0.0%	0.0%	<b>2.2%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 4 – BREAKDOWN BY SEMESTER OF ORIGINATION**

Origination Semester	Pensioners	Public	Semi Public	Private	Total
2018-1	8,596,039	12,651,114	623,070	606,028	<b>22,476,251</b>
2018-2	23,117,013	32,790,859	1,625,795	3,149,734	<b>60,683,401</b>
2019-1	29,818,242	28,835,449	1,301,375	3,350,098	<b>63,305,164</b>
2019-2	33,196,148	30,477,313	1,160,776	4,503,542	<b>69,337,780</b>
2020-1	40,686,113	31,895,626	920,466	3,544,200	<b>77,046,405</b>
2020-2	34,824,225	29,449,184	1,195,296	4,717,708	<b>70,186,413</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

Origination Semester	Pensioners	Public	Semi Public	Private	Total
2018-1	2.4%	3.5%	0.2%	0.2%	<b>6.2%</b>
2018-2	6.4%	9.0%	0.4%	0.9%	<b>16.7%</b>
2019-1	8.2%	7.9%	0.4%	0.9%	<b>17.4%</b>
2019-2	9.1%	8.4%	0.3%	1.2%	<b>19.1%</b>
2020-1	11.2%	8.8%	0.3%	1.0%	<b>21.2%</b>
2020-2	9.6%	8.1%	0.3%	1.3%	<b>19.3%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 5 – BREAKDOWN BY YEAR OF MATURITY**

Maturity Year	Pensioners	Public	Semi Public	Private	Total
Before 2026	5,093,503	5,572,042	344,200	1,894,628	<b>12,904,374</b>
2026	4,758,580	3,884,346	351,082	804,178	<b>9,798,186</b>
2027	5,858,389	5,058,921	326,778	986,583	<b>12,230,670</b>

<b>2028</b>	37,361,174	41,352,258	1,899,490	3,809,459	<b>84,422,381</b>
<b>2029</b>	58,583,500	56,166,233	2,128,843	6,738,384	<b>123,616,959</b>
<b>2030</b>	58,582,635	54,065,745	1,776,385	5,638,077	<b>120,062,842</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Maturity Year</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>Before 2026</b>	1.4%	1.5%	0.1%	0.5%	<b>3.6%</b>
<b>2026</b>	1.3%	1.1%	0.1%	0.2%	<b>2.7%</b>
<b>2027</b>	1.6%	1.4%	0.1%	0.3%	<b>3.4%</b>
<b>2028</b>	10.3%	11.4%	0.5%	1.0%	<b>23.3%</b>
<b>2029</b>	16.1%	15.5%	0.6%	1.9%	<b>34.1%</b>
<b>2030</b>	16.1%	14.9%	0.5%	1.6%	<b>33.1%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 6 – BREAKDOWN BY MACRO-REGION OF BORROWER**

<b>Borr. Macro Region</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>North</b>	41,004,236	17,735,250	987,587	7,207,543	<b>66,934,615</b>
<b>Center</b>	26,964,797	18,778,694	1,135,503	2,844,362	<b>49,723,356</b>
<b>South</b>	102,268,747	129,585,602	4,703,688	9,819,405	<b>246,377,441</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Borr. Macro Region</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>North</b>	11.3%	4.9%	0.3%	2.0%	<b>18.4%</b>
<b>Center</b>	7.4%	5.2%	0.3%	0.8%	<b>13.7%</b>
<b>South</b>	28.2%	35.7%	1.3%	2.7%	<b>67.9%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

North: Liguria, Piemonte, Valle D'Aosta, Lombardia, Trentino Alto-Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna  
Center: Toscana, Marche, Lazio, Umbria, Abruzzo, Molise  
South: Campania, Puglia, Basilicata, Calabria, Sardegna, Sicilia

**TABLES 7 – BREAKDOWN BY GENDER**

<b>Gender</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>Females</b>	59,173,538	66,631,519	1,880,047	4,875,135	<b>132,560,239</b>
<b>Males</b>	111,064,242	99,468,026	4,946,730	14,996,175	<b>230,475,173</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Gender</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>Females</b>	16.3%	18.4%	0.5%	1.3%	<b>36.5%</b>

<b>Males</b>	30.6%	27.4%	1.4%	4.1%	<b>63.5%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 8 – BREAKDOWN BY NUMBER OF UNPAID INSTALMENTS**

<b>Nr Late Instalm.</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>0</b>	170,201,851	159,513,863	5,746,748	17,058,136	<b>352,520,598</b>
<b>1</b>	35,929	6,585,683	1,080,029	2,813,174	<b>10,514,815</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Nr Late Instalm.</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>0</b>	46.9%	43.9%	1.6%	4.7%	<b>97.1%</b>
<b>1</b>	0.0%	1.8%	0.3%	0.8%	<b>2.9%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 9 – BREAKDOWN BY INSTALMENT RANGE**

<b>Instalment Range</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>&lt;=100</b>	2,111,998	393,407	19,357	226,166	<b>2,750,927</b>
<b>(100 - 200)</b>	51,880,626	8,558,034	356,410	3,944,289	<b>64,739,359</b>
<b>(200 - 300)</b>	67,704,503	67,409,910	3,727,227	9,793,197	<b>148,634,837</b>
<b>(300 - 400)</b>	34,593,550	78,101,868	2,150,975	5,018,871	<b>119,865,264</b>
<b>(400 - 500)</b>	10,141,378	7,203,593	472,917	696,142	<b>18,514,031</b>
<b>&gt;=500</b>	3,805,725	4,432,732	99,892	192,645	<b>8,530,995</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

<b>Instalment Range</b>	<b>Pensioners</b>	<b>Public</b>	<b>Semi Public</b>	<b>Private</b>	<b>Total</b>
<b>&lt;=100</b>	0.6%	0.1%	0.0%	0.1%	<b>0.8%</b>
<b>(100 - 200)</b>	14.3%	2.4%	0.1%	1.1%	<b>17.8%</b>
<b>(200 - 300)</b>	18.6%	18.6%	1.0%	2.7%	<b>40.9%</b>
<b>(300 - 400)</b>	9.5%	21.5%	0.6%	1.4%	<b>33.0%</b>
<b>(400 - 500)</b>	2.8%	2.0%	0.1%	0.2%	<b>5.1%</b>
<b>&gt;=500</b>	1.0%	1.2%	0.0%	0.1%	<b>2.3%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

**TABLES 10 – BREAKDOWN BY LIFE INSURER**



Life Insurer	Pensioners	Public	Semi Public	Private	Total
Aviva Life SpA <sup>(*)</sup>	73,181,784	8,708,488	530,419	3,710,011	<b>86,130,701</b>
Net Insurance Life SpA	16,161,264	45,620,214	2,097,283	5,655,441	<b>69,534,202</b>
Credit Life AG	15,382,366	38,001,119	927,027	4,728,732	<b>59,039,243</b>
HDI Assicurazioni SpA		42,384,419	1,689,704	1,358,356	<b>45,432,479</b>
Afi Esca SA	33,692,964				<b>33,692,964</b>
Cardif Assurance Vie SA		30,013,685	871,587	2,122,893	<b>33,008,165</b>
Allianz Global Life DAC	19,381,940				<b>19,381,940</b>
Harmonie Mutuelle	8,588,839				<b>8,588,839</b>
AXA France VIE SA	3,848,623	1,371,621	710,757	2,295,879	<b>8,226,879</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

Life Insurer	Pensioners	Public	Semi Public	Private	Total
Aviva Life SpA (*)	20.2%	2.4%	0.1%	1.0%	<b>23.7%</b>
Net Insurance Life SpA	4.5%	12.6%	0.6%	1.6%	<b>19.2%</b>
Credit Life AG	4.2%	10.5%	0.3%	1.3%	<b>16.3%</b>
HDI Assicurazioni SpA	0.0%	11.7%	0.5%	0.4%	<b>12.5%</b>
Afi Esca SA	9.3%	0.0%	0.0%	0.0%	<b>9.3%</b>
Cardif Assurance Vie SA	0.0%	8.3%	0.2%	0.6%	<b>9.1%</b>
Allianz Global Life DAC	5.3%	0.0%	0.0%	0.0%	<b>5.3%</b>
Harmonie Mutuelle	2.4%	0.0%	0.0%	0.0%	<b>2.4%</b>
AXA France VIE SA	1.1%	0.4%	0.2%	0.6%	<b>2.3%</b>
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

(\*) Please note that on 4 March 2021 Aviva announced the sale of its holdings in its Italian life insurance business to CNP Assurances. Details on <https://www.aviva.com/newsroom/news-releases/2021/03/aviva-announces-exit-from-italy/>

#### TABLES 11 – BREAKDOWN BY EMPLOYMENT INSURER

Employment Insurer	Pensioners	Public	Semi Public	Private	Total
Net Insurance SpA		45,620,214	2,097,283	5,655,441	<b>53,372,937</b>
HDI Assicurazioni SpA		42,384,419	1,689,704	1,358,356	<b>45,432,479</b>
RheinLand Versich. AG		38,001,119	927,027	4,728,732	<b>43,656,877</b>
Cardif A. Risques Divers SA		30,013,685	871,587	2,122,893	<b>33,008,165</b>
Aviva Italia SpA <sup>(**)</sup>		8,708,488	530,419	3,710,011	<b>12,948,917</b>
AXA France IARD SA		1,371,621	710,757	2,295,879	<b>4,378,256</b>
N.A.	170,237,780				<b>170,237,780</b>
<b>Grand Total</b>	<b>170,237,780</b>	<b>166,099,545</b>	<b>6,826,777</b>	<b>19,871,310</b>	<b>363,035,413</b>

Employment Insurer	Pensioners	Public	Semi Public	Private	Total
Net Insurance SpA		12.6%	0.6%	1.6%	14.7%
HDI Assicurazioni SpA		11.7%	0.5%	0.4%	12.5%
RheinLand Versich. AG		10.5%	0.3%	1.3%	12.0%
Cardif A. Risques Divers SA		8.3%	0.2%	0.6%	9.1%
Aviva Italia SpA (*)		2.4%	0.1%	1.0%	3.6%
AXA France IARD SA		0.4%	0.2%	0.6%	1.2%
N.A.	46.9%				46.9%
<b>Grand Total</b>	<b>46.9%</b>	<b>45.8%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>100.0%</b>

(\*) Please note that on 4 March 2021 Aviva announced the sale of its holdings in its Italian general insurance business (including Aviva Italia S.p.A.) to Allianz. Details on <https://www.aviva.com/newsroom/news-releases/2021/03/aviva-announces-exit-from-italy/>

### Pool Audit

Pursuant to Article 22(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, an external verification (including verification that the data disclosed in this Information Memorandum in respect of the Receivables is accurate) has been made in respect of the Portfolio prior to the Issue Date by an appropriate and independent party and no significant adverse findings have been found.

The verification has confirmed:

- (a) that the data disclosed in this Information Memorandum in respect of the Receivables are accurate;
- (b) the accuracy of the information provided in the documentation and in the IT systems, in respect of each selected position of the sample of the Portfolio – with confidence levels and error rates in line with the EBA Guidelines on STS Criteria; and
- (c) that the data of the Receivables included in the Portfolio contained in the loan-by-loan data tape prepared by the Servicer are compliant with the Eligibility Criteria that are able to be tested prior to the Issue Date.

### Historical Performance Data

The tables set forth below present the historical performance data compiled by the European DataWarehouse for 10 portfolios of Italian salary/pension assignment and payment delegation loans securitised between 2015 and 2020.

As Italian salary/pension assignment and payment delegation loans are standard loans whose main features are defined by law, the loans analysed in this section are deemed to be substantially similar to those being securitised by means of the securitisation transaction described in this prospectus. Default statistics have been produced using both the transaction definition and a "3+ months" arrears definition.

In particular, data have been grouped in two sets defined by type of borrower: pensioners and employees. These two sets of borrowers have different default drivers (mainly mortality risk for pensioners and employment-related risks for employees) and recovery drivers (mainly life insurance coverage for pensioners and a more differentiated set of recovery sources, including access to the severance payments, employment insurance, new employment and early retirement, for employees).

The performance of the loans have been tracked by the European DataWarehouse for at least five years prior to the Closing Date.

The information included in the tables below does not relate to the Receivables and has not been

verified by any auditor.

**Historical dynamic arrears (Source: European DataWarehouse)**

*Pensioners:*

Quarter	Zero months in Arrears	1 month in Arrears	2 months in Arrears	3 months in Arrears	4 months in Arrears	5 months in Arrears	6 months in Arrears	More than 6 months in Arrears	Balance of New loans added
2015-Q1	98,00%	1,12%	0,48%	0,11%	0,14%	0,09%	0,04%	0,02%	100,00%
2015-Q2	98,29%	0,82%	0,33%	0,17%	0,14%	0,06%	0,04%	0,14%	0,00%
2015-Q3	98,61%	0,73%	0,17%	0,14%	0,07%	0,13%	0,08%	0,07%	0,00%
2015-Q4	98,43%	0,73%	0,22%	0,17%	0,14%	0,11%	0,05%	0,15%	0,00%
2016-Q1	98,02%	0,98%	0,36%	0,14%	0,19%	0,10%	0,10%	0,11%	0,00%
2016-Q2	98,26%	0,81%	0,47%	0,12%	0,15%	0,08%	0,06%	0,05%	0,00%
2016-Q3	99,08%	0,37%	0,12%	0,11%	0,10%	0,10%	0,05%	0,08%	0,00%
2016-Q4	88,17%	7,17%	3,71%	0,74%	0,14%	0,05%	0,01%	0,01%	85,18%
2017-Q1	87,87%	7,33%	3,73%	0,73%	0,17%	0,14%	0,00%	0,01%	0,00%
2017-Q2	87,55%	7,12%	3,82%	0,89%	0,46%	0,14%	0,01%	0,02%	0,00%
2017-Q3	90,07%	5,75%	2,90%	0,64%	0,39%	0,21%	0,01%	0,02%	33,09%
2017-Q4	91,72%	4,74%	2,47%	0,54%	0,31%	0,18%	0,02%	0,02%	23,22%
2018-Q1	88,97%	8,51%	1,80%	0,35%	0,23%	0,12%	0,01%	0,02%	34,06%
2018-Q2	88,77%	8,58%	1,84%	0,37%	0,22%	0,18%	0,01%	0,02%	0,00%
2018-Q3	88,40%	8,76%	1,93%	0,41%	0,25%	0,19%	0,02%	0,03%	0,00%
2018-Q4	88,09%	8,96%	1,95%	0,48%	0,29%	0,16%	0,03%	0,04%	0,00%
2019-Q1	88,22%	8,89%	1,90%	0,47%	0,27%	0,18%	0,03%	0,04%	0,00%
2019-Q2	88,40%	8,61%	1,96%	0,48%	0,33%	0,14%	0,04%	0,04%	0,00%
2019-Q3	90,75%	6,74%	1,64%	0,38%	0,27%	0,18%	0,02%	0,03%	25,39%
2019-Q4	92,42%	5,44%	1,32%	0,37%	0,22%	0,16%	0,04%	0,03%	18,77%
2020-Q1	93,63%	4,54%	1,09%	0,34%	0,19%	0,13%	0,04%	0,03%	14,62%
2020-Q2	93,92%	4,27%	1,04%	0,32%	0,21%	0,15%	0,05%	0,04%	0,00%
2020-Q3	94,28%	4,23%	0,95%	0,26%	0,11%	0,08%	0,06%	0,05%	0,00%
2020-Q4	94,38%	3,96%	1,03%	0,27%	0,14%	0,07%	0,07%	0,07%	0,00%

*Employees:*

Quarter	Zero months in Arrears	1 month in Arrears	2 months in Arrears	3 months in Arrears	4 months in Arrears	5 months in Arrears	6 months in Arrears	More than 6 months in Arrears	Balance of New loans added
2015-Q1	85,59%	9,81%	2,31%	1,01%	0,51%	0,19%	0,26%	0,30%	100,00%
2015-Q2	84,01%	10,24%	3,27%	1,10%	0,50%	0,21%	0,21%	0,46%	0,00%
2015-Q3	82,89%	11,13%	3,37%	1,61%	0,46%	0,24%	0,16%	0,15%	0,00%
2015-Q4	87,94%	7,39%	2,46%	0,94%	0,39%	0,30%	0,25%	0,33%	0,00%
2016-Q1	86,52%	8,73%	2,53%	0,74%	0,66%	0,40%	0,16%	0,27%	0,00%
2016-Q2	85,70%	8,80%	3,07%	0,90%	0,44%	0,49%	0,17%	0,43%	0,00%
2016-Q3	87,50%	8,54%	1,82%	0,59%	0,52%	0,36%	0,46%	0,22%	0,00%
2016-Q4	90,13%	5,41%	2,46%	0,70%	0,88%	0,40%	0,01%	0,01%	95,76%
2017-Q1	90,57%	6,46%	1,60%	0,56%	0,45%	0,33%	0,01%	0,00%	0,00%
2017-Q2	94,68%	3,15%	1,23%	0,46%	0,33%	0,14%	0,01%	0,01%	0,00%
2017-Q3	94,45%	3,88%	0,89%	0,38%	0,25%	0,14%	0,01%	0,01%	27,73%
2017-Q4	95,68%	2,72%	0,77%	0,45%	0,21%	0,16%	0,01%	0,01%	17,67%
2018-Q1	93,53%	4,35%	1,22%	0,46%	0,19%	0,17%	0,04%	0,04%	29,37%
2018-Q2	93,33%	4,65%	0,95%	0,52%	0,23%	0,17%	0,09%	0,06%	0,00%
2018-Q3	91,40%	5,92%	1,28%	0,64%	0,38%	0,20%	0,10%	0,08%	0,00%
2018-Q4	92,72%	4,57%	1,15%	0,67%	0,42%	0,24%	0,13%	0,10%	0,00%
2019-Q1	91,73%	4,92%	1,68%	0,62%	0,34%	0,30%	0,26%	0,15%	0,00%
2019-Q2	92,49%	4,44%	1,19%	0,70%	0,39%	0,40%	0,18%	0,21%	0,00%
2019-Q3	91,38%	5,42%	1,29%	1,03%	0,31%	0,25%	0,18%	0,13%	24,06%
2019-Q4	91,24%	5,33%	1,69%	0,78%	0,40%	0,19%	0,21%	0,16%	15,35%
2020-Q1	88,83%	7,13%	1,98%	0,76%	0,48%	0,38%	0,31%	0,13%	17,86%
2020-Q2	89,76%	6,28%	1,94%	0,78%	0,41%	0,34%	0,26%	0,22%	0,00%
2020-Q3	88,72%	7,49%	1,83%	0,77%	0,40%	0,37%	0,25%	0,16%	0,00%
2020-Q4	90,03%	5,74%	1,91%	1,03%	0,46%	0,34%	0,27%	0,23%	0,00%

**Historical dynamic defaults (Source: European DataWarehouse)**

Pensioners:

Quarter	Constant Default Rate (3+ months definition)	Constant Default Rate (Transaction definition)
2015-Q1		
2015-Q2	2,08%	1,98%
2015-Q3	3,25%	3,08%
2015-Q4	2,17%	2,00%
2016-Q1	1,60%	1,50%
2016-Q2	5,09%	5,06%
2016-Q3	3,53%	3,41%
2016-Q4	2,73%	2,25%
2017-Q1	3,89%	3,32%
2017-Q2	2,08%	1,36%
2017-Q3	4,04%	2,79%
2017-Q4	4,10%	2,38%
2018-Q1	2,55%	1,79%
2018-Q2	2,30%	1,97%
2018-Q3	3,00%	2,52%
2018-Q4	2,97%	2,49%
2019-Q1	3,33%	2,96%
2019-Q2	2,87%	2,50%
2019-Q3	3,70%	3,04%
2019-Q4	2,95%	2,26%
2020-Q1	2,95%	2,29%
2020-Q2	3,14%	2,44%
2020-Q3	2,47%	2,12%
2020-Q4	2,31%	1,69%

Employees:

Quarter	Constant Default Rate (3+ months definition)	Constant Default Rate (Transaction definition)
2015-Q1		
2015-Q2	4,25%	2,74%
2015-Q3	7,42%	4,76%
2015-Q4	6,00%	4,32%
2016-Q1	4,71%	3,50%
2016-Q2	5,04%	3,67%
2016-Q3	5,45%	4,83%
2016-Q4	6,47%	2,71%
2017-Q1	3,89%	1,71%
2017-Q2	2,78%	1,53%
2017-Q3	2,45%	1,31%
2017-Q4	3,11%	1,02%
2018-Q1	3,56%	1,10%
2018-Q2	3,37%	1,32%
2018-Q3	3,70%	1,47%
2018-Q4	3,90%	1,18%
2019-Q1	3,81%	1,62%
2019-Q2	3,73%	1,84%
2019-Q3	5,87%	2,59%
2019-Q4	4,46%	1,40%
2020-Q1	5,27%	1,32%
2020-Q2	6,13%	1,86%
2020-Q3	4,87%	1,45%
2020-Q4	4,31%	1,23%

**Historical static defaults (Source: European DataWarehouse)**

Pensioners:

Cumulative Default Rates (3+ months definition)

Quarters after securitisation	Year of Securitisation					
	2015	2016	2017	2018	2019	2020
0	0,6%	0,6%	0,4%	0,1%	0,0%	0,2%
1	1,1%	1,5%	0,7%	0,6%	0,4%	0,5%
2	1,9%	1,9%	1,3%	1,1%	0,9%	0,9%
3	2,4%	2,5%	1,8%	1,6%	1,5%	1,3%
4	2,7%	3,2%	2,2%	2,2%	2,0%	
5	3,8%	3,6%	2,7%	2,7%	2,6%	
6	4,4%	3,9%	3,2%	3,1%	2,7%	
7	4,9%	4,4%	3,7%	3,5%		
8	5,4%	4,8%	4,3%	3,9%		
9	5,8%	5,2%	4,8%	4,4%		
10	6,3%	5,5%	5,4%	4,7%		
11	7,0%	5,9%	5,8%			
12	7,4%	6,2%	6,2%			
13	7,7%	6,5%	6,6%			
14	7,9%	6,8%				
15	8,2%	7,1%				
16	8,4%	7,1%				
17	8,6%					
18	8,8%					
19	9,0%					
20	9,1%					
21	9,2%					

Cumulative Default Rates (transaction definition)

Quarters after securitisation	Year of Securitisation					
	2015	2016	2017	2018	2019	2020
0	0,4%	0,5%	0,3%	0,1%	0,0%	0,1%
1	0,9%	1,2%	0,5%	0,5%	0,3%	0,2%
2	1,7%	1,5%	0,8%	1,0%	0,8%	0,4%
3	2,1%	1,8%	1,3%	1,5%	1,4%	0,6%
4	2,4%	2,2%	1,6%	2,1%	1,8%	
5	3,5%	2,4%	2,0%	2,5%	2,3%	
6	4,1%	2,6%	2,4%	2,9%	2,3%	
7	4,6%	3,0%	2,7%	3,2%		
8	5,0%	3,3%	3,1%	3,7%		
9	5,4%	3,7%	3,4%	4,0%		
10	5,9%	4,0%	3,9%	4,4%		
11	6,5%	4,3%	4,2%			
12	6,9%	4,6%	4,5%			
13	7,3%	4,7%	4,8%			
14	7,5%	4,9%				
15	7,7%	5,2%				
16	8,0%	5,2%				
17	8,2%					
18	8,3%					
19	8,5%					
20	8,6%					
21	8,8%					

**Employees:**

Cumulative Default Rates (3+ months definition)

Quarters after securitisation	Year of Securitisation					
	2015	2016	2017	2018	2019	2020
0	2,2%	1,5%	0,6%	0,3%	0,2%	1,0%
1	3,3%	2,3%	1,6%	1,1%	0,7%	2,8%
2	5,1%	2,8%	2,7%	2,0%	1,2%	4,3%
3	6,4%	3,2%	3,6%	2,8%	2,7%	5,4%
4	7,4%	3,6%	4,5%	3,7%	4,0%	
5	8,4%	3,9%	5,6%	4,3%	5,1%	
6	9,5%	4,2%	6,3%	5,1%	5,1%	
7	10,3%	4,5%	7,0%	5,7%		
8	11,0%	4,8%	7,7%	6,3%		
9	11,6%	5,0%	8,6%	7,1%		
10	12,0%	5,2%	9,4%	7,8%		
11	12,6%	5,8%	10,0%			
12	13,0%	6,0%	10,5%			
13	13,4%	6,3%	10,9%			
14	13,8%	6,5%				
15	14,1%	6,7%				
16	14,3%	6,7%				
17	14,5%					
18	14,7%					
19	14,8%					
20	14,9%					
21	15,0%					

Cumulative Default Rates (transaction definition)

Quarters after securitisation	Year of Securitisation					
	2015	2016	2017	2018	2019	2020
0	0,5%	0,6%	0,1%	0,0%	0,0%	0,4%
1	1,2%	1,0%	0,2%	0,1%	0,1%	0,5%
2	2,4%	1,2%	0,5%	0,3%	0,2%	0,7%
3	3,4%	1,4%	0,8%	0,5%	0,5%	0,9%
4	4,1%	1,6%	1,0%	0,8%	0,8%	
5	4,9%	1,8%	1,2%	1,0%	1,1%	
6	5,8%	2,1%	1,5%	1,3%	1,2%	
7	6,5%	2,3%	1,7%	1,6%		
8	7,0%	2,4%	2,0%	1,8%		
9	7,5%	2,6%	2,2%	2,1%		
10	7,9%	2,7%	2,5%	2,4%		
11	8,3%	3,0%	2,7%			
12	8,7%	3,2%	2,9%			
13	8,9%	3,3%	3,0%			
14	9,3%	3,4%				
15	9,5%	3,5%				
16	9,7%	3,5%				
17	9,8%					
18	10,0%					
19	10,2%					
20	10,2%					
21	10,3%					

**Historical static recoveries (Source: European DataWarehouse)****Pensioners:**

Cumulative Recovery Rates (transaction definition)

Quarters after default	Year of Default					
	2015	2016	2017	2018	2019	2020
0	26,3%	9,0%	6,8%	43,1%	44,5%	51,1%
1	69,4%	58,6%	50,0%	68,5%	67,3%	74,4%
2	88,6%	85,4%	68,1%	77,4%	78,4%	76,1%
3	90,5%	87,3%	76,0%	83,2%	81,8%	76,7%
4	92,6%	90,1%	81,1%	86,1%	83,1%	
5	92,6%	90,4%	83,0%	86,8%	83,6%	
6	92,6%	90,8%	84,3%	88,5%	83,9%	
7	92,6%	91,3%	86,0%	89,0%		
8	92,6%	91,7%	87,6%	89,6%		
9	92,6%	92,9%	87,9%	89,9%		
10	92,6%	92,9%	88,1%	90,2%		
11	92,6%	93,3%	88,7%			
12	92,6%	94,2%	88,9%			
13	93,1%	94,4%	89,3%			
14	93,1%	94,4%				
15	93,1%	94,4%				
16	93,1%	94,4%				
17	93,1%					
18	93,1%					
19	93,1%					
20	94,2%					
21	94,2%					

*Employees:*

Cumulative Recovery Rates (transaction definition)

Quarters after default	Year of Default					
	2015	2016	2017	2018	2019	2020
0	22,9%	6,6%	3,4%	14,7%	19,2%	18,5%
1	62,4%	28,6%	25,0%	30,4%	29,2%	30,8%

2	68,5%	40,4%	36,7%	36,6%	35,4%	34,9%
3	71,0%	44,9%	42,3%	42,1%	39,5%	35,9%
4	73,9%	48,8%	46,8%	47,1%	42,7%	
5	78,0%	52,6%	52,2%	50,3%	45,6%	
6	78,9%	57,0%	55,7%	54,0%	47,1%	
7	79,7%	59,4%	61,4%	57,7%		
8	80,5%	63,4%	66,1%	61,4%		
9	81,1%	67,4%	67,6%	64,1%		
10	82,0%	68,6%	68,2%	65,5%		
11	82,7%	70,7%	70,3%			
12	82,7%	71,7%	72,5%			
13	82,7%	74,0%	74,9%			
14	82,7%	74,8%				
15	82,7%	79,8%				
16	84,7%	79,8%				
17	84,7%					
18	84,7%					
19	84,7%					
20	86,0%					
21	86,4%					



# BANCA PROGETTO

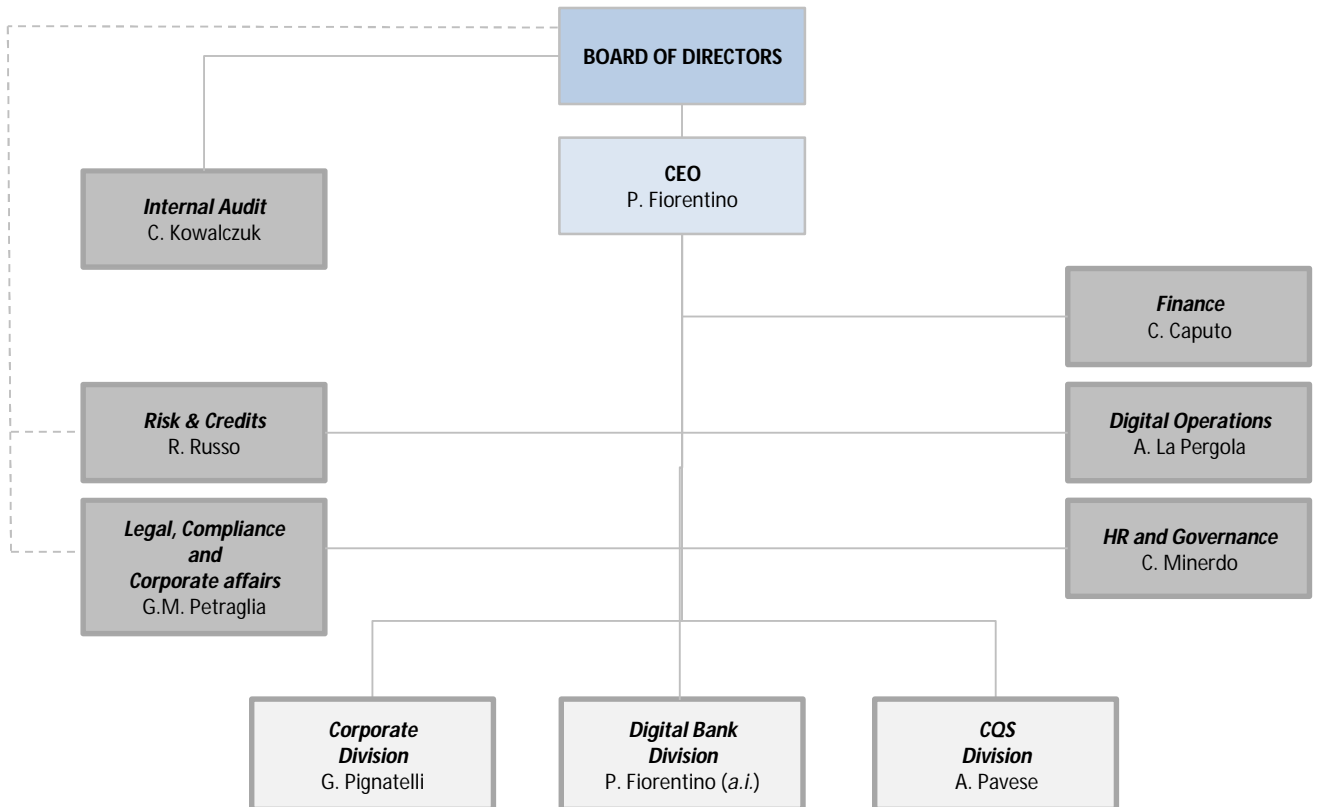
## Company history

The acquisition by Oaktree Capital Management L.P. of Banca Popolare Lecchese S.p.A., a Bank owned by Banca Etruria Group, generated the start-up of a new banking platform for the Italian market. In December 2015, through the vehicle BLP Holdco S.à.r.l., Oaktree Capital Management L.P. acquired the majority stake (54.2% of the share capital) of Banca Popolare Lecchese S.p.A. and changed the company name in Banca Progetto. Following additional transactions on share capital, with the last capital increase finalised in February 2018, Oaktree Capital Management currently holds more than 99% of Banca Progetto share capital. The remaining stake is owned by approx. 900 minority shareholders.

## Business model

The business model of the bank is focused on SME lending and salary/pension assignment and payment delegation loans, with expectation to become in the next future an important player in these two business sectors. The growth assumptions take into consideration the digital transformation of the 2 business that will allow the bank to develop a digital platform for both corporate and retail clients. Funding activity is provided through on-line deposits in Italy and in Germany and wholesale/institutional funding.

Managing team have a significant expertise in their reference market, with the following organisational structure:



For the purpose of Articles 20(10) and 21(8) of the EU Securitisation Regulation, Banca Progetto confirms that:

- (i) at least two of the members of its management body have relevant professional experience in

the origination and the servicing of exposures similar to the Receivables, at a personal level, of at least five years;

- (ii) the senior staff of the Originator, other than members of the management body, who are responsible for managing the Originator's originating of exposures similar to the Receivables, have relevant professional experience in the origination of exposures of a similar nature to the Receivables, at a personal level, of at least five years;
- (iii) the senior staff of the Servicer, other than members of the management body, who are responsible for managing the Servicer's servicing of exposures similar to the Receivables, have relevant professional experience in the servicing of exposures of a similar nature to the Receivables, at a personal level, of at least five years.

Prospective investors should be aware that, for the purpose of compliance with Articles 20(2) and 20(3) of the EU Securitisation Regulation, the Originator would be subject to Italian insolvency laws that do not contain severe claw back provisions. Indeed, under the Intercreditor Agreement, the Originator has represented that it is a credit institution (as defined in Article 4, paragraph 1, point (1) of CRR) with its "home Member State" (as that term is defined in Article 2 of Directive 2001/24/EC on the re-organisation and winding up of credit institutions by reference to Article 4, paragraph 1, point (43) of CRR) in the Republic of Italy. Further, under the Subscription Agreements, the Originator has represented that it has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) in the European Union, and it has no "establishment" (as that term is defined in Article 2 of the EU Insolvency Regulation) or branch office in any jurisdiction and no subsidiaries, employees or premises outside the territory of the Republic of Italy. In addition, although as at the date of this Information Memorandum more than 99 per cent. of the share capital of Banca Progetto is owned by Oaktree Capital Management L.P., in case of insolvency of Oaktree Capital Management L.P. the laws of the United States of America would not *per se* apply to a possible claw back action aimed at the recovery of assets of Banca Progetto on the basis that Banca Progetto would be subject to insolvency proceedings only to the extent that it is found to be insolvent.

## **Branches**

Bank branches are two, based in Milan (headquarter) and Rome.

## **Network organisation**

The main distribution channel is focused on external networks.

Banca Progetto operates in CQS and SME market throughout the national territory, through an internal sales team that coordinates a network of high standing, of about 150 partners, which include (i) financial agents and (ii) credit brokerage firms and (iii) financial intermediaries pursuant to new art. 106 of the Italian Consolidated Banking Act (D.Lgs. 141/2010).

In the context of the Securitisation, Banca Progetto acts as Originator and Servicer.

Further details on [www.bancaprogetto.it](http://www.bancaprogetto.it)

## CREDIT AND COLLECTION POLICIES

Banca Progetto started originating its own CQ/DP loans in 2018. Banca Progetto hired experienced managers in the CQ/DP market and leveraged its previous experience in buying CQ/DP portfolios from other originators.

Banca Progetto recorded an increase in production also thanks to speeding up its digital initiatives, planned before pandemic, such as electronic signatory for on boarding process, although the business historically privileges physical contact.

Banca Progetto covers the whole Italian territory with a network of over 70 exclusive agents and brokers, the majority of them covering only the households sector. Agents and brokers are constantly monitored, incentivized and offered effective training.

### CREDIT POLICIES

Credit analysis is fully centralized, agents and brokers only manage the flow of information with the client. The credit department is made up of employees fully dedicated to the CQ/DP product.

Banca Progetto assesses carefully the sustainability for the borrower and the credit standing of employer. Analysis of the credit standing of private/semi-public employers include the use of external info providers, the MORE score (credit scoring provided by modeFinance, a fintech credit agency, registered in accordance with EU regulations since 2015), previous experience with the employer, feedback from insurers. Pensioners and State employees are generally accepted from a credit standpoint with reference the employer/INPS (so called "**ATC**"). Other limitations based on the borrower status, including age, health conditions, expected retirement date and term of the loan, apply.

Analysis of other public employers is mainly based on previous payment experience, checks if the employer is in a state of distress, insurers' feedback and other available public information.

Only permanent employees (or temporary employees if the loan term expires before the end of the employment contract) are accepted.

Choice of the insurer is based on pricing and credit standing of the insurer. The upfront premium is paid by Banca Progetto and recovered through interest on the loan.

Given the complexity of the product with the active involvement of many parties (borrower, employer and insurer), fraud risk is extremely limited. In addition, Banca Progetto employs also external service providers to further reduce the risk.

The process of loan application management involves the following stages:

- 1) Preliminary Evaluation and First Proposal
- 2) Credit Assessment and Approval
- 3) Contract subscription;
- 4) Post-approval Process;
- 5) Disbursement.

#### 1. Preliminary Evaluation and First Proposal

This stage represents the first contact with the customer and the preparation of a customised offer for each applicant. A preliminary assessment of the eligibility requirements of the prospective customer, the ATC and the financial features of the loan is carried out by the proposer (agent and/or credit broker). They also complete the privacy and transparency package, in compliance with the indications contained in the "Rules of Conduct" supplied and other internal regulation supplied by Banca Progetto.

In this preliminary phase, the proposer deals with the CQ Credit Function for a preliminary assessment

of the ATC, to determine the suitability and sustainability of the loan for the customer and to verify the approval of the transaction by the Insurance Companies, involving respectively Banca Progetto's staff dedicated to the assessment or the staff dedicated to preliminary evaluations with insurers.

Once the necessary insurance guarantees have been confirmed, the agent/broker – liaising with Banca Progetto' s front-end interface – prepares a financial simulation for the client, generates all the pre-contractual documentation, tailor made to client financial needs, and collects a “know your customer” questionnaire (aimed at better understand client's economical and financial situation).

Then, after completing the loading of the file, submits the file to the CQS Credit Function of Banca Progetto, attaching all the necessary documentation as provided by the product checklists. Checklists are shared by Banca Progetto with its commercial network through regular training sessions.

## **2. Credit Assessment, Anti-fraud Checks and Approval**

The CQS Credit Function is in charge of the credit assessment and loan application approval.

There are two different stages involved in the management of the preliminary investigation. During the first stage Banca Progetto carries out an analysis of the formal requirements of the application and only if these requirements are met, then the full analysis is performed.

During the first stage Banca Progetto verifies the presence of all the documents necessary to comply with regulatory obligations (e.g., pre-contractual section, privacy, financing proposal, identification documents, etc.). An assessment of the consistency of the pre-contractual documentation with respect to the financial data entered in the procedure and the correct and complete compilation of the same is carried out. Then staff verifies the correct completion of the identification procedure and adequate customer verification, in order to comply to its AML procedure.

After these first formal phases, substantial credit requirements are also assessed. At this stage Banca Progetto verifies if the information in the application satisfies certain quantitative and qualitative requirements both with respect to the employer and the applicant. The process of granting a loan depends on both the employer and the applicant as an individual. Compliance with CQ/DP regulations, i.e. the instalment must be within the limits required by law (e.g. one fifth of the pension/salary for CQ loans) and with Banca Progetto's/ insurer's underwriting criteria are verified.

For private/semi-public employers a number of specific parameters are verified, such as:

- Banca Progetto's exposure in relation to the level of company's MORE Score (credit score awarded by ECAI Modefinance)
- financial ratios
- the regularity of payments/ past experience
- hiring/layoff ratios
- the number and amount of loans in place (in relation also to the number of employees)
- recent news

A key element of the assessment phase is the verification of debt affordability, based on Banca Progetto's criteria and consumer regulations. The analysis takes into account the overall financial situation of the client also by way of consultation of the available credit information systems. Should the assessment activities end with a "positive" result, the application is approved, consistent with approval limits provided for by delegation of powers.

The credit process is assisted by the IT system that provides for specific checks and blocking fields in case of non-consistencies on economic conditions (i.e. usury threshold rates in force during the reference period) and is connected with external platforms that give additional support (e.g., INPS web service for pensioners and CreditoNet for state employees). The head of the CQS Credit Function supervises the entire process and verifies randomly some approved files.

After approval of the loan, the anti-fraud verification procedure provided is carried out. Anti-fraud controls are carried out on the applicant and the ATC (where appropriate), with the support of external

databases (e.g. SCIPAFI, CERVED) and private service providers. Currently, Banca Progetto uses for all loans anti-fraud services provided by Lending Solution S.r.l., authorized among other things to investigative services, which carries out checks aimed at preventing and mitigating the risk of fraud through data analysis and documentary investigations. It is worth mentioning that the product, thanks to the complexity of its construction, which provides for active intervention, not only by the borrower, but also by the employer and the insurer, tends to have a structurally low risk of fraud.

### 3. Contract Subscription

The signature method is chosen by the customer; it can be traditional or digital. Banca Progetto allows the conclusion of transactions with remote identification and subscription of documentation by certified digital signature, as well as traditional signature process through the network of Agents and Mediators.

### 4. Post-approval Process

Insurance coverage: at this stage the CQS Credit Function, after a final check that the file is complete, prepares the file for the transmission of the insurance policy to the Insurance Company.

Notification to the ATC: the CQS Back Office Function notifies the request to the ATC, in order to confirm the additional guarantees (e.g. severance payments for private employees) and obtain the final approval.

### 5. Disbursement

A final formal check of all the documentation is carried out before disbursement including the verification of the legal criteria in case of refinancing for CQ/DP loans.

Disbursement of the loan is subject to the following checks:

- the official acceptance by the employer ("*benestare*")
- the finalization of the insurance package

The process of disbursement is assisted by the IT system, which provides for specific controls and blocks in case of anomalies (e.g. insurance policy not present) or compliance with economic conditions with reference to the threshold limits defined and valid during the reference period. For example, Banca Progetto has included a threshold rate for anti-usury purposes of 50bps lower than the Bank of Italy's quarterly survey.

Disbursement is followed by the delivery to the ATC of the required documentation aimed at obtaining confirmation of the payment dates of the loan.

### COLLECTION POLICIES

Under the Servicing Agreement, the Servicer can delegate, under its own responsibility and in compliance with the Supervisory Regulations for Banks, management, administration and collection activities to third parties. Several servicing activities have been delegated to Quinservizi S.p.A. ("**Quinservizi**", a company belonging to the listed MutuiOnline Group). Quinservizi is the largest outsourcer of credit management services for CQ/DP loans. Quinservizi's role as relevant outsourcer for Banca Progetto has been analysed and approved by the Bank of Italy. Servicing policies are defined by Banca Progetto and implemented by Quinservizi through a detailed SLA. The SLA provides for penalties and substitution rights in case of underperformance. Quinservizi's activities are constantly monitored by Banca Progetto (including weekly update calls and monthly meetings).

Under the Intercreditor Agreement, Banca Progetto has represented that:

- (a) at least two of the members of the management body of Quinservizi have relevant professional experience in the servicing of exposures similar to the Receivables, at a personal level, of at least five years;
- (b) the senior staff of Quinservizi, other than members of the management body, who are

responsible for managing the Quinservizi's servicing of exposures similar to the Receivables, have relevant professional experience in the servicing of exposures of a similar nature to the Receivables, at a personal level, of at least five years.

Quinservizi's activities include also the management of insurance claims which is the key factor of the servicing activity.

Standard loan servicing includes three keys activities:

### **1. Collections Management**

Employers/INPS pay the loan instalments by wire transfer. Payments usually start from the month following the notification of the contract.

Collections management represents the daily activity of reconciling and allocating the monthly payments received by the employers/INPS to the specific monthly due dates, or of prepayments or other collections. This activity is carried out by Quinservizi and is constantly monitored by the CQS Back Office Function.

Receipts for early termination are subject to specific checks by operators, aimed at identifying the payer for AML purposes and verifying compliance with the renewal criteria ex art. 39 DPR 180/1950.

The monitoring of the portfolio, the effectiveness of the collection strategies adopted by the competent functions, credit classification, compliance with the exposure limits towards insurance companies, compliance with the limits of composition of the portfolio by product/type of ATC, delinquency at ATC level, is carried out on a monthly basis by the CQS Credit Monitoring Function, which might take over the operational and technical management of non-performing positions and then transfer them to the Banca Progetto's Debt Collection Function.

### **2. Insurance Claims Management**

It represents all the operational and management activities aimed at the protection of credit and the enforcement of guarantees (possible severance payments and/or insurance policy) due to a final or potential insurance event.

According to product (CQS, CQP, DP) and to employer's type (state, public, para public, private), the conditions of the insurance policy and the insurance claims, different procedures must be followed.

In general, claims can be divided into three macro-categories:

(i) Temporary claims, which result in a total or partial temporary suspension of monthly payments by the employer (e.g. reduction of the salary due to furlough measures or maternity leave).

Banca Progetto or the outsourcer shall become aware of the event in the context of the management of the delinquency. In some circumstances, the employer and/or borrower become proactive by promptly communicating to Banca Progetto and/or the outsourcer the type of event indicating details on the suspension.

With regard to the partial or total suspensions of the payment of instalments due to furlough measures attributable to Covid 2019, Banca Progetto has received confirmation from insurance companies regarding the validity of insurance coverage beyond the original expiry of the financing contract, with the simultaneous deferral of unpaid instalments.

(ii) Life claims, in case of client's death the procedure is rather simple and includes the request of the death certificate to be sent to the insurer.

For pensioners, the death of the customer is detected by Banca Progetto and Quinservizi through the monthly payment statement provided by INPS in a specific section specifying all deaths of Banca Progetto's retired customers in the previous month.

For the other products, the customer's death is detected by Banca Progetto and/or the outsourcer as

part of the delinquency management activity. In some cases, Banca Progetto and/or the outsourcer become aware of the customer's death through specific notices received from the employers or heirs.

Quinservizi, implements the appropriate credit protection strategies and performs the administrative obligations provided for by the Banca Progetto's internal regulation and by each insurance agreement.

After collecting all needed documentation, the outsourcer transfers the documentary package to Banca Progetto for the formal claim to the Insurance Company.

The Insurance Company, following receipt of the documents, will analyse the documentation and, if there are no exceptions or request of further information, eventually pays the indemnity to Banca Progetto.

(iii) Unemployment claims, in case of permanent termination of employment.

The analysis of the event is delegated to Quinservizi, who, after acquiring the documentary evidence, puts in place the appropriate credit protection strategies and performs the administrative tasks provided by the Banca Progetto's internal regulations and by each insurance agreement for the management of the event.

In particular, the Outsourcer will progressively carry out the following actions, which are defined by each insurance contract as a condition precedent to the validity of the insurance claim:

- request the severance payments from the employer and the pension fund (if any)
- transfer the contract to a new employer (if any) and/or to INPS (in case of early retirement) so that the new ATC can begin withholding the loan payments from the borrower's salary/pension
- ask the full repayment of the loan to the borrower
- in case of employer's insolvency, file the formal request of admission to the liabilities of the bankruptcy procedure

If all the above actions have not been sufficient for the total repayment of the outstanding debt and ascertained that the customer does not have a new active employment contract, the outsourcer transfers the documentary package to Banca Progetto which will request the payment of the insurance guarantee to the insurance company.

The Insurance Company, following receipt of the documents, will analyse the documentation and, if there are no exceptions or request of further information, eventually pays the indemnity to Banca Progetto.

Quinservizi activities for the management of both life and unemployment claims are defined by a detailed SLA.

Monitoring on the overall claims management activity is carried out on a monthly basis by the CQS Credit Monitoring Function.

### **3. Arrears and Default Management**

Banca Progetto, with the support of the outsourcer, constantly checks the timely payments of the instalments by employers, both through the ordinary reconciliation activity, and through checks specific reports segmented by clusters of elapsed days and aggregated for each ATC.

The outsourcer provides Banca Progetto on a weekly basis with a report highlighting all the positions in delinquency under management, indicating progress of the above activities aiming to credit recovery.

The outsourcer groups the files sent to Banca Progetto on the basis of the following clusters, preparing specific reminder activities towards ATCs and borrowers, as follows:

- loans with 1 to 3 Unpaid Instalments: the outsourcer carries out a first reminder activity with the

employer, through a contact via registered/ordinary e-mails and by phone. In case of non-feedback, it carries out a further reminder activity compared to what has already been carried out, keeping the borrower informed;

- loans with 4 to 7 unpaid instalments: in the management of positions with more than 4 unpaid instalments, Quinservizi renews the reminder activities to the employer through registered emails/letters, informing the ATC of its delinquency status. In case of non-feedback from the employer, Quinservizi contacts the client through registered letter/emails to request payment of unpaid instalments. Where necessary, subject to agreement with the CQS Credit Monitoring Function, it sends a formal notice to the customer in order to ask to be proactive towards the ATC in the resolution of payment overdue;
- loans with 8 or more unpaid instalments: Quinservizi, sends to the CQS Credit Monitoring Function a weekly dedicated report on the status of positions with more than 8 unpaid instalments, aimed at sharing the actions in progress and agree those to be undertaken and to evaluate a potential of the transfer of the file to the Banca Progetto's Credit Collection Department.

CQS Credit Monitoring Function constantly monitors the progress done by analysing the activities conducted by Quinservizi, using both the Banca Progetto's management and consulting IT platform made available by the outsourcer. In addition, on a monthly basis, CQS Credit Monitoring Function and the outsourcer jointly analyse non-performing positions, sharing the actions to be taken to recover the credit of each individual position. If the CQS Credit Monitoring Function considers that all the activities carried out by the outsourcer are no longer suitable for the recovery of credit, it will transfer the management of the aforementioned positions to the Banca Progetto's Internal Credit Collection Department. All these positions, if it were not possible to activate the insurance policy, are generally transferred to external lawyers to start a formal juridical action aimed to obtain an executive order against the employer / employee.

For further details on the remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies, please refer to the Servicing Agreement.



## THE ISSUER

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 13 May 2019 as a limited liability company with a sole quotaholder (*società a responsabilità limitata con socio unico*). The registered office of the Issuer is at Via Vittorio Alfieri, No. 1, 31015 Conegliano (TV), Italy. The Issuer is registered with No. 05018860261 in the Companies Register of Treviso-Belluno and with No. 35610.5 in the *elenco delle società veicolo* held by the Bank of Italy pursuant to the regulation of the Bank of Italy dated 7 June 2017. Since the date of its incorporation, the Issuer has not engaged in any business (other than the Transaction), no dividends have been declared or paid and no indebtedness has been incurred by the Issuer. The Issuer has no employees and no subsidiaries.

The authorised and issued capital of the Issuer is € 10,000, fully paid up and held by the Quotaholder, being the Dutch foundation Stichting Rossellini.

On 1 April 2021 the Issuer has changed its corporate name from "Vidal SPV S.r.l." in "Progetto Quinto S.r.l.".

### Issuer's Principal Activities

The principal corporate object of the Issuer, as set out in Article 3 of its by-laws (*statuto*) and in compliance with the Securitisation Law, is to perform a securitisation transaction (*operazione di cartolarizzazione*).

The Issuer has carried out exclusively the Transaction, which consists of the following two phases:

- (a) a first phase, being the Warehouse Phase, which was implemented in August 2019 and which will be extinguished on the Issue Date; and
- (b) a second phase, being the Securitisation, in the context of which the Notes will be issued.

### Management

The Issuer is managed by a Sole Director, the company Blade Management S.r.l. (*società a responsabilità limitata*), with registered office in Conegliano (TV), viale Italia 203, fiscal code, VAT number and registration to the Chamber of Commerce of Treviso-Belluno number 04898870268, with a natural designated person, belonging to its own organization, designated to exercise the administrative functions, its administrator Alberto De Luca.

### Documents Available for Inspection

Until full redemption or cancellation of the Notes, copies of the following documents (in physical format) may be inspected during normal business hours at the registered office of the Issuer and of the Representative of the Noteholders and on the website <https://www.securitisation-services.com/it/>:

- (a) the memorandum and articles of association of the Issuer (*atto costitutivo* and *statuto*); and
- (b) the Issuer's financial statements, the relevant auditor's report, and all reports, letters, and other documents, historical financial information, valuations and statements (if any) prepared by any expert at the Issuer's request, any part of which is included or referred to this Information Memorandum.

Additional information is available on the website <https://www.securitisation-services.com/it/>, which does not form part of this Information Memorandum. Any information found in said website does not form part of this Information Memorandum unless that information is incorporated by reference into this Information Memorandum.

### Accounts of the Issuer and accounting treatment of the Portfolio

Pursuant to Bank of Italy regulations, the accounting information relating to the securitisation of the Receivables will be contained in the explanatory notes to the Accounts (*Nota Integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the

financial statements of Italian limited liability companies (*società a responsabilità limitata*).

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year.

### Capitalisation and indebtedness statement

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

<b>Quota capital</b>	<b>Euro</b>
(a) Issued, authorised and fully paid up quota capital	10,000.00
<b>Loan capital</b>	
<b>(b) Securitisation</b>	<b>Euro</b>
(c) Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036	316,500,000
(d) Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036	53,071,000
<b>Total loan capital (Euro)</b>	<b>369,571,000</b>
<b>Total capitalisation and indebtedness (Euro)</b>	<b>369,581,000</b>

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

### Issuer's Auditors

The auditor which has been designated by the Issuer is KPMG S.p.A., who is registered in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of the Financial Laws Consolidation Act and under No. 70623 in the Register of Accountancy Auditors (*Registro dei revisori contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992.

The registered office of KPMG S.p.A. is in Via Rosa Zalivani 2, 31100 Treviso (TV), Italy. KPMG S.p.A. will audit the 2021 Issuer's financial statements.

The 2020 Issuer's financial statements have been audited by KPMG S.p.A. on a voluntary basis.

## BANCA FININT

### (AS REPRESENTATIVE OF THE NOTEHOLDERS, CORPORATE SERVICER, CALCULATION AGENT AND BACK-UP SERVICER FACILITATOR)

Banca Finanziaria Internazionale S.p.A. (*breviter* "Banca Finint S.p.A.") is a bank incorporated as a joint stock company with a sole shareholder (*società per azioni con socio unico*) under the laws of the Republic of Italy, whose registered office is at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy, share capital of Euro 71,817,500.00 (fully paid-up), Fiscal Code and registration with the Companies Register of Treviso-Belluno No. 04040580963, VAT Group "Gruppo IVA FININT S.P.A." - VAT No. 04977190265, registered under No. 5580 in the register of the banks (*albo delle banche*) held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and under No. 3266 with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act as parent company of the Banca Finanziaria Internazionale Banking Group, member of the "*Fondo Interbancario di Tutela dei Depositi*" and of the "*Fondo Nazionale di Garanzia*" ("**Banca Finint**").

Banca Finint is a professional Italian player focusing in managing and monitoring securitisation transactions. In particular, it acts as servicer, master servicer, back-up servicer, back-up servicer facilitator, administrative services provider, calculation agent and representative of the noteholders in several structured finance transactions.

In the context of the Securitisation, Banca Finint acts as Calculation Agent, Representative of the Noteholders, Back-Up Servicer Facilitator and Corporate Servicer, as succeeded in these roles in force of the merger with Securitisation Services S.p.A. as effective starting from the 28 October 2020.

In respect of the provisions relating to the role of Calculation Agent carried out by Banca Finint, please see the section entitled "*Description of the Transaction Documents – The Cash Allocation, Management and Payment Agreement*".

Banca Finint is subject to the auditing activity of Deloitte & Touche S.p.A..

**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**  
**(AS ACCOUNT BANK AND PAYING AGENT)**

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

BNP Paribas Securities Services has a local presence in 35 countries across five continents, effecting global coverage of more than 100 markets.

At December 2020 BNP Paribas Securities Services had USD 10,980 billion of assets under custody, USD 2,659 billion assets under administration; at December 2020 BNP Paribas Securities Services had 10,729 administered funds and more than 12,000 employees.

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

Fitch	Moody's	S&P
Short term F1	Short term Prime-1	Short-term A-1
Long term senior debt A+	Long term senior debt Aa3	Long term senior debt A+
Outlook Negative	Outlook Stable	Outlook Negative

***The information contained herein relates to BNP Paribas Securities Services, Milan Branch and has been obtained from it. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by BNP Paribas Securities Services, Milan Branch, no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Information Memorandum shall not create any implication that there has been no change in the affairs of each of BNP Paribas Securities Services, 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.***

**BNP PARIBAS**  
**(AS SWAP COUNTERPARTY)**

BNP Paribas is a French multinational bank and financial services company with its registered office located at 16 boulevard des Italiens 75009 Paris, France, and its corporate website in English is <http://www.bnpparibas.com/en>.

BNP Paribas, together with its consolidated subsidiaries (the "BNP Paribas Group") is a global financial services provider, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world.

The BNP Paribas Group, one of Europe's leading providers of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg.

It operates in 68 countries and has more than 193,000 employees, including nearly 148,000 in Europe. BNP Paribas holds key positions in its two main businesses:

Retail Banking and Services, which includes:

- Domestic Markets, comprising:
- French Retail Banking (FRB),
- BNL banca commerciale (BNL bc), Italian retail banking,
- Belgian Retail Banking (BRB),
- Other Domestic Markets activities including Arval, BNP Paribas Leasing Solutions, Personal Investors, Nickel and Luxembourg Retail Banking (LRB);
- International Financial Services, comprising:
- Europe-Mediterranean,
- BancWest,
- Personal Finance,
- Insurance,
- Wealth and Asset Management;

Corporate and Institutional Banking (CIB):

- Corporate Banking,
- Global Markets,
- Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

At 31 December 2020, the BNP Paribas Group had consolidated assets of €2,488 billion (compared to €2,165 billion at 31 December 2019), consolidated loans and receivables due from customers of €810 billion (compared to €806 billion at 31 December 2019), consolidated items due to customers of €941 billion (compared to €835 billion at 31 December 2019) and shareholders' equity (Group share) of €112.8 billion (compared to €107.5 billion at 31 December 2019).

At 31 December 2020, pre-tax income was €9.8 billion (compared to €11.4 billion as at 31 December 2019). Net income, attributable to equity holders, in 2020 was €7.1 billion (compared to €8.2 billion in 2019).

At the date of this Memorandum, the BNP Paribas Group currently has Long Term Senior Preferred debt ratings of "A+" with negative outlook from S&P, "Aa3" with stable outlook from Moody's Investors Service, Inc. and "AA-" with negative outlook from Fitch Ratings, Ltd and "AA (low)" with stable outlook from DBRS.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

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

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to <http://invest.bnpparibas.com/en>.

## USE OF PROCEEDS

The net proceeds of the Notes will be applied by the Issuer in order to make the following payments:

- (a) *First*, repay the principal amount outstanding of the Initial Notes, together with the interest accrued but unpaid thereon;
- (b) *Second*, discharge any outstanding liabilities of the Issuer arising from the Warehouse Phase;
- (c) *Third*, to credit the Cash Reserve Initial Amount into the Cash Reserve Account;
- (d) *Fourth*, to credit into the Expenses Account such an amount as to bring the balance of such account up to (but not in excess of) the Retention Amount;
- (e) *Fifth*, to pay any up-front fee, cost and expense due by the Issuer in accordance with the Transaction Documents; and
- (f) *Sixth*, to credit any residual amount into the Cash Reserve Account.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is an overview of certain features of these agreements and is qualified by reference to the detailed provisions of each Transaction Document. Prospective Noteholders may inspect a copy of the Transaction Document upon request at the registered office of the Issuer and the Representative of the Noteholders.*

### 1. TRANSFER AGREEMENT

#### General

On 12 July 2019 the Originator and the Issuer entered into the Transfer Agreement pursuant to which the Originator assigned and transferred without recourse (*pro soluto*) to the Issuer, and the Issuer acquired from the Originator, in accordance with the Securitisation Law, all of its rights, title and interest in and to the Receivables comprised in the First Portfolio. During the Ramp-Up Period, the Issuer purchased the Further Portfolios, in accordance with the terms thereof.

The Receivables included in the First Portfolio and the Further Portfolios have been selected by the Originator on the basis of the Criteria (for further details, see the section entitled "*The Aggregate Portfolio*").

Under the terms of the Transfer Agreement, the transfer of the Receivables becomes effective in economic terms from the relevant Valuation Date.

#### Purchase Price

The Purchase Price of the First Portfolio and each Further Portfolio is the aggregate of the individual purchase prices of all the Receivables comprised therein (each an "**Individual Purchase Price**"). The Individual Purchase Price of each Receivable is equal to:

- (i) the principal amount not due and unpaid as at the relevant Valuation Date; and
- (ii) the principal and interest amounts due and unpaid as at the relevant Valuation Date, as indicated in Schedule 4 of the Transfer Agreement in respect of the First Portfolio and in annex C to the relevant Offer in respect of any Further Portfolio.

The Transfer Agreement provides for certain adjustment mechanisms of the Purchase Price in case, after the relevant Transfer Date, (a) any of the Receivables included in the First Portfolio or any Further Portfolio and transferred to the Issuer proves not to meet the Criteria (according to the Transfer Agreement, such Receivables will be deemed not to have been assigned and transferred to the Issuer), and (b) it transpires that any of the Receivables meeting the Criteria has not been included in the First Portfolio or any Further Portfolio and not transferred to the Issuer (according to the Transfer Agreement, such Receivables will be deemed to have been assigned and transferred to the Issuer).

#### Purchase Conditions

Pursuant to the Transfer Agreement, during the Ramp-Up Period the Issuer has purchased any Further Portfolio only upon satisfaction of the Purchase Conditions set out in the Transfer Agreement as of the relevant Offer Date.

#### Representations and Warranties of the Originator

The Transfer Agreement contains representations and warranties by Banca Progetto in respect of the following categories:

- (1) status of the Originator and power to execute the relevant Transaction Documents;
- (2) existence and legal ownership of the Receivables;
- (3) transfer of the Receivables;



- (4) Loan Agreements, Salary Assignment, Payment Delegations, Insurance Policies and Loans;
- (5) compliance with Privacy Law; and
- (6) other representations and warranties (in compliance with the EU Securitisation Regulation and the EBA Guidelines on STS Criteria).

**Indemnities in favour of the Issuer**

Pursuant to the Transfer Agreement, the Originator has agreed to indemnify and hold harmless the Issuer or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*:

- (a) the failure by the Originator to comply with any of its undertakings and obligations under the Transfer Agreement and any other Transaction Document to which it is or will be a party, or with any law or regulation applicable to the Transfer Agreement or the Servicing Agreement;
- (b) the untruthfulness, incompleteness, inaccuracy or incorrectness of any of the representations and warranties given by the Originator in the Transfer Agreement or any other Transaction Document;
- (c) any liability and/or claim of any third party against the Issuer, as holder of the Receivables, arising from any negligence or omission of the Originator in relation to the Receivables, the collection and management thereof or in respect of the failure by the Originator to perform its obligations under the Transfer Agreement or any other Transaction Document to which it is or will be a party;
- (d) the failure by the Originator to comply with the provisions of the Usury Law (including, for the avoidance of doubt, any failure to collect interest accrued on the Loan Agreements as a result of the application of the Usury Law);
- (e) the failure by the Originator to comply with the provisions of Articles 1283 and 1346 of the Italian Civil Code in respect of one or more of the Loan Agreements, until the Effective Date in respect of the Loans comprised in the Initial Portfolio or the relevant Transfer Date in respect of the Loans comprised in each Further Portfolio (as the case may be);
- (f) the exercise of any claw-back with respect to the guarantees or security interests relating to any Receivable;
- (g) the failure of the Issuer to collect or recover any Receivables as a result of the exercise of any right of termination, cancellation or rescission (*rescissione*), or any or claims and/or counterclaims (including set-off counterclaims), and/or any retention against the Originator by any Debtor, Employer/Pension Authority, Insurance Company and/or its insolvency receiver and/or liquidator in relation to each Loan Agreement, Salary Assignment, Payment Delegation, Insurance Policy, Collateral Security and any other ancillary deed or document, based on whatever claims which may be exercised and/or enforceable against the Originator, including, without limitation, any claim and/or counterclaim deriving from a failure to comply with the regulations on personal loans secured by assignment or delegation of salary and/or pension, consumer loans, banking transparency, consumer protection, as well as the provisions relating to the unenforceability of the assignment of the Receivables for which the Originator is responsible or based on any regulation applicable to the Loans;
- (h) the failure of the Issuer to collect or recover any Receivables as a result of the exercise of any set-off defence by a Debtor in the event of early repayment of the relevant Loan against collection fees advanced by such Debtor to the Originator at the date on which

the Loan has been granted, provided that in such event the Originator shall automatically pay the relevant indemnity to the Issuer upon termination of the relevant Loan and shall record the payment of such amount to the Issuer as an indemnity in the Servicer's Report prepared by the Servicer in respect of the Collection Period on which such indemnity has been paid.

Under the Transfer Agreement, the Originator and the Issuer have agreed and acknowledged that the indemnity rights deriving thereunder shall in no event be construed so as to invalidate the *pro soluto* nature of the assignment and transfer of the Receivables made pursuant to the Transfer Agreement.

#### **Receivables' repurchase option in case of breach of representations and warranties**

Under the Transfer Agreement, in the event that any of the representations and warranties given by the Originator under the Transfer Agreement are untrue or incorrect, the Issuer has granted to the Originator an option pursuant to Article 1331 of the Italian Civil Code to repurchase from Issuer the Receivables relating to the Loan Agreement which are affected by the untruthfulness or incompleteness of such representations and warranties (the "**Repurchase Option**").

The Originator is entitled to exercise the Repurchase Option within a period of fifteen Business Days from the date of receipt by the Originator of the relevant indemnity request by the Issuer (the "**Repurchase Term**"), as an alternative to the payment of such indemnity.

In case of failure by the Originator to exercise the Repurchase Option within the Repurchase Term, or failure to pay the relevant repurchase price, the Issuer shall at any time be entitled to the payment of the relevant indemnity.

The Originator shall exercise the Repurchase Option at any time by giving written notice to the Issuer within the Repurchase Term, by sending a registered letter with return receipt.

#### **Representations and Warranties of the Issuer**

Under the Transfer Agreement, the Issuer has given certain representations and warranties to the Originator in relation to its due incorporation, solvency and due authorisation, execution and delivery of the Transfer Agreement and the other Transaction Documents.

#### **Governing Law and Jurisdiction**

The Transfer Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Transfer Agreement (including a dispute relating to the existence, validity or termination of the Transfer Agreement or any non-contractual obligation arising out of or in connection with it).

## **2. SERVICING AGREEMENT**

### **General**

Pursuant to the Servicing Agreement entered into on 12 July 2019 between the Issuer and Banca Progetto, the Issuer has appointed Banca Progetto as Servicer of the Receivables and the Servicer has agreed to administer and service the Receivables.

Under the Servicing Agreement, the Servicer shall credit on a periodical basis all Collections received and recovered in relation to the Receivables into the Collection Account. The receipt of cash collections in respect of the Loans is the responsibility of the Servicer. Banca Progetto will also act as the entity responsible for the collection of the assigned credits and cash and payment services "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to Article 2, paragraph 3(c) of the Securitisation Law. In such capacity, Banca Progetto shall also be responsible for ensuring that such operations comply with all applicable laws and the Prospectus pursuant to Article 2, paragraph 6 and 6-*bis* of the

Securitisation Law.

Under the Servicing Agreement, the Servicer can delegate, under its own responsibility and in compliance with the Supervisory Regulations for Banks, management, administration and collection activities to third parties. Several servicing activities have been delegated to Quinservizi S.p.A..

The Servicing Agreement (as well as any agreement regulating the delegation to Quinservizi pursuant to Article 2.4.1 (*Facoltà di Subdelega*) of the Servicing Agreement) clearly specifies the processes and responsibilities necessary to ensure that a default by or an insolvency of the Servicer (or any of its delegates) does not result in a termination of servicing of the Receivables.

### **Obligations of the Servicer**

Under the Servicing Agreement the Servicer has undertaken, *inter alia*:

- (a) to carry out the management, administration, recovery and collection of the Receivables;
- (b) to comply with laws and regulations applicable in Italy to the activities contemplated for under the Servicing Agreement and, in particular, to perform any activities provided by the relevant laws and regulations applicable in Italy in relation to the administration and collection of the Receivables, including, but not limited to, the Bank of Italy Supervisory Regulations;
- (c) to maintain effective accounting and auditing procedures in respect of the Receivables;
- (d) not to authorise, other than in certain limited circumstances specified in the Servicing Agreement, any waiver in respect of any Receivables or any Collateral Security and not to authorise any modification thereof which may be prejudicial to the Issuer's interests to the extent such waiver or modification is not imposed by law, by judicial or other authority unless such waiver or modification is authorised by the Issuer or provided for by the Credit and Collection Policies; and
- (e) to manage the relations with the Employers/Pension Authorities and the Insurance Companies.

The Servicer shall perform the duties provided for by the Servicing Agreement and take any steps and decision in relation to the management and collection of the Receivables in compliance with:

- (i) any laws and regulation applicable to the Receivables and/or the Servicer, including the Consolidated Banking Act, the Bank of Italy Supervisory Regulations and the Usury Law; and
- (ii) the instructions which may be given by the Issuer and, following a Trigger Notice, by the Representative of the Noteholders.

### **Reports of the Servicer**

The Servicer has undertaken to prepare and deliver:

- (a) no later than each Servicer's Report Date, to the Issuer, the Account Bank, the Corporate Servicer, the Back-Up Servicer Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscriber, the Swap Counterparty and the Representative of the Noteholders, the Servicer's Report (inserting all the dates and information provided for by Annex 2 to the Servicing Agreement); and
- (b) no later than each Transparency Report Date, to the Issuer, the Account Bank, the Corporate Servicer, the Back-Up Servicer Facilitator, the Calculation Agent, the Lead Manager, the Junior Subscriber, the Swap Counterparty and the Representative of the Noteholders, the Transparency Loan Report setting out all the information required to

comply with Article 7(1)(a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

### **Governing Law and Jurisdiction**

The Servicing Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Servicing Agreement (including a dispute relating to the existence, validity or termination of the Servicing Agreement or any non-contractual obligation arising out of or in connection with it).

## **3. THE MASTER AMENDMENT AGREEMENT**

### **General**

Pursuant to the Master Amendment Agreement, entered into on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the other parties involved in the Transaction have agreed to carry out certain activities, to discharge the Issuer in respect of certain obligations concerning the Warehouse Phase, to:

- (a) terminate by way of mutual agreement among the relevant parties thereto the following documents relating to the Warehouse Phase:
  - (i) the intercreditor agreement relating to the Warehouse Phase;
  - (ii) the Initial Notes Subscription Agreement; and
  - (iii) the terms and conditions of the Initial Notes.
- (b) make certain amendments to the Transaction Documents aimed at, *inter alia*, making the Securitisation compliant with the requirements for simple, transparent and standardised ("STS") non-ABCP securitisations provided for by Articles 20 to 21 of the EU Securitisation Regulation and obtain a rating in respect of the Senior Notes, and, for this purpose,
- (c) give certain representations and warranties in respect of the Portfolio.

### **Governing Law and Jurisdiction**

The Master Amendment Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Master Amendment Agreement (including a dispute relating to the existence, validity or termination of the Master Amendment Agreement or any non-contractual obligation arising out of or in connection with it).

## **4. THE INTERCREDITOR AGREEMENT**

### **General**

On or about the Issue Date, the Issuer and the Other Issuer Creditors entered into the Intercreditor Agreement, pursuant to which provision is made, *inter alia*, as to the order of application of the Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be entitled to exercise certain of the Issuer's rights in relation to the Portfolio and the Transaction Documents.

### **Mandate by the Issuer to the Representative of the Noteholders**

Pursuant to the Intercreditor Agreement, following the delivery of a Trigger Notice to the Issuer and/or following failure by the Issuer to exercise any of its rights under the Transaction Documents, the Representative of the Noteholders, acting in such capacity, shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's rights arising out of the

Transaction Documents to which the Issuer is party.

### **Limited Recourse Obligations**

The obligations owed by the Issuer to each of the Other Issuer Creditors, including without limitation, the obligations under any Transaction Document to which any of such Other Issuer Creditors is a party, will be limited recourse obligations of the Issuer. Each of the Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds in accordance with the applicable Priority of Payments, in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

### **Directions of the Representative of the Noteholders following the service of a Trigger Notice**

Under the terms of the Intercreditor Agreement, the Issuer has undertaken, upon the service of a Trigger Notice, to comply with all directions of the Representative of the Noteholders, acting pursuant to the Conditions, in relation to the management and administration of the Portfolio.

### **Disposal of the Portfolio upon Trigger Event or Tax Event**

Following the delivery of a Trigger Notice and in accordance with the Conditions, the Issuer may (with the prior consent of the Representative of the Noteholders), or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio (in full or in part), subject to certain conditions.

Furthermore, following the occurrence of a Tax Event and in accordance with the Conditions, the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio or any part thereof to finance the early redemption of the relevant Notes under Condition 8.3 (*Redemption for Taxation*), subject to certain conditions.

In the latest case, the purchase price of the Receivables shall be equal to the Outstanding Balance of such Receivables as at the date of repurchase by the Originator, provided that, if the Aggregate Portfolio includes Defaulted Receivables, the purchase price shall not be higher than their fair market value as at the date of repurchase. Such value will be determined by a third party arbitrator (independent from the banking group of the Originator and from any other party involved in the Securitisation) appointed by mutual agreement of the Originator and the Issuer or, if no agreement is reached, by the chairman of the Italian Banking Association.

### **Option to repurchase the Portfolio in favour of Originator**

Under the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option, pursuant to Article 1331 of the Italian Civil Code, to repurchase the Aggregate Portfolio, or any part thereof, then outstanding on any Payment Date falling after the Payment Date on which the Principal Amount Outstanding of the Senior Notes is equal to or less than 10% of the Principal Amount Outstanding of the Senior Notes as at the Issue Date. In order to exercise the above mentioned option the Originator shall, *inter alia*, deliver to the Issuer evidence of its solvency satisfactory to the Representative of the Noteholder.

The purchase price of the Receivables shall be equal to the Outstanding Balance of such Receivables as at the date of repurchase by the Originator, provided that, if the Portfolio includes Receivables that as at the date of the exercise of the Option are classifiable as "*deteriorati*" pursuant to the Bank of Italy Supervisory Regulations, the purchase price shall be equal to their relevant net book value (*valore netto di bilancio*) as at the date of repurchase by the Originator.

The Originator will be entitled to exercise the Option provided that the purchase price of the Receivables, so determined, is at least equal to the amount (as determined pursuant to the Payments Report) needed by the Issuer to discharge all of its outstanding liabilities towards (i)

the Senior Noteholders and (ii) the Other Issuer Creditors which are required to be paid in priority to the Senior Noteholders pursuant to the Post-Enforcement Priority of Payments.

#### **Option to repurchase Individual Receivables**

Under the Intercreditor Agreement, in order to maintain good relationships with its clients, the Originator shall have the right to repurchase individual Receivables comprised in the Portfolio to the extent that the purchase price shall be equal to:

- (a) in relation to Receivables that as at the date of the exercise of such option are not classifiable as "*deteriorati*" pursuant to the Bank of Italy Supervisory Regulations, the Outstanding Balance of such Receivables as at the date of repurchase by the Originator; and
- (b) in relation to Receivables that as at the date of the exercise of the option are classifiable as "*deteriorati*" pursuant to the Bank of Italy Supervisory Regulations, their relevant net book value (*valore netto di bilancio*) as at the date of repurchase by the Originator.

The Option to Repurchase Individual Receivables shall not be exercised by the Originator:

- (i) in the event that the cumulative amount of the Outstanding Principal Due of all the Receivables transferred back to the Originator in such calendar year is higher than 2% of the Outstanding Principal Due of the aggregate amount of the Aggregate Portfolio as at the Valuation Date; and
- (ii) after the date in which the cumulative amount of the Outstanding Principal Due of all the Receivables transferred back to the Originator is higher than 5% of the Outstanding Principal Due of the Aggregate Portfolio as at the Valuation Date.

#### **Permitted disposals of the Portfolio and the Receivables**

Under the Intercreditor Agreement, all the parties thereto have acknowledged and accepted that, for the purpose of compliance with Article 20(7) of the EU Securitisation Regulation, (i) any disposal of the Portfolio and/or the Receivables is permitted only in the circumstances provided for in Article 22 (*Disposal of the Portfolio and of individual Receivables*) of the Intercreditor Agreement (as described above in this sub-section) and Article 15 (*Opzione di Riacquisto*) of the Transfer Agreement (as described above in the sub-section "*The Transfer Agreement*"), and (ii) none of such circumstances constitutes an active portfolio management of the Portfolio.

Further, pursuant to the Intercreditor Agreement, the Issuer, the Originator and the Servicer have undertaken that in no event the Portfolio shall be managed in order to allow an active management on a discretionary basis as set forth in Article 20(7) of the EU Securitisation Regulation.

#### **Governing Law and Jurisdiction**

The Intercreditor Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising from the interpretation and execution of the Intercreditor Agreement.

### **5. THE CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT**

#### **General**

Pursuant to the Cash Allocation, Management and Payment Agreement entered into on 26 July 2019 and amended by the Master Amendment Agreement, the Servicer, the Calculation Agent, the Account Bank, the Paying Agent, the Back-Up Servicer Facilitator, the Corporate Servicer and the Representative of the Noteholders have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling services in relation to monies from time to time standing to the credit of the Accounts.

### **Account Bank**

The Account Bank has agreed to:

- (a) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Collection Account, the Cash Reserve Account and the Investment Account (if any); and
- (b) provide the Issuer with:
  - (i) certain reporting services together with certain handling services in relation to monies from time to time standing to the credit of the Accounts held with it; and
  - (ii) certain investment and reporting services together with certain handling services in relation to the securities from time to time deposited in the Investment Account (if opened with the Account Bank).

The Account Bank will be required at all times to be an Eligible Institution.

### **Calculation Agent**

The Calculation Agent has agreed to provide the Issuer with certain other calculation and reporting services. Prior to the delivery of a Trigger Notice, the Calculation Agent shall prepare on each Calculation Date, subject to timely receipt by it from other party of the Transaction Documents of certain reports, the relevant Payments Report (substantially in the form attached hereto as Schedule 2 of the Cash Allocation, Management and Payment Agreement) with respect to the relevant Collection Period and the relevant Interest Period (as the case may be) in accordance with the Pre-Enforcement Priority of Payments. The Servicer shall monitor and supervise the Payments Report prepared by the Calculation Agent. The Calculation Agent shall prepare, on behalf of the Issuer, within 5 (five) Business Days after each Payment Date, the Investors Report setting out certain information on the amounts received or collected in respect of the Portfolio and the payments made on the Notes with reference to the immediately preceding Interest Period. Following the service of a Trigger Notice by the Representative of the Noteholders, the Calculation Agent shall, on behalf of the Issuer, subject to the receipt of the reports and the relevant information, calculate and prepare the Post Trigger Payments Report containing the amount of the Issuer Available Funds and the amounts of each of the payments and allocations to be made by the Issuer in accordance with the Post-Enforcement Priority of Payments.

### **Paying Agent**

The Paying Agent has agreed to provide the Issuer with certain calculation, payment and agency services in relation to the Notes, including without limitation, (i) open in the name of the Issuer and manage, in accordance with the Cash Allocation, Management and Payment Agreement, the Payments Account, (ii) determine the Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Senior Notes, (iii) making payment to the Noteholders, (iv) giving notices and issuing certificates and instructions in connection with any meeting of the Noteholders.

The Paying Agent will be required at all times to be an Eligible Institution.

### **Governing Law and Jurisdiction**

The Cash Allocation, Management and Payment Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising from the interpretation and execution of the Cash Allocation, Management and Payment Agreement).

## **6. THE QUOTAHOLDER AGREEMENT**

## **General**

Pursuant to the Quotaholder Agreement entered into on 26 July 2019, between Banca Progetto, the Issuer, the Representative of the Noteholder and the Quotaholder, the latter has given certain undertakings in relation to the management of the Issuer and the exercise of its rights as Quotaholder of the Issuer.

In particular, the Quotaholder has agreed not to dispose of, or charge or pledge, the quotas of the Issuer, save as provided by the Transaction Documents, without the prior written consent of the Representative of the Noteholders.

## **Governing Law and Jurisdiction**

The Quotaholder Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Quotaholder Agreement (including a dispute relating to the existence, validity or termination of the Quotaholder Agreement or any non-contractual obligation arising out of or in connection with it).

## **7. THE CORPORATE SERVICES AGREEMENT**

### **General**

On 26 July 2019, the Issuer and the Corporate Servicer entered into the Corporate Services Agreement.

Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administration and management services. These services include, *inter alia*, the safekeeping of documentation pertaining to meetings of the Issuer's quotaholders and directors, maintaining the quotaholders' register, preparing VAT and other tax and accounting records, preparing the Issuer's annual balance sheet, administering all matters relating to the taxation of the Issuer and liaising with the Representative of the Noteholders.

### **Governing Law and Jurisdiction**

The Corporate Services Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Corporate Services Agreement (including a dispute relating to the existence, validity or termination of the Corporate Services Agreement or any non-contractual obligation arising out of or in connection with it).

## **8. THE STICHTING CORPORATE SERVICES AGREEMENT**

### **General**

On 26 July 2019, the Issuer, the Quotaholder and the Stichting Corporate Servicer entered into the Stichting Corporate Services Agreement pursuant to which the Stichting Corporate Servicer has agreed to provide the Stichting with certain corporate services and activities. These services include, *inter alia*, the management and the administration of the Stichting and all matters incidental thereto or connected therewith, the preparation and maintenance of the Stichting's corporate files and annual management accounts and the liquidation of the Stichting (if needed).

### **Governing Law and Jurisdiction**

The Stichting Corporate Services Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Stichting Corporate Services Agreement (including a dispute relating to the existence, validity or termination of the Stichting Corporate Services Agreement or any non-



contractual obligation arising out of or in connection with it).

## 9. THE SWAP AGREEMENT

### General

The Issuer entered into a swap master agreement with the Swap Counterparty on 29 July 2019 (as amended and restated under the Deed of Amendment of the Swap Agreement), in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border), including the schedule thereto (the "**Swap Master Agreement**") as published by the International Swaps and Derivatives Association, Inc., together with the swap confirmation evidencing the interest rate swap transaction entered into between the Issuer and the Swap Counterparty (the "**Swap Confirmation**") and 1995 ISDA credit support annex governed by English law to the Swap Master Agreement (the "**Credit Support Annex**" and, together with the Swap Master Agreement and the Swap Confirmation, the "**Swap Agreement**") that form part of, supplement and are subject to the Swap Master Agreement. The Swap Agreement will be amended on or about the Issue Date to take account of the Securitisation.

Information about the Swap Counterparty is available in the section entitled "BNP PARIBAS" of this Information Memorandum.

Under the Swap Agreement the Issuer will agree to pay to the Swap Counterparty on each Payment Date an amount determined by reference to the lesser of the Principal Amount Outstanding of the Class A Notes and the Collateral Portfolio Outstanding Principal Due in respect of the Receivables (in each case as at the first day of the Interest Period to which the Payment Date relates) (the "**Swap Notional Amount**") and a fixed rate, calculated using a day count fraction of 30/360. The Swap Counterparty will agree to pay to the Issuer on each Payment Date an amount equal to a floating rate of interest on the Swap Notional Amount, with such floating rate calculated on the basis of EURIBOR and the actual number of days elapsed in an Interest Period divided by 360.

Payments under each Swap Agreement will be exchanged on a net basis on each Payment Date. Payments made by the Issuer under the Swap Agreement (other than termination payments related to an event of default where the Swap Counterparty is a defaulting party, or a termination event arising due to the failure by the Swap Counterparty to take required action after a downgrade of its credit rating) rank higher in priority than all payments on the Notes. Payments by the Swap Counterparty to the Issuer under the Swap Agreement, other than the posting of collateral pursuant to the Credit Support Annex, will be made into the Payments Account and will, to the extent necessary, be increased to ensure that such payments are free and clear of all taxes. Any collateral which is required to be posted by the Swap Counterparty under the Credit Support Annex will be delivered to the Swap Collateral Accounts.

Events of default under the Swap Agreement applicable to the Issuer are limited to, and (among other things) events of default applicable to the Swap Counterparty include, the following:

- (1) failure to make a payment under the Swap Agreement when due, if such failure is not remedied within three Business Days of notice of such failure being given; or
- (2) the occurrence of certain bankruptcy and insolvency events; or
- (3) merger without assumption.

Termination events under the Swap Agreement include, among other things, the following:

- (1) illegality of the transactions contemplated by the Swap Agreement; or
- (2) certain tax events relating to the Issuer or the Swap Counterparty; or
- (3) the service of a Trigger Notice in respect of the Class A Notes, redemption of the Class A Notes if the Notes are redeemed in full or in part pursuant to Condition 8.2 (*Optional Redemption*), Condition 8.3 (*Redemption for Taxation*), where there is redemption of

the Notes pursuant to Condition 8.4 (*Mandatory Redemption*) which arises out of a repurchase of Receivables in breach of the limits provided for in Intercreditor Agreement or where any modification, amendment and/or waiver is made to the Transaction Documents in breach of the Swap Counterparty Entrenched Rights; or

- (4) failure of the Swap Counterparty to maintain its credit rating at certain levels required by the Swap Agreement, which failure may not constitute a termination event if (in the time set forth in the applicable Swap Agreement) the Swap Counterparty:
- (i) posts an amount of collateral (in the form of cash and/or securities) as set forth in the Swap Agreement; or
  - (ii) obtains a guarantee from an institution with an acceptable rating; or
  - (iii) transfers its rights and obligations under the Swap Agreement to an eligible replacement.

Upon the occurrence of any event of default or termination event specified in the Swap Agreement, the non-defaulting party, an affected party or the party which is not the affected party (as the case may be, depending on the termination event) may, after a period of time set forth in the Swap Agreement, elect to terminate such Swap Agreement in whole or, in relation to certain events, in part. If a Swap Agreement is terminated due to an event of default or a termination event, a termination payment may be due to or from the Swap Counterparty by or to the Issuer, as the case may be, out of its available funds. This termination payment will be calculated and made in euros. The amount of any termination payment will in certain circumstances (including following an event of default in respect of the Swap Counterparty or to the failure by the Swap Counterparty to take required action after a downgrade of its credit rating) be based on the market value of the terminated swaps as determined on the basis of firm offers sought from leading dealers as to the costs of entering into a transaction that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. In other circumstances (including where no firm offers can be obtained, or following early termination due to a default by the Issuer), the amount of any termination payment will reflect, among other things, the total losses and costs, or any gain, incurred by the party which is entitled to terminate the Swap Agreement early, including any loss of bargain, cost of funding, or loss or cost incurred as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position. In either case, the early termination amount will include any unpaid amounts that became due and payable on or prior to the date of termination, taking account of any collateral transferred by the Swap Counterparty to the Issuer.

Any such termination payment could, if market rates or other conditions have changed materially, be substantial. Other than termination payments related to an event of default where the Swap Counterparty is a defaulting party, or a termination event arising due to the failure by the Swap Counterparty to take required action after a downgrade of its credit rating, the termination payments required to be made by the Issuer to a Swap Counterparty will rank higher in priority than all payments on the Notes. In such event, there may be insufficient amounts available to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Notes. If a termination payment is due to the Swap Counterparty, any Replacement Swap Premium shall to the extent of that termination payment be paid directly to such Swap Counterparty causing the event of default or termination event without regard to the Priority of Payments. Any termination payments exceeding the Replacement Swap Premium will be paid to such Swap Counterparty in accordance with the Priority of Payments.

A Swap Counterparty may, at its own cost, transfer its obligations under the Swap Agreement to a third party which is an eligible in accordance with the Swap Agreement. There can be no assurance that the credit quality of the replacement Swap Counterparty will ultimately prove as strong as that of the original Swap Counterparty.

### **Governing Law and Jurisdiction**

The Swap Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of England and the Courts of England shall have exclusive jurisdiction in relation to any disputes arising in respect of the Swap Agreement.

## **10. THE HEDGING SECURITY DOCUMENT**

### **General**

Pursuant to the Hedging Security Document, the Issuer assigns to the Representative of the Noteholders (acting for itself and for the benefit of the Secured Creditors) as security for the payment and discharge of the Secured Obligations all of the Issuer's right, title and interest from time to time deriving or accruing from the Swap Agreement. All amounts received by the Representative of the Noteholders pursuant to the Hedging Security Document shall be applied in accordance with the Post-Enforcement Priority of Payments provided that any Excess Swap Collateral owing to the Swap Counterparty under the Swap Agreement shall be returned, and any Replacement Swap Premium, to the Swap Counterparty without regard to the Priority of Payments.

### **Governing Law and Jurisdiction**

The Hedging Security Document and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with the laws of England and the Courts of England shall have exclusive jurisdiction in relation to any disputes arising in respect of the Hedging Security Document.

## ESTIMATED WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES

*The estimated weighted average life of the Senior Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates below will prove in any way to be realistic and they must therefore be viewed with considerable caution.*

### General

The yields to maturity on each Class of Notes will be affected by the amount and timing of prepayments, delinquencies and defaults on the Receivables.

Furthermore, the ability of the Issuer to redeem in full each Class of Notes on the Final Maturity Date will be affected by the delinquencies and defaults on the Receivables.

### Estimated Weighted Average Life of the Notes

Weighted average life refers to the average amount of time that will elapse from the date of issuance of the Notes to the date of distribution to the investors of each Euro distributed in reduction of the principal of such security. The weighted average life of the Notes will be influenced by the principal payments received in respect of the Receivables. Such principal payments shall be calculated on the basis of the scheduled principal payments, the prepayments and the defaults on any Receivable.

The weighted average life of the Notes shall be affected by the available funds allocated to redeem the Notes.

The estimated weighted average life of the Notes cannot be predicted, as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations as to the estimated weighted average life of the Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations can be made that such estimates are accurate, or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised.

The following tables show the estimated weighted average life and the expected maturity of the Senior Notes and have been, *inter alia*, prepared based on the characteristics of the Receivables included in the Portfolio and on the following additional assumptions:

1. there are no delinquencies, defaults or losses on the Receivables and principal payments on the Receivables will be timely received together with prepayments, if any;
2. Principal Instalments that are in arrears on the Issue Date will amortise proportionally to the amortisation plan of the Aggregate Portfolio;
3. the constant prepayment rates have been applied to the Aggregate Portfolio as per table below;
4. the terms of the Loans are not renegotiated and are not affected by any legal provision authorising the Debtors to suspend payment of the Instalments;
5. the average interest rate on the Loans remains constant;
6. interest payments on the Senior Notes are due and will be received on each Payment Date;
7. zero per cent. investment return is earned on the Accounts;
8. no Trigger Event has occurred;
9. the Originator does not repurchase any Receivable;
10. no purchase, sale, indemnity or renegotiation in respect of the Portfolio as a whole or on the single Loans occurs according to the Transaction Documents;
11. early redemption of the Senior Notes under Condition 8.2 (*Redemption, purchase and cancellation – Optional Redemption*);

12. no early redemption of the Senior Notes under Condition 8.3 (*Redemption, purchase and cancellation – Redemption for Taxation*) occurs.

The actual performance of the Portfolio is likely to differ from the assumptions used in constructing the tables set forth below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash-flows might behave.

Historically similar portfolios experienced a significant increase in prepayment rates after 40% of the original term (e.g. 4 years for loans with a maturity of 10 years) of the loan had elapsed as salary/pension assignment and payment delegation loans can be refinanced with a similar loan only after that time threshold has passed.

Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the estimated weighted average life and the expected maturity of the Senior Notes to differ (which difference could be material) from the corresponding information in the following tables.

<b>Constant Prepayment Rate (CPR)</b> <i>(% per annum)</i>	<b>Expected Average Life</b> <i>(years)</i>	<b>Expected Maturity</b>
0%	3.7	Jan 2028
5%	3.1	May 2027
2.5%/7%/15%/23%/5%/10% <sup>(1)</sup>	2.6	Mar 2026
10%	2.6	Aug 2026
15%	2.1	Dec 2025
20%	1.8	Apr 2025

<sup>(1)</sup> Respectively:

- 2.5% CPR applied up to (and including) the 12<sup>th</sup> month from the Cut-off Date;
- 7% CPR applied from (and including) the 13<sup>th</sup> month to (and including) the 24<sup>th</sup> month from the Cut-off Date;
- 15% CPR applied from (and including) the 25<sup>th</sup> month to (and including) the 36<sup>th</sup> month from the Cut-off Date;
- 23% CPR applied from (and including) the 37<sup>th</sup> month to (and including) the 48<sup>th</sup> month from the Cut-off Date;
- 15% CPR applied from (and including) the 49<sup>th</sup> month to (and including) the 72<sup>nd</sup> month from the Cut-off Date;
- 10% CPR applied thereafter.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders attached hereto.*

### *The Issuer and the Notes*

Progetto Quinto S.r.l., a limited liability company with a sole quotaholder, organised under the laws of the Republic of Italy (the "**Issuer**") has issued the Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036 (the "**Senior Notes**") and the Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036 (the "**Junior Notes**" and, together with the Senior Notes, the "**Notes**") on the Issue Date pursuant to the Securitisation Law.

### *The Transaction*

The issuance of the Notes will be made in the context of the Transaction.

The Transaction consists of the following two phases:

- (a) a first phase, being the Warehouse Phase, which was implemented in August 2019 and which will be extinguished on the Issue Date; and
- (b) a second phase, being the Securitisation, in the context of which the Notes will be issued.

The terms and conditions for the implementation of the Transaction are set out in the Transaction Documents.

### *Warehouse Phase and Initial Notes*

Under the Warehouse Phase, the Issuer has purchased from the Originator the First Portfolio on 12 July 2019 and the Further Portfolios, in accordance with the terms and conditions of the Transfer Agreement. In order to fund the Initial Purchase Price of the First Portfolio the Issuer has issued the Initial Notes on 1 August 2019.

During the Ramp-Up Period, Further Instalments have been drawn with respect to the Initial Notes, in order to provide the Issuer with the necessary funds to proceed with the purchase of Further Portfolios.

### *Redemption of Initial Notes*

On the Issue Date, the Issuer will fully redeem all the Initial Notes, together with all accrued but unpaid interest thereon, by using the net proceeds of the Notes. Such net proceeds will be also applied by the Issuer on the Issue Date to discharge any of its outstanding liabilities arising from the Warehouse Phase.

### *Underlying Assets*

The principal source of payment of interest and repayment of principal on the Notes will be the collections and recoveries made in respect of the Receivables deriving from Salary/Pension Assignment and Payment Delegation loans, purchased from time to time by the Issuer from the Originator pursuant to the Transfer Agreement.

On 12 July 2019 the Issuer purchased the First Portfolio from Banca Progetto S.p.A., the purchase price of which has been funded through the proceeds deriving from the issue of the Initial Notes. Furthermore, during the Ramp-Up Period, the Issuer purchased Further Portfolios using the Issuer Available Funds available for such purpose under the Priority of Payments and the proceeds of the Further Instalments paid on the Initial Notes, in accordance with the provisions of the Transaction Documents.

### *STS Securitisation*

The Securitisation is intended to qualify as a simple, transparent and standardised (STS) securitisation within the meaning of Article 18 of the EU Securitisation Regulation ("**STS-Securitisation**"). Consequently, the Securitisation meets, as at the date of the Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and will be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU

Securitisation Regulation.

The compliance of the Securitisation with the STS Requirements has been verified as of the Issue Date by PCS, in its capacity as third party verification agent authorised pursuant to article 28 of the Securitisation Regulation. No assurance can be provided that the securitisation transaction described in the Information Memorandum (i) does or continues to comply with the Securitisation Regulation, (ii) does or will at any point in time qualify as an STS-Securitisation under the Securitisation Regulation or that, if it qualifies as a STS-Securitisation under the Securitisation Regulation, it will at all times continue to so qualify and remain an STS-Securitisation under the Securitisation Regulation in the future and (iii) will remain at all times in the future included in the list published by ESMA as referred to in Article 27(5) of the Securitisation Regulation. None of the Issuer, the Joint Arrangers or any of the Parties makes any representation or accepts any liability in that respect.

## 1. INTRODUCTION

### 1.1 Definitions

Capitalised words and expressions in these Conditions shall, unless otherwise specified or unless the context otherwise requires, have the meanings set out in Condition 2 (*Interpretation and Definitions*).

### 1.2 Noteholders deemed to have notice of the Transaction Documents

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.

### 1.3 Provisions of the Conditions subject to the Transaction Documents

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

### 1.4 Transaction Documents

Certain documents relating to the Warehouse Phase have been terminated by mutual consent among the Issuer and the relevant parties.

The following Transaction Documents will govern the Securitisation.

#### 1.4.1 *Transfer Agreement*

Under the Transfer Agreement, entered into on 12 July 2019 between the Issuer and the Originator, the Originator has assigned and transferred to the Issuer all of its rights, title and interest in and to the First Portfolio. The Originator has assigned and transferred to the Issuer Further Portfolios during the Ramp-Up Period and up to the end thereof, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

Under the terms of the Transfer Agreement, the Originator made certain representations and warranties to the Issuer in relation to itself and the Receivables comprised in the Aggregate Portfolio and undertook to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the purchase and ownership of such Receivables.

#### 1.4.2 *Servicing Agreement*

Under the Servicing Agreement entered into on 12 July 2019 between Banca Progetto, as Servicer, and the Issuer, the Servicer has agreed to administer and service the Receivables comprised in the Aggregate Portfolio in compliance with the Securitisation Law on behalf of the Issuer. The Servicer is the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to Article 2, paragraph 3(c) of the Securitisation Law and, therefore, takes the responsibility provided for by Article 2, paragraph 6, of the Securitisation Law.

#### 1.4.3 *Master Amendment Agreement*

Pursuant to the Master Amendment Agreement, entered into on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the other parties involved in the Transaction have agreed to carry out certain activities, to discharge the Issuer in respect of certain obligations concerning the Warehouse Phase, to:

- (a) terminate by way of mutual agreement among the relevant parties thereto the following documents relating to the Warehouse Phase:
  - (i) the intercreditor agreement relating to the Warehouse Phase;
  - (ii) the Initial Notes Subscription Agreement; and
  - (iii) the terms and conditions of the Initial Notes.
- (b) make certain amendments to the Transaction Documents aimed at, *inter alia*, making the Securitisation compliant with the requirements for simple, transparent and standardised ("STS") non-ABCP securitisations provided for by Articles 20 to 21 of the EU Securitisation Regulation and obtain a rating in respect of the Senior Notes, and, for this purpose,
- (c) give certain representations and warranties in respect of the Portfolio.

#### 1.4.4 *Intercreditor Agreement*

Under the Intercreditor Agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors, the parties thereto have agreed, *inter alia*, to apply the Issuer Available Funds in accordance with the Priority of Payments and the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Aggregate Portfolio. The parties to the Intercreditor Agreement have agreed that the obligations owed by the Issuer to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer, excluding, for the avoidance of doubts, any payment obligation to the Swap Counterparty in relation to the Swap Excluded Amounts. The Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents. The Issuer and each of the Other Issuer Creditors have agreed that the Representative of the Noteholders may exercise, subject to a Trigger Notice being served or following failure by the Issuer to perform its obligations under the Transaction Documents, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

#### 1.4.5 *Cash Allocation, Management and Payment Agreement*

Under the Cash Allocation, Management and Payment Agreement entered into on 26 July 2019 (as amended pursuant to the Master Amendment Agreement) between the Issuer and certain Other Issuer Creditors:

- (a) the Account Bank has agreed to provide the Issuer with certain account handling, management and payment services in relation to money from time to time standing to the credit of the Accounts held by it;
- (b) the Paying Agent has agreed to provide the Issuer with certain account handling, management and other services in relation to money from time to time standing to the credit of the Accounts held by it; and
- (c) the Paying Agent and the Calculation Agent have agreed to provide the Issuer with certain calculation, notification, payment and reporting services in relation to the Notes, including calculation of the amounts due under the Notes and



arranging for the payment to the Noteholders.

1.4.6 *Swap Agreement*

The Issuer entered into a swap master agreement with the Swap Counterparty on 29 July 2019 (as amended and restated under the Deed of Amendment of the Swap Agreement) in the form of the Swap Master Agreement, together with the Swap Confirmation and the Credit Support Annex that form part of, supplement and are subject to the Swap Master Agreement.

1.4.7 *Hedging Security Document*

Pursuant to the Hedging Security Document, the Issuer assigns to the Representative of the Noteholders (acting for itself and for the benefit of the Initial Noteholders and the Other Issuer Creditors) as security for the payment and discharge of the Secured Obligations all of the Issuer's right, title and interest from time to time deriving or accruing from the Swap Agreement.

1.4.8 *Corporate Services Agreement*

Under the Corporate Services Agreement entered into on 26 July 2019 between the Issuer and the Corporate Servicer, the latter has agreed to provide the Issuer with certain administrative and corporate services.

1.4.9 *Quotaholder Agreement*

Pursuant to the Quotaholder Agreement, entered into between the Issuer, the Representative of the Noteholders and the Quotaholder on 26 July 2019, the Quotaholder gave certain undertakings in relation to the management of the Issuer and the exercise of its rights as Quotaholder of the Issuer.

1.4.10 *Stichting Corporate Services Agreement*

Pursuant to the Stichting Corporate Services Agreement entered into on 26 July 2019 between the Issuer, the Quotaholder and the Stichting Corporate Servicer, the latter has agreed to provide the Quotaholder with certain corporate administration and management services.

1.4.11 *Senior Notes Subscription Agreement*

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Lead Manager and the Representative of the Noteholders, the Issuer and the Lead Manager have agreed the terms and conditions upon which the Issuer will issue, and the Lead Manager will subscribe and pay the Senior Notes as of the Issue Date.

1.4.12 *Junior Notes Subscription Agreement*

Pursuant to the Junior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Junior Notes Subscriber and the Representative of the Noteholders, the Issuer and the Junior Notes Subscriber have agreed the terms and conditions upon which the Issuer will issue, and the Junior Notes Subscriber will subscribe and pay the Junior Notes as of the Issue Date.

1.4.13 *Master Definitions Agreement*

Pursuant to the Master Definitions Agreement, entered into on 26 July 2019 (as amended from time to time) between the Issuer and the Other Issuer Creditors, the parties have agreed on the definitions of certain terms used in the Transaction Documents and the relevant principles of interpretation.

1.5 **Accounts**

- 1.5.1 The Issuer has established the following Accounts:
- (a) with the Account Bank:
    - (i) the Collection Account, into which all Collections received or recovered in respect of the Aggregate Portfolio shall be credited;
    - (ii) the Cash Reserve Account into which (a) the Issuer will pay an amount (if any), on each Payment Date prior to the service of a Trigger Notice until the Senior Notes have been repaid in full - out of the Issuer Available Funds and in accordance with the Priority of Payments - to bring the balance of such account up to the Cash Reserve Target Amount; and (b) the Cash Reserve Initial Amount will be credited. The amount standing to the credit of the Cash Reserve Account will form part of the Issuer Available Funds on each Payment Date prior to the service of a Trigger Notice and on the First Payment Date immediately after the service of a Trigger Notice; and
  - (b) with the Paying Agent the Payments Account for the deposit of all amounts received from any party to a Transaction Document to which the Issuer is a party, other than the Collections.
- 1.5.2 The Issuer has established the following Accounts with Banca Monte dei Paschi di Siena S.p.A.:
- (a) the Quota Capital Account, into which the Issuer's contributed quota capital is deposited; and
  - (b) the Expenses Account, into which, on the Issue Date, the Retention Amount will be credited, using the proceeds deriving from the issue of the Notes. During each Interest Period, the Retention Amount will be used by the Issuer to pay the Expenses. To the extent that the amount standing to the credit of the Expenses Account on any Payment Date is lower than the Retention Amount, the Issuer shall credit available amounts to the Expenses Account in accordance with the applicable Priority of Payments.

## 2. INTERPRETATION AND DEFINITIONS

### 2.1 Interpretation

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (a) the exhibit hereto constitutes an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants; and
- (b) headings and subheadings are for ease of reference only and shall not affect the construction of these Conditions.

### 2.2 Definitions

Unless otherwise defined in these Conditions, capitalised words and expressions used in these Conditions shall have, unless the context otherwise require, the following meanings and constructions:

**"Account Bank"** means BP2S and its permitted successors and assignees as account bank pursuant to the Cash Allocation, Management and Payment Agreement.

**"Account Bank Report"** means the report which shall be delivered by the Account Bank within 2 (two) Business Days after the end of the immediately preceding Collection Period, pursuant to the Cash Allocation, Management and Payment Agreement.

**"Accounts"** means collectively the Collection Account, the Payments Account, the Expenses Account, the Cash Reserve Account, the Swap Collateral Accounts, the Quota Capital Account

and any other account opened as substitute of any of them, and "**Account**" means each of them.

"**Accrued Interest**" means on a certain date and in relation to each Receivable, the portion of Interest Instalment accrued, but not yet due on that date, pursuant to the relevant Loan Agreement.

"**Aggregate Portfolio**" means, on any date, the Initial Portfolio and each Further Portfolio purchased by the Issuer from the Originator pursuant to the Transfer Agreement and the relevant Transfer Deed within the context of the Warehouse Phase.

"**Alternative Benchmark Rate**" means an alternative reference rate to be substituted for EURIBOR in respect of the Senior Notes, being any of the following:

- (a) a reference rate which has been recognised or endorsed as a rate which should or could be used, subject to adjustments (if any), to replace EURIBOR by either (x) the ECB, ESMA, or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Euro Risk-Free Rates or (y) an industry body recognised nationally or internationally as representing participants in the mortgage / asset backed securitisation market generally; or
- (b) a reference rate utilised in a material number of publicly-listed new issues of Euro denominated mortgage / asset backed floating rate notes in the six months prior to the proposed effective date of such Benchmark Rate Modification; or
- (c) a reference rate utilised in a publicly-listed new issue of Euro denominated mortgage / asset backed floating rate notes where the originator of the relevant assets is Banca Progetto or an affiliate of Banca Progetto; or
- (d) such other reference rate as the Rate Determination Agent reasonably determines provided that this option may only be used if the Issuer certifies to the Representative of the Noteholders that, in its reasonable opinion, neither paragraphs (i), (ii) or (iii) above are applicable and/or practicable in the context of the Securitisation and that the Issuer has received from the Rate Determination Agent reasonable justification of such determination.

"**Back-Up Servicer Facilitator**" means Banca Finint and its permitted successors and assignees pursuant to the Cash Allocation, Management and Payment Agreement.

"**Banca Finint**" means Banca Finint S.p.A., a company incorporated under the laws of the Republic of Italy with registered office at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), Italy.

"**Banca Progetto**" means Banca Progetto S.p.A., a bank incorporated under the laws of the Republic of Italy, having its registered office at Piazza Armando Diaz No. 1, 20123 Milan, Italy.

"**Bank of Italy Supervisory Regulations**" means the Supervisory Regulations for Banks and/or the Supervisory Regulations for Financial Intermediaries, as the case may be.

"**Benchmark Rate Modification**" means any modification to these Conditions or any other Transaction Document or entering into any new, supplemental or additional document that the Issuer or the Rate Determination Agent considers necessary or advisable for the purpose of changing the benchmark rate from EURIBOR in respect of the Senior Notes to the Alternative Benchmark Rate and making such other amendments to these Conditions or any other Transaction Document as are necessary or advisable in the reasonable judgment of the Issuer and/or the Rate Determination Agent to facilitate the changes envisaged pursuant to the Condition 7.9;

"**Benchmark Rate Modification Certificate**" means a certificate signed by each of the Issuer and the Rate Determination Agent and addressed to the Representative of the Noteholders and copied to the Paying Agent certifying that:

- (a) the Benchmark Rate Modification is being undertaken as a result of the occurrence of a Benchmark Rate Modification Event and such modification is required solely for such purpose and has been drafted solely to such effect; and
- (b) the Alternative Benchmark Rate proposed falls within limb (a), (b), (c) or (d) (*delete as applicable*) of the definition of Alternative Benchmark Rate and where limb (d) applies, the Issuer shall certify that, in its opinion, none of paragraphs (a), (b) or (c) of the definition of Alternative Benchmark Rate is applicable and/or practicable in the context of the Transaction and sets out the justification for such determination (as provided by the Rate Determination Agent);
- (c) the same Alternative Benchmark Rate will be applied to the Senior Notes issued in Euros;
- (d) either (i) it has obtained written confirmation from each of the Rating Agencies that the proposed Benchmark Rate Modification would not result in a Negative Ratings Action and such written confirmation is appended to the Benchmark Rate Modification Certificate; or (ii) it has been unable to obtain written confirmation from each of the Rating Agencies that the proposed Benchmark Rate Modification would not result in a Negative Ratings Action but it has received oral confirmation from an appropriately authorised person at such Rating Agency; or (iii) it has given the Rating Agencies at least 10 Business Days' prior written notice of the proposed modification and none of the Rating Agencies has indicated that such Benchmark Rate Modification would result in a Negative Ratings Action;
- (e) the details of and the rationale for the Note Rate Maintenance Adjustment (or absence of any Note Rate Maintenance Adjustment) are as set out in the Benchmark Rate Modification Noteholder Notice;
- (f) the consent of each Other Issuer Creditor (other than the Noteholders and the Representative of Noteholders) whose consent is required to effect the proposed Benchmark Rate Modification pursuant to the provisions of the Transaction Documents and the Paying Agent whose responsibility it is to calculate the interest rate has been obtained and no other consents are required to be obtained in relation to the Benchmark Rate Modification; and
- (g) whether the Benchmark Rate Modification Costs will be paid by the Originator or by the Issuer at item (iv) *Fourth* of the Pre-Enforcement Priority of Payments.

**"Benchmark Rate Modification Costs"** means all fees, costs and expenses (including legal fees or any initial or ongoing costs associated with the Benchmark Rate Modification) properly incurred by the Issuer or any other transaction party of the Securitisation in connection with the Benchmark Rate Modification.

**"Benchmark Rate Modification Event"** means the occurrence of any of the following:

- (a) the applicability of any law or any other legal provision, or of any administrative or judicial order, decree or other binding measure, pursuant to which EURIBOR may no longer be used as a reference rate to determine the payment obligations under the Notes and/or under the hedging agreements, or pursuant to which any such use is subject to material restrictions or adverse consequences;
- (b) a material disruption to EURIBOR, or EURIBOR ceasing to exist or to be published, or the administrator of EURIBOR having used fallback methodology for calculating EURIBOR for a period of at least 30 calendar days;
- (c) the insolvency or cessation of business of the EURIBOR administrator (in circumstances where no successor EURIBOR administrator has been appointed);
- (d) a public statement by the EURIBOR administrator that, upon a specified future date

(the "**Specified Date**"), it will cease publishing EURIBOR or EURIBOR will not be included in the register under Article 36 of the Benchmarks Regulation permanently or indefinitely (in circumstances where no successor EURIBOR administrator has been appointed that will continue publication of EURIBOR or where there is no mandatory administration), provided that if the Specified Date is more than 6 months in the future, the Benchmark Rate Modification Event will occur upon the date falling 6 months prior to the Specified Date;

- (e) a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be, upon a Specified Date, permanently or indefinitely discontinued, or which means that EURIBOR may no longer be used or that it is no longer a representative benchmark rate or that its use is subject to restrictions asset backed floating rate notes, provided that if the Specified Date is more than 6 months in the future, the Benchmark Rate Modification Event will occur upon the date falling 6 months prior to the Specified Date;
- (f) a change in the generally accepted market practice in the publicly listed mortgage-backed or asset backed floating rate notes market to refer to a benchmark rate endorsed in a public statement by the ECB, ESMA, or any relevant committee or other body established, sponsored or approved by any of the foregoing, including the Working Group on Euro Risk-Free Rates, despite the continued existence of EURIBOR; or
- (g) it being the reasonable expectation of the Issuer that any of the events specified in subparagraphs (a), (b) or (c) will occur or exist within 6 months.

**"Benchmark Rate Modification Noteholder Notice"** means a written notice from the Issuer to notify Noteholders of a proposed Benchmark Rate Modification confirming the following:

- (a) the date on which it is proposed that the Benchmark Rate Modification shall take effect;
- (b) the period during which Noteholders of the Most Senior Class of Notes who are Noteholders on the Benchmark Rate Modification Record Date may object to the proposed Benchmark Rate Modification (which notice period shall commence at least 40 calendar days prior to the date on which it is proposed that the Benchmark Rate Modification would take effect and continue for a period of not less than 30 calendar days) and the method by which they may object;
- (c) the Benchmark Rate Modification Event or Events which has or have occurred;
- (d) the Alternative Benchmark Rate which is proposed to be adopted pursuant to Condition 7.9.2 and the rationale for choosing the proposed Alternative Benchmark Rate;
- (e) details of any Note Rate Maintenance Adjustment;
- (f) details of any modifications that the Issuer has agreed will be made to any hedging agreement to which it is a party for the purpose of aligning any such hedging agreement with the proposed Benchmark Rate Modification or, where it has not been possible to agree such modifications with hedging counterparties, why such agreement has not been possible and the effect that this may have on the Securitisation (in the view of the Rate Determination Agent); and
- (g) details of (i) any amendments which the Issuer proposes to make to these Conditions or any other Transaction Document and (ii) any new, supplemental or additional documents into which the Issuer proposes to enter to facilitate the changes envisaged pursuant to Condition 7.9.

**"Benchmark Rate Modification Record Date"** means the date specified to be the Benchmark Rate Modification Record Date in the Benchmark Rate Modification Noteholder Notice.

**"BNP Paribas"** means BNP Paribas, a company incorporated under the laws of France, having

its registered office at 16 boulevard des Italiens, 75009 Paris, France.

**"BP2S"** means BNP Paribas Securities Services, Milan Branch, the Milan branch of BNP Paribas Securities Services, a company incorporated under the laws of France, whose registered office is at 3, Rue d'Antin, 75002 Paris, France, with office at Piazza Lina Bo Bardi No. 3, 20124 Milan, Italy.

**"Business Day"** means a day on which the Trans-European Automated Real Time Gross Settlement-Express Transfer System (TARGET2) (or any successor thereto) is open and which is not a bank holiday or a public holiday in Milan, Dublin, Paris and London.

**"Calculation Agent"** means Banca Finint or any other permitted successors and assignees pursuant to the Cash Allocation, Management and Payment Agreement.

**"Calculation Date"** means 4 Business Days prior to each Payment Date of each calendar month.

**"Cancellation Date"** means the earlier of (a) the date on which the Notes have been redeemed in full; (b) the date on which the Representative of the Noteholders has certified to the Issuer, the Servicer and the Initial Noteholders that all the Collections due in respect of all the Receivables comprised in the Aggregate Portfolio have been received or recovered and that all judicial enforcement procedures in respect of the Aggregate Portfolio have been exhausted; and (c) the date on which all the Receivables comprised in the Aggregate Portfolio have been sold and the relevant proceeds have been received and applied in accordance with the applicable Priority of Payments, at which date any amount outstanding, whether in respect of interest or principal in respect of the Notes, shall be finally and definitively cancelled.

**"Cash Allocation, Management and Payment Agreement"** means the cash, allocation, management and payment agreement entered into on 26 July 2019 between the Issuer, the Servicer, the Back-Up Servicer Facilitator, the Calculation Agent, the Paying Agent, the Account Bank, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Cash Reserve Account"** means the Euro denominated account with IBAN IT 24 R 03479 01600 000802309302, opened with the Account Bank, into which (i) on the Issue Date, the Cash Reserve Initial Amount shall be credited, and (ii) subsequently, on each Payment Date until the Senior Notes have been repaid in full, the Cash Reserve Target Amount shall be credited.

**"Cash Reserve Amount"** means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

**"Cash Reserve Initial Amount"** means 6,535,000.

**"Cash Reserve Target Amount"** means, in relation to each relevant Payment Date up to (but excluding) the Final Maturity Date an amount equal to 1.8% of the Collateral Portfolio Outstanding Principal Due as of the end of the last preceding Collection Period, provided that: (i) on the Payment Date on which the Senior Notes are redeemed in full or (ii) following the service of a Trigger Notice, the Cash Reserve Target Amount will be zero.

**"Cash Swap Collateral Account"** means the swap collateral account with IBAN IT 98 S 03479 01600 000802309303, opened by the Issuer with the Account Bank for the purposes of depositing any cash collateral to be posted by the Swap Counterparty pursuant to any interest rate swap entered into in respect of the Senior Notes.

**"Class A Principal Redemption Amount"** means, in relation to each relevant Payment Date up to (but excluding) the Final Maturity Date an amount equal to the lower between (i) the Target Principal Redemption Amount and (ii) the Principal Amount Outstanding of the Senior Notes.

**"Class J Principal Redemption Amount"** means, in relation to each relevant Payment Date,

an amount equal to the difference between the Target Principal Redemption Amount and the Class A Principal Redemption Amount.

"**Clearstream**" means Clearstream Banking, société anonyme with registered office at 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

"**Co-Arrangers**" or "**Joint Arrangers**" means, together, Banca Progetto and BNP Paribas and "**Arranger**" means each of them.

"**Collateral Portfolio**" means the aggregate of all outstanding Receivables included in the Aggregate Portfolio which are not Defaulted Receivables.

"**Collateral Portfolio Outstanding Principal Due**" means, in relation to any date, the Outstanding Principal Due of the Collateral Portfolio at such date.

"**Collateral Securities**" means with reference to each Receivable, any pledge, guarantee or indemnity granted by a Debtor or a Guarantor for securing the relevant Receivables, including any salary/pension assignment or delegation of payment that assist the Loans.

"**Collection Account**" means the Euro denominated account with IBAN IT 70 P 03479 01600 000802309300, opened with the Account Bank for the deposit of all the amounts paid and the Recoveries in respect of the Receivables assigned.

"**Collection Date**" means, with reference to each Receivable, the date on which the Servicer has reconciled the relevant Collection.

"**Collection Period**" means each period starting from the first calendar day of each month (included) and ending on the last calendar day of each month (included), provided that the first Collection Period started at the Cut-off Date (excluded) and will end on 30 April 2021 (included).

"**Collections**" means any amount collected by the Originator, the Servicer or the Issuer in relation to the Receivables which have been reconciled by the Servicer.

"**Common Criteria**" means the criteria indicated under Annex 1 to the Transfer Agreement according to which the Receivables transferred by the Originator have been identified pursuant to Articles 1 and 4 of the Securitisation Law.

"**Conditions**" means the terms and conditions of the Notes as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, and any reference to a numbered "**Condition**" is to the corresponding numbered provision thereof.

"**CONSOB**" means the *Commissione Nazionale per le Società e la Borsa*.

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

"**Corporate Servicer**" means Banca Finint and its permitted successors and assignees pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the corporate services agreement entered into on 26 July 2019 between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**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 from time to time.

"**Credit and Collection Policies**" means the credit and collections policies of the Originator set forth under Annex 1 to the Servicing Agreement.

"**Credit Support Annex**" means the ISDA 1995 Credit Support Annex (Bilateral Form – Transfer - English Law) forming part of the Swap Agreement, as amended and restated under

the Deed of Amendment of the Swap Agreement.

"**Criteria**" means, collectively the Common Criteria, the Specific Criteria and the Further Criteria.

"**CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended and/or supplemented from time to time.

"**Cumulative Net Default Ratio**" means the percentage, in respect of any Collection Period, equivalent of a fraction obtained by dividing: (1) (i) the sum of the Outstanding Principal Due as at the Default Date of all the Receivables which have been classified as Defaulted Receivables from the Cut-off Date up to the last day of the relevant Collection Period minus (ii) the aggregate amount of Recoveries received in respect of such Defaulted Receivables from the Default Date up to the last day of the relevant Collection Period; by (2) the sum of (i) the Outstanding Principal Due of the Portfolio as at the Cut-off Date.

"**Cut-off Date**" means 28 February 2021.

"**Deed of Amendment of the Swap Agreement**" means the deed of amendment relating to the Swap Agreement entered into on or about the Issue Date between the Issuer, the Swap Counterparty and the Representative of the Noteholders.

"**DBRS**" means (i) for the purpose of identifying which DBRS entity which has assigned the credit rating to the Senior Notes, DBRS Ratings GmbH and any successor to this rating activity, and (ii) in any other case, any entity that is part of DBRS Morningstar, which is either registered or not under the CRA Regulation, as it appears from the last the last available list published by ESMA on the ESMA website, or any other applicable regulation.

"**DBRS Equivalence Chart**" means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

"**DBRS Equivalent Rating**" means:

- (a) if a Fitch public rating, a Moody's public rating and a S&P public rating are all available, (i) the remaining rating (upon conversion on the basis of the DBRS Equivalence Chart) once the highest and the lowest rating have been excluded or (ii) in the case of two or more same ratings, the lower rating available; or
- (b) if the DBRS Equivalent Rating cannot be determined under paragraph (a) above, but public ratings by any two of Fitch, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalence Chart),



**"DBRS Minimum Rating"** means:

- (a) if a Fitch public long term rating, a Moody's public long term rating and a S&P long term rating in respect of the Eligible Investment or the Eligible Institution, as the case may be (each, a **Public Long Term Senior Debt Rating**) are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such public long term rating remaining after disregarding the highest and lowest of such Public Long Term Senior Debt Ratings from such rating agencies (provided that if such Public Long Term Senior Debt Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Senior Debt Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Senior Debt Ratings shall be so disregarded);
- (b) if the DBRS Minimum Rating cannot be determined under paragraph (a) above, but Public Long Term Senior Debt Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating of the lower such Public Long Term Senior Debt Rating (provided that if such Public Long Term Senior Debt Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and
- (c) if the DBRS Minimum Rating cannot be determined under paragraphs (a) and (b) above, but Public Long Term Senior Debt Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Senior Debt Rating (provided that if such Public Long Term Senior Debt Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below).

If at any time the DBRS Minimum Rating cannot be determined under paragraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

**"Debtor"** means the relevant person who entered into a Loan Agreement with the Originator as debtor or guarantor or which undertaken to pay the amounts due under the relevant Loan or which undertaken to pay any amount under the Loan Agreement by way of an *accollo* or other agreement and **"Debtors"** means all of them, collectively.

**"Decree 239"** means the Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time.

**"Decree 239 Deduction"** means any withholding or deduction for or on account of *"imposta sostitutiva"* under Decree 239.

**"Decree No. 145"** means Italian Law Decree of 23 December 2013 No. 145 converted into law by Law No. 9 of 21 February 2014.

**"Default Date"** means, in relation to the Defaulted Receivables deriving from Loans: (i) that have registered a default payment of at least 8 Instalments, the last day of the month in which the Servicer has registered the last Unpaid Instalment; (ii) that have been classified as defaulted (*in sofferenza*) by the Servicer, the last day of the month in which such classification has been made; (iii) in relation to which a Life Damage (*Sinistro Vita*) occurred, the last day of the month in which the Servicer reported it to the Insurance Company; and (iv) in relation to which a Job Damage (*Sinistro Impiego*) occurred, the earlier of (a) the date in which the Insurance Company made the payment of the relevant Indemnity to the Issuer, and (b) the last day of the third month subsequent to the month in which the report date of the Job Damage (*Sinistro Impiego*) to the Insurance Company by the Servicer occurred.

**"Defaulted Receivables"** means, at any date, the Receivables deriving from Loans: (i) that have registered a default payment of at least 8 Instalments, or (ii) have been classified as defaulted (*in sofferenza*) by the Servicer; or (iii) in relation to which a Life Damage (*Sinistro Vita*)

occurred and the Servicer notified the relevant Insurance Company of the occurrence thereof; or (iv) in respect of which a Job Damage (*Sinistro Impiego*) occurred and the Servicer notified the relevant Insurance Company of the occurrence thereof and (a) the Insurance Company has paid in full the relevant Indemnity to the Issuer, or (b) 3 (three) months have elapsed from the date of notification of the Job Damage without the Insurance Company having paid in full the Indemnity to the Issuer, nor the Servicer having registered a change of Employer/Pension Authority by the relevant the Debtor.

"**EBA**" means the European Banking Authority established by Regulation (EU) No. 1093/2010 of the European Parliament and of the Council of 24 November 2010, amending Decision No. 716/2009/EC and repealing Commission Decision 2009/78/EC.

"**ECB**" means the European Central Bank.

"**Effective Date**" means 12 July 2019.

"**Eligible Institution**" means a depository institution organised under the laws of any state which is a member of the European Union or the United Kingdom or of the United States of America:

- (a) whose unsecured and unsubordinated debt obligations are rated as follows:
  - (i) its long term unsecured and unsubordinated debt obligations have a public rating of at least "Baa2" by Moody's (or, if no such long term rating is available, its short term unsecured and unsubordinated debt obligations have a public rating of at least "P-2" by Moody's), or such other rating as may comply with Moody's criteria from time to time;
  - (ii) its long term unsecured and unsubordinated debt obligations have at least a public or private rating of "A" by DBRS or, if no such public or private rating is available, a DBRS Minimum Rating of "A", or such other rating as may comply with DBRS' criteria from time to time;
- (b) whose obligations under the Transaction Documents to which it is a party are guaranteed by a depository institution organised under the laws of any state which is a member of the European Union or the United Kingdom or of the United States of America, whose unsecured and unsubordinated debt obligations are rated as set out in paragraph (a) above, provided that such guarantee has been notified in advance to the Rating Agencies and complies with the Rating Agencies' criteria.

"**Eligible Insurance Company**" means one of the following Insurance Companies: Allianz Global Life DAC, AVIVA Life S.p.A., AVIVA Italia S.p.A., AXA France VIE S.A., AXA France IARD S.A., Cardif Assurances VIE, Cardif Assurances Risques Divers, Genertellife S.p.A., Genertel S.p.A., HDI Assicurazioni S.p.A., Afi Esca S.A., Credit Life AG, Rheinland Versicherungen AG, Harmonie Mutuelle Italia, Net Insurance Life S.p.A., Net Insurance SPA, CF Life Compagnia di Assicurazioni S.p.A. and CF Assicurazioni S.p.A..

"**Eligible Investment**" means any senior, unsubordinated debt securities, investment, commercial paper, deposit or other instrument which is denominated in Euro and is in the form of bonds, notes, commercial papers, deposits or other financial instruments having at least the following ratings:

- (a) a long term public rating of "A3" by Moody's, or such other rating as may comply with Moody's criteria from time to time; and
- (b) a short term, public or private, rating of "R-1 (low)" by DBRS or a long term, public or private, rating of "A" by DBRS, or such other rating as may comply with DBRS' criteria from time to time,

provided that:

- (1) each maturity date shall fall not later than the immediately following Eligible Investment Maturity Date;
- (2) any investment shall guarantee a fixed amount on account of principal at maturity not lower than the initial invested amount; and
- (3) in any event, any account, deposit, instrument or fund which consist, in whole or in part, actually or potentially, of credit-linked notes, synthetic c securities or similar claims resulting from the transfer of credit risk by means of credit derivatives, swaps or tranches of other asset backed securities or any other instrument from time to time specified in the ECB's monetary policy regulations applicable from time to time shall be excluded.

**"Eligible Investments Maturity Date"** means, with reference to each Eligible Investment, the date falling no later than 6 (six) Business Days prior to the Payment Date immediately following the Collection Period in respect of which the relevant Eligible Investment has been made.

**"EMIR"** means Regulation (EU) No 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012, as amended and/or supplemented from time to time (including by Regulation (EU) 2019/834 of the European Parliament and of the Council dated 20 May 2019).

**"Employer/Pension Authority"** means the assigned debtor of the receivables object of each Salary/Pension Assignment or the agent/delegate of each Payment Delegation.

**"ESMA"** means the European Securities and Markets Authority.

**"ESMA Website"** means [www.esma.europa.eu](http://www.esma.europa.eu).

**"EU Insolvency Regulation"** means:

- (i) Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, with reference to proceedings opened prior to 26 June 2017; and
- (ii) Council Regulation (EC) No 1346/2000 of 29 May 2000 on insolvency proceedings, with reference to proceedings opened after 26 June 2017,

each of them as amended and supplemented from time to time.

**"EU Securitisation Regulation"** means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017, as amended and supplemented from time to time.

**"EURIBOR"** means the interest rate offered in the euro-zone interbank market for one month deposits in Euro, which appears on the Bloomberg Page EUR0001M page at on/or about 11.00 a.m. (Brussels time) or (A) such other page as may replace the Bloomberg Page EUR0001M page on that service for the purpose of displaying such information or (B) if that service ceases to display such information on such equivalent service as may replace the Bloomberg Page EUR0001M.

**"Euroclear"** means Euroclear bank S.A./N.V. as operator of the Euroclear system.

**"Excess Swap Collateral"** means, in respect of the Swap Agreement, an amount (which would be transferred directly to the Swap Counterparty in accordance with the terms of the Swap Agreement), (i) in the case of a termination resulting from the designation of an Early Termination Date (as defined in the Swap Agreement), equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Swap Counterparty (including any interest and distributions in respect thereof) to the Issuer pursuant to the Swap Agreement and held by the Issuer at such time exceeds the Swap Counterparty's liability under the Swap Agreement as determined on or as soon as reasonably practicable after the date of termination of the Swap Agreement (such liability shall be determined in accordance with the terms of the Swap Agreement except that for the purpose of this definition, the value of the

collateral will not be applied as an unpaid amount owed by the Issuer to the Swap Counterparty); or (ii) in any other circumstance, which the Swap Counterparty is otherwise entitled to under the terms of the Swap Agreement including as a result of changes in the value of the collateral and/or the Swap Agreement.

**"Excluded Swap Termination Amounts"** means the amounts of any termination payment due and payable to the Swap Counterparty under the Swap Agreement as a result of a Swap Counterparty Default or a Swap Counterparty Downgrade Termination Event (to the extent such payment cannot be satisfied by (i) payment by the Issuer of any Replacement Swap Premium and/or (ii) amounts standing to the credit of the Swap Collateral Accounts (if applicable)).

**"Expenses"** means, any fees, costs, taxes and expenses required to be paid to any third party (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and any other costs, taxes and expenses to be paid in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation, including any legal fees and expenses and any other costs, fees and expenses due to third parties which have been incurred in connection with the preservation or enforcement of the Issuer's Rights.

**"Expenses Account"** means the Euro denominated account with IBAN IT 35 E 01030 61622 000001851386, opened by the Issuer with Banca Monte dei Paschi di Siena S.p.A., into which the Retention Amount shall be credited and out of which the Expenses will be paid during each Collection Period.

**"ExtraMOT"** means the multilateral trading facility managed by Borsa Italiana S.p.A..

**"ExtraMOT PRO"** means the professional segment of ExtraMOT.

**"Extraordinary Resolution"** has the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

**"Final Maturity Date"** means the Payment Date falling in October 2036.

**"Financial Laws Consolidation Act"** means Italian Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.

**"First Payment Date"** means the Payment Date falling in 27 May 2021.

**"First Portfolio"** means the Initial Portfolio purchased by the Issuer from the Originator pursuant to the Transfer Agreement, the Initial Purchase Price of which will be funded through the proceeds deriving from the issue of the Initial Notes.

**"Fitch"** means Fitch Ratings Limited.

**"Further Criteria"** means the further criteria for selecting the Receivables in as set out in the Transfer Agreement.

**"Further Instalment"** means any further instalment of the subscription price of the Initial Notes to be paid by the Initial Noteholders during the Ramp-Up Period.

**"Further Portfolio"** means each portfolio of Receivables purchased by the Issuer during the Ramp-Up Period from the Originator pursuant to the Transfer Agreement.

**"Hedging Security Document"** means the English law security hedging assignment agreement executed on 29 July 2019 between the Issuer, the Representative of the Noteholders (acting for itself and as security trustee of the Initial Noteholders and the Other Issuer Creditors), as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereto.

**"Information Memorandum"** means the information memorandum prepared in connection with the issue of the Notes.

**"Initial Instalment"** means the initial instalment of the subscription price for the Initial Notes paid by the Initial Senior Subscriber and the Initial Junior Subscriber on the Initial Notes Issue Date.

**"Initial Interest Period"** means the period comprised between (i) the Issue Date (included) and (ii) the Payment Date falling in May 2021 (excluded).

**"Initial Junior Noteholder"** means the junior subscriber of the Initial Junior Notes.

**"Initial Junior Notes"** means the Euro 120,000,000 Class J Asset Backed Variable Funding Variable Return Notes due December 2032.

**"Initial Junior Subscriber"** means Banca Progetto.

**"Initial Noteholders"** means, together, the Initial Senior Noteholder and the Initial Junior Noteholder.

**"Initial Notes"** means, together, the Initial Senior Notes and the Initial Junior Notes issued by the Issuer on the Initial Notes Issue Date pursuant to Articles 1 and 5 of the Securitisation Law.

**"Initial Notes Issue Date"** means 1 August 2019 or the later date agreed in writing between the Issuer and the Initial Notes Subscribers.

**"Initial Notes Subscribers"** means, together, the Initial Senior Subscriber and the Initial Junior Subscriber.

**"Initial Notes Subscription Agreement"** means the subscription agreement for the Initial Notes entered into on or about the Initial Notes Issue Date between the Issuer, the Initial Notes Subscriber, the Initial Junior Subscriber and the Representative of the Noteholders.

**"Initial Portfolio"** means the portfolio of Receivables purchased as at the Effective Date by the Issuer.

**"Initial Purchase Price"** means the consideration due by the Issuer to the Originator for the purchase of the First Portfolio, pursuant to the Transfer Agreement.

**"Initial Senior Noteholder"** means the subscriber of the Initial Senior Notes.

**"Initial Senior Notes"** means the Euro 500,000,000 Class A Asset Backed Variable Funding Floating Rate Notes due December 2032.

**"Initial Senior Subscriber"** means Matchpoint Finance PLC having its registered office in 4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland.

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

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect, unless in the opinion of the Representative of the Noteholders, such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in

good faith with a reasonable prospect of success; or

- (c) such company or corporation takes any action for a re-adjustment of deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (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 such company or corporation.

**"Instalment"** means with reference to each Loan Agreement, from which a Receivable derives, each instalment due from time to time by the relevant Debtor composed by a Principal Instalment and an Interest Instalment.

**"Insurance Company"** means each insurance company with which the Originator has entered into or will enter into an Insurance Master Agreement and that will deliver an Insurance Policy in favour of the Originator in relation to the relevant Loan Agreement.

**"Insurance Master Agreement"** means each agreement entered between the Originator and the Insurance Companies setting forth the terms and conditions of the Insurance Policies issued in favour of the Originator.

**"Insurance Policy"** means with reference to each Loan, the insurance policies issued by the Insurance Companies in favour of the Originator pursuant to the Insurance Master Agreement, in order to cover certain risks connected to the relevant Debtor, whose rights and actions are included in the Receivables assigned to the Issuer by the Originator, pursuant to the Transfer Agreement.

**"Intercreditor Agreement"** means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Other Issuer Creditors setting forth the relationships among the Issuer's creditors and establishing the Priority of Payments and the timing of payments that the Issuer shall make in the context of the Securitisation, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Interest Determination Date"** means:

- (a) with reference to the Initial Interest Period, the second Business Day immediately preceding the Issue Date; and
- (b) with reference to each subsequent Interest Period, the second Business Day immediately preceding the Payment Date at the beginning of the relevant Interest Period.

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

**"Interest Period"** means for the Notes, each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the first Interest Period will start on the Issue Date (included) and will end on the Payment Date falling in May 2021 (excluded).

**"Investors Report"** means the report to be prepared by the Calculation Agent pursuant to the Cash Allocation, Management and Payment Agreement containing information on the amounts received or collected in respect of the Portfolio, the payments made on the Notes with reference to the immediately preceding Interest Period, based on the information contained, respectively, in the Servicer's Report and in the Payments Report or in the Post Trigger Payments Report,

as the case may be.

**"Issue Date"** means 6 May 2021, being the date on which the Issuer will issue the Notes within the context of the Securitisation.

**"Issuer"** means Progetto Quinto S.r.l..

**"Issuer Available Funds"** means in respect of any Payment Date the aggregate of:

- (a) all Collections and Recoveries collected by the Servicer in respect of the Receivables during the immediately preceding Collection Period;
- (b) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement during the immediately preceding Collection Period;
- (c) any revenues and other amounts matured or deriving from the realisation, liquidation and any other proceeds on maturity of any Eligible Investments (including, for the avoidance of doubt, interest, premium or any other amount representing its yield) and credited to the Payments Account at least 1 (one) Business Day prior to such Payment Date;
- (d) all amounts (other than the amounts already allocated under other items of the Issuer Available Funds) of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts, other than the Expenses Account and the Quota Capital Account, during the immediately preceding Collection Period;
- (e) any amounts received from the Swap Counterparty under the Swap Agreements (other than Swap Excluded Amounts) and credited to the Payments Account;
- (f) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents with reference to the immediately preceding Collection Period;
- (g) the Cash Reserve Amount transferred from the Cash Reserve Account to the Payments Account on or prior to such Payment Date;
- (h) all the proceeds deriving from the sale (in whole or in part), if any, of the Portfolio, or the proceeds deriving from the issuance of the Notes, in accordance with the provisions of the Transaction Documents.

**"Issuer's Rights"** mean the Issuer's rights under the Transaction Documents.

**"Italian Bankruptcy Law"** means the Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented.

**"Job Damage"** (*Sinistro Impiego*) means each event related and/or connected to the employment relationship of a Debtor covered under the relevant Insurance Policy, upon occurrence of which the relevant Insurance Company shall pay an indemnity to the Originator and, upon transfer of the Receivables to the Issuer, to the Issuer in accordance with the terms and conditions of such Insurance Policy.

**"Junior Noteholders"** means the noteholders of the Junior Notes.

**"Junior Notes"** means Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036 which will be issued in the context of the Securitisation, pursuant to Articles 1 and 5 of the Securitisation Law.

**"Junior Notes Subscription Agreement"** means the subscription agreement for the Junior Notes entered into within the context of the Securitisation on or about the Issue Date between the Issuer, the Junior Subscriber and the Representative of the Noteholders.

**"Junior Notes Underwriter"** or **"Junior Subscriber"** means Banca Progetto, the subscriber of the Junior Notes within the context of the Securitisation pursuant to the Junior Notes Subscription Agreement.

**"Lead Manager"** means the subscriber of the Senior Notes within the context of the Securitisation pursuant to the Senior Notes Subscription Agreement.

**"Life Damage"** (*Sinistro Vita*) means the death of a Debtor covered under the relevant Insurance Policy, upon occurrence of which the relevant Insurance Company shall pay an indemnity to the Originator and, upon transfer of the Receivables to the Issuer, to the Issuer in accordance with the terms and conditions of such Insurance Policy.

**"Loan"** means each personal loan granted by the Originator to a Debtor, repayable through a Salary/Pension Assignment or, alternatively, assisted by Payment Delegation carried out in favour of the Originator by the relevant Debtor, or assisted by an Insurance Policy, whose Receivables have been assigned pursuant to the Transfer Agreement.

**"Loan Agreement"** means each loan agreement, from which a Receivable derives, entered into between the Originator and a Debtor, pursuant to which the Originator has granted a Loan.

**"Margin"** means the applicable margin in respect of the Senior Notes which will be 0.60% from the Issue Date until the Cancellation Date.

**"Master Amendment Agreement"** means the master amendment agreement entered into on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the other parties involved in the Transaction.

**"Master Definitions Agreement"** means the master definitions agreement entered into on 26 July 2019 between, *inter alios*, the Issuer, the Representative of the Noteholders and the Other Issuer Creditors setting forth the definitions of certain terms used in the transaction documents of the Warehouse Phase (as amended on 31 July 2019 and pursuant to the Master Amendment Agreement), in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Monte Titoli"** means Monte Titoli S.p.A..

**"Monte Titoli Account Holders"** means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

**"Moody's"** means Moody's Investors Service Ltd.

**"Negative Ratings Action"** means, in relation to the current rating assigned to the Senior Notes by a Rating Agency, (x) a downgrade, withdrawal or suspension of the rating or (y) the Senior Notes being placed on rating watch negative (or equivalent).

**"Note Rate Maintenance Adjustment"** means the adjustment (which may be positive or negative) which the Rate Determination Agent proposes to make (if any) to the margin payable on the Senior Notes which are the subject of the Benchmark Rate Modification in order to, so far as reasonably and commercially practicable, preserve what would have been the expected Rate of Interest applicable to the Senior Notes had no such Benchmark Rate Modification been effected.

**"Noteholders"** means, together, the Senior Noteholders and the Junior Noteholders.

**"Notes"** means, together, the Senior Notes and the Junior Notes.

**"Notes Subscribers"** means, together, the Lead Manager and the Junior Subscriber.

**"Offer"** means each "*Proposta di Cessione*" of a Further Portfolio sent by the Originator to the Issuer for the sale of a Further Portfolio, in accordance with the Transfer Agreement.

**"Offer Date"** means the date which falls 2 (two) Business Days before each Calculation Date preceding each Payment Date, or the different date which may be agreed in writing between the Issuer and the Originator.

**"Option"** has the meaning ascribed to it in Article 15 (*Opzione di Riacquisto*) of the Transfer



Agreement.

**"Organisation of the Noteholders"** means the association of the Noteholders, organised pursuant to the Rules of the Organisation of the Noteholders.

**"Originator"** means Banca Progetto which will transfer receivables to the Issuer in the context of the Transaction pursuant to and in accordance with the Transaction Documents.

**"Other Issuer Creditors"** means the Originator, the Servicer, the Back-Up Servicer Facilitator, the Corporate Servicer, the Representative of the Noteholders, the Account Bank, the Paying Agent, the Calculation Agent, the Lead Manager, the Junior Subscriber, the Swap Counterparty, the Stichting Corporate Servicer and the Quotaholder and any other party that may adhere to the Intercreditor Agreement pursuant to the provisions contained thereto.

**"Outstanding Balance"** means, in relation to a certain date and each Receivable, (i) the sum of the Outstanding Principal Due and the Interest Instalments that are due and not paid at that date, plus (ii) any penalties (including any default interest) accrued on the Instalments due and not paid on that date, net of (iii) the Instalments not yet due, but paid in advance by the relevant Debtor.

**"Outstanding Principal"** means, on any given date and in relation to any Receivable, the sum of all the Principal Instalments due.

**"Outstanding Principal Due"** means, in relation to each Receivable and at any date, the amount equal to the sum of (i) the total of the Principal Instalments due and not paid on that date, and (ii) the Principal Instalments not yet due on that date.

**"Paying Agent"** means BP2S, and its permitted successors and assignees pursuant to the Cash Allocation, Management and Payment Agreement.

**"Payment Date"** means: (a) before the delivery of a Trigger Notice the 27<sup>th</sup> day of each calendar month in each year provided that if such day is not a Business Day the immediately following Business Day, and (b) following the delivery of a Trigger Notice, each day in which the payment is due pursuant to the Priority of Payments subsequent to the delivery of a Trigger Notice, the Conditions and the Intercreditor Agreement, provided that the First Payment Date is the Payment Date falling in May 2021.

**"Payment Delegation"** means the payment delegation of one fifth of the salary carried out, pursuant to the relevant Loan Agreement, by a Debtor in favour of the Originator, with reference to the payment due by the Debtor pursuant to the relevant Loan.

**"Payments Account"** means the Euro denominated account with IBAN IT 47 Q 03479 01600 000802309301, opened in the name of the Issuer with the Paying Agent, for the deposit of amounts received by the Issuer from any party to a Transaction Document to which the Issuer is a party other than the Collections.

**"Payments Report"** means the report which shall be prepared and delivered by the Calculation Agent on each Calculation Date, pursuant to the Cash Allocation, Management and Payment Agreement setting out all the payments to be made on the following Payment Date under the Priority of Payments.

**"Pass-through Event"** means any of the events provided for in Condition 14 (*Pass-through Events*).

**"PCS"** means Prime Collateralised Securities EU SaS.

**"Portfolio"** means the portfolio of Receivables owned by the Issuer as at the Cut-off Date.

**"Post-Enforcement Priority of Payments"** means the priority of payments applicable after the delivery of a Trigger Notice, as set forth in Condition 6.2 (*Post-Enforcement Priority of Payments*).

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

**"Pre-Enforcement Priority of Payments"** means the priority of payments applicable before the delivery of a Trigger Notice, as set forth in Condition 6.1 (*Pre-Enforcement Priority of Payments*).

**"Principal Amount Outstanding"** or **"Principal Outstanding"** means, on any date, with reference to a Note, the principal amount thereof upon issue less the aggregate amount of all principal payments that have been made in respect of that Note prior to such date.

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

**"Priority of Payments"** means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

**"Purchase Conditions"** means the conditions provided for under the Clause 7 of the Transfer Agreement and which shall be satisfied for the purchase of each Further Portfolio by the Issuer from the Originator.

**"Quota Capital Account"** means the account with IBAN IT 13 B 01030 61622 000001846813, opened by the Issuer with Banca Monte dei Paschi di Siena S.p.A., into which the quota capital of the Issuer is deposited.

**"Quotaholder"** means Stichting Rossellini.

**"Quotaholder Agreement"** means the quotaholder agreement entered into on 26 July 2019 between the Issuer, the Originator, the Quotaholder and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Ramp-Up Period"** means the period which started from the Initial Notes Issue Date and ended on the Payment Date falling in March 2021 (included).

**"Rate Determination Agent"** means Banca Progetto.

**"Rating Agencies"** means Moody's and DBRS, and **"Rating Agency"** means either of them.

**"Receivables"** means, in relation to each Portfolio, any receivable deriving from the relevant Loan (except for what provided for below), including but not limited to:

- (a) the receivables related to:
  - (i) the Outstanding Principal Due at the relevant Valuation Date;
  - (ii) the Accrued Interest and any legal interest or default interest that will accrue in connection with the relevant Loan from the relevant Valuation Date;
  - (iii) the Instalments due and unpaid at the Valuation Date;
  - (iv) the amounts due at the relevant Valuation Date or that will accrue following the Valuation Date as damages or indemnity;
  - (v) any other amount due to the Originator at the Valuation Date or that will accrue following the Valuation Date in connection with the relevant Loan and the relevant Loan Agreement;
  - (vi) the monetary receivables and any other amount deriving from a Procedure;
  - (vii) any penalty and/or amount due as compensation in case of early termination;
- (b) any other receivable related or connected to the relevant Loan or the position of the

Originator pursuant to such Loans, including right to damages *vis-à-vis* the Debtors;

- (c) any Collateral Security of the relevant Loan Agreement, including any right and claim for the payment of the fraction of wage, salary, pension and/or the payment of any other indemnity (including the amount due as termination payment) due as a consequence of the Salary/Pension Assignment and/or Payment Delegation assisting the relevant Loan, as well as any right or claim in relation to the Insurance Policies;
- (d) any pre-emption right that may be assigned pursuant to the Securitisation Law as well as any other right, claim, ancillary right, substantial or procedural claim (including any action for damages) and objection connected to the above-mentioned rights and claim, including termination for breach and the early termination of the relevant debtors.

**"Recoveries"** means any amount received or recovered by the Servicer in respect of the Defaulted Receivables, including default interest (if any) and relevant penalties.

**"Reference Banks"** means three (3) major banks in the Euro-Zone inter-bank market selected by the Issuer.

**"Regulation 13 August 2018"** means the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published on the Official Gazette No. 201 of 30 August 2018, as amended and supplemented from time to time.

**"Regulatory Technical Standards"** means:

- (a) the regulatory technical standards adopted by EBA or ESMA, as the case may be, pursuant to the EU Securitisation Regulation; and
- (b) the transitional regulatory technical standards applicable pursuant to article 43 of the EU Securitisation Regulation prior to the entry into force of the regulatory technical standards referred to in paragraph (a) above.

**"Replacement Swap Agreement"** means any swap agreement documenting a replacement interest rate swap entered into by the Issuer.

**"Replacement Swap Premium"** means an amount received by the Issuer from a replacement swap counterparty upon entry by the Issuer into a Replacement Swap Agreement with such replacement swap counterparty.

**"Reporting Entity"** means Banca Progetto, or any other entity acting as a reporting entity pursuant to Article 7(2) of the EU Securitisation Regulation and the Intercreditor Agreement, and any of its successors or assigns.

**"Representative of the Noteholders"** means Banca Finint or any other person appointed as Representative of the Noteholders pursuant to the Rules of the Organisation of the Noteholders and the Intercreditor Agreement.

**"Retention Amount"** means on the First Payment Date, Euro 20,000, on each Payment Date, the difference between Euro 20,000 and the amount standing to the balance of the Expenses Account; and on the Final Maturity Date or, if earlier, the Payment Date on which the Notes will be redeemed in full, zero.

**"Rules of the Organisation of the Noteholders"** means the rules of the organisation of the Noteholders, attached to the Conditions and forming an integral part thereof.

**"S&P"** means S&P Global Ratings.

**"Salary/Pension Assignment"** means the assignment of one fifth of the salary and/or pension pursuant to the relevant Loan Agreement from a Debtor in favour of the Originator with the function of fulfilling the obligations arising out of the relevant Loan (*i.e.*, *cessione in luogo dell'adempimento*).

**"Scheduled Instalment Date"** means each date in which an Instalment is due pursuant to the

relevant Loan Agreement.

"**Secured Creditors**" means the Noteholders and the Other Issuer Creditors.

"**Secured Obligations**" means all of the Issuer's obligations vis-à-vis the Secured Creditors under the Notes and the Transaction Documents.

"**Securities Swap Collateral Account**" means the swap collateral account with no. 2309301, opened by the Issuer with the Account Bank for the purposes of depositing any securities collateral to be posted by the Swap Counterparty pursuant to any interest rate swap entered into in respect of the Senior Notes.

"**Security**" means any security granted by the Issuer (if any) or by operation of law to the Noteholders and/or the Other Issuer Creditors (or some of them) or to the Representative of the Noteholders on behalf of all or some of the Noteholders and/or the Other Issuer Creditors.

"**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.

"**Securitisation**" means the second phase of the Transaction.

"**Securitisation Law**" means Law No. 130 of 30 April 1999 (*Legge sulla cartolarizzazione dei crediti*), as subsequently amended and supplemented.

"**Senior Noteholders**" means the noteholders of the Senior Notes.

"**Senior Notes**" means the Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036 which will be issued in the context of the Securitisation, pursuant to Articles 1 and 5 of the Securitisation Law.

"**Senior Notes Subscription Agreement**" means the subscription agreement for the Senior Notes entered into within the context of the Securitisation on or about the Issue Date between the Issuer, the Lead Manager and the Representative of the Noteholders.

"**Servicer**" means Banca Progetto and its permitted successors and assignees pursuant to the Servicing Agreement.

"**Servicer's Report**" means the monthly report to be prepared and delivered by the Servicer pursuant to the Servicing Agreement on each Servicer's Report Date.

"**Servicer's Report Date**" means the date falling on the 16<sup>th</sup> day of each calendar month or, if such day is not a Business Day, the next following Business Day or the different date which may be agreed in writing between the Issuer, also through its representatives, and the Servicer, provided that the First Servicer's Report Date is 17 May 2021.

"**Servicer Termination Event**" has the meaning ascribed to it in Article 9 (*Revoca del Mandato*) of the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on 12 July 2019 between the Servicer and the Issuer, as from time to time modified, in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Solvency II Regulation**" means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance, as amended and/or supplemented from time to time.

"**Specific Criteria**" means the specific criteria supplemental to the Common Criteria pursuant to the Transfer Agreement.

**"Stichting"** means Stichting Rossellini, a foundation (*Stichting*) incorporated under the laws of The Netherlands and having its registered office at Locatellikade 1, 1076 AZ, Amsterdam, The Netherlands and enrolled at the Chamber of Commerce in Amsterdam at No. 74176943, having Italian fiscal code No. 97841390152.

**"Stichting Corporate Servicer"** means Wilmington Trust or any other successors and assignees thereof pursuant to the Stichting Corporate Services Agreement.

**"Stichting Corporate Services Agreement"** means the stichting corporate services agreement entered into on 26 July 2019 between the Stichting, the Issuer and WT, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"STS-Securitisation"** means a securitisation intended to qualify as a simple, transparent and standardised securitisation within the meaning of the EU Securitisation Regulation.

**"STS Requirements"** means the requirements for simple, transparent and standardized non-ABCP securitisations provided for by Articles 20, 21 and 22 of the EU Securitisation Regulation.

**"STS Verification"** means the assessment of the compliance of the Securitisation with the requirements of articles 19 to 22 of the EU Securitisation Regulation.

**"Subscription Agreements"** means the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement.

**"Subscription Price"** means the subscription price of the Senior Notes and/or the subscription price of the Junior Notes, as the case may be.

**"Successor Servicer"** means the entity appointed by the Issuer as substitute of the Servicer under the Servicing Agreement, if the appointment of the Servicer is terminated in accordance with the terms and conditions of the Servicing Agreement.

**"Supervisory Regulations for Banks"** means (i) the *"Istruzioni di Vigilanza per le banche"* issued by the Bank of Italy by Circular No. 229 of 21 April 1999, and (ii) the *"Disposizioni di vigilanza per le banche"* issued by the Bank of Italy through Circular No. 285 of 17 December 2013, in each case, as amended and supplemented from time to time, including pursuant to the CRR.

**"Supervisory Regulations for Financial Intermediaries"** means the *"Istruzioni di Vigilanza per gli Intermediari Finanziari"* issued by the Bank of Italy through Circular No. 288 of 3 April 2015, as amended and supplemented from time to time.

**"Swap Agreement"** means a swap master agreement dated 29 July 2019 (as amended and restated under the Deed of Amendment of the Swap Agreement) entered into between the Issuer and the Swap Counterparty, in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border), including the schedule thereto as published by the International Swaps and Derivatives Association, Inc., together with the Swap Confirmation and the Credit Support Annex.

**"Swap Collateral"** means an amount equal to the value of collateral (excluding any Excess Swap Collateral) provided by the Swap Counterparty to the Issuer pursuant to any interest rate swap entered into in respect of the Senior Notes.

**"Swap Collateral Account"** means the Cash Swap Collateral Account and the Securites Swap Collateral Account, collectively.

**"Swap Confirmation"** means the swap confirmation relating to the Swap Agreement dated 29 July 2019 (as amended and restated under the Deed of Amendment of the Swap Agreement) evidencing the interest rate swap transaction entered into between the Issuer and the Swap Counterparty.

**"Swap Counterparty"** means BNP Paribas or any other successors and assignees thereof

pursuant to the Swap Agreement.

**"Swap Counterparty Default"** means the occurrence of an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement).

**"Swap Counterparty Downgrade Termination Event"** means the occurrence of an Additional Termination Event (as defined in the Swap Agreement) following the failure by the Swap Counterparty to comply with the requirements of the ratings downgrade provisions set out in the Swap Agreement.

**"Swap Counterparty Entrenched Rights"** means any amendments, waiver and/or modifications to the Transaction Documents that have the effect of:

- (a) altering the Swap Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Representative of the Noteholders on behalf of the Other Issuer Creditors;
- (b) altering, whether directly or indirectly, the definitions of "Final Maturity Date", "Available Revenue Funds", "Swap Collateral Accounts", "Cash Swap Collateral Accounts", "Securities Swap Collateral Accounts", "Swap Excluded Amounts", "Excluded Swap Termination Amounts", "Excess Swap Collateral", "Swap Collateral", "Replacement Swap Premium", "Swap Tax Credits" and/or "Swap Counterparty Entrenched Rights" as set forth in the Transaction Documents;
- (c) altering the Priority of Payments;
- (d) altering the maturity of the Senior Notes;
- (e) altering any provisions of Condition 8.2 (*Optional Redemption*), Condition 8.3 (*Redemption for Taxation*), Condition 13 (*Trigger Events*) or any additional redemption rights in respect of the Senior Notes;
- (f) altering the payment dates or the amounts due and payable under the Swap Agreement; or
- (g) altering any provisions in the Transaction Documents or the Conditions setting out the method of calculation of amounts payable to the Swap Counterparty under the Priority of Payments, as well as the calculation of amounts payable to the Swap Counterparty outside the Priority of Payments.

**"Swap Excluded Amounts"** means the aggregate of each amount, where relevant the following amounts paid to the Issuer under or in respect of the Swap Agreement:

- (a) any early termination amount received by the Issuer under the Swap Agreement to the extent it is to be applied in acquiring a replacement swap;
- (b) Excess Swap Collateral;
- (c) where relevant, the difference between (x) the Swap Collateral and (y) the actual value of such Swap Collateral that has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the Swap Agreement and to the extent that such amount is not to be applied in acquiring a replacement swap (in which case such amount will be included in the Issuer Available Funds);
- (d) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the Swap Counterparty; and
- (e) Swap Tax Credits.

**"Swap Tax Credits"** means any credit against, relief or remission for, or repayment of tax

received by the Issuer from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Counterparty to the Issuer.

**"Target Principal Redemption Amount"** means, in relation to each relevant Payment Date:

- (a) before the occurrence of a Pass-through Event, an amount equal to the difference between (a) the sum of the Principal Amount Outstanding of the Senior Notes as of the immediately preceding Calculation Date and of the Principal Amount Outstanding of the Junior Notes as of the immediately preceding Calculation Date, and (b) the sum of the Collateral Portfolio Outstanding Principal Due as of the end of the immediately preceding Collection Period and of the Cash Reserve Target Amount as of such Payment Date;
- (b) after the occurrence of a Pass-through Event, an amount equal to the sum of the Principal Amount Outstanding of the Senior Notes as of the immediately preceding Calculation Date and of the Principal Amount Outstanding of the Junior Notes as of the immediately preceding Calculation Date.

**"Tax Event"** has the meaning ascribed to it in Condition 8.3 (*Redemption for Taxation*).

**"Transaction"** means (i) the first phase, being the Warehouse Phase, which was implemented in August 2019 and which will be extinguished on the Issue Date and (ii) the second phase, being the Securitisation, in the context of which the Notes will be issued.

**"Transaction Documents"** means collectively:

- (1) the Master Amendment Agreement;
- (2) the Transfer Agreement;
- (3) the Servicing Agreement;
- (4) the Intercreditor Agreement;
- (5) the Cash Allocation, Management and Payment Agreement;
- (6) the Quotaholder Agreement;
- (7) the Corporate Services Agreement;
- (8) the Stichting Corporate Services Agreement;
- (9) the Senior Notes Subscription Agreement;
- (10) the Junior Notes Subscription Agreement;
- (11) the Conditions;
- (12) the Swap Agreement;
- (13) the Hedging Security Document;
- (14) the Master Definitions Agreement; and

any other document entered into in the context of the Transaction and qualified as "Transaction Document" by the Issuer and the other relevant parties.

**"Transfer Agreement"** means the transfer agreement entered into on 12 July 2019 between the Issuer and Banca Progetto for the transfer of the Receivables in the context of the Transaction and any agreement or other document expressed to be supplemental thereto.

**"Transfer Deed"** means each transfer deed of a Further Portfolio entered into between the Originator and the Issuer pursuant to the Transfer Agreement for the transfer of Receivables in the context of the Warehouse Phase.

**"Transparency Investors' Report"** means the report to be prepared by the Calculation Agent pursuant to Article 12.1.6(b) of the Intercreditor Agreement setting out all the information with

respect to the Notes required to comply with Articles 7(1)(e), 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

"**Transparency Loan Report**" means the report to be prepared by the Servicer pursuant to Article 12.1.6(a) of the Intercreditor Agreement setting out all the information required to comply with Article 7(1)(a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

"**Transparency Report Date**" means the 15<sup>th</sup> calendar day after each Payment Date.

"**Trigger Events**" means any of the events referred to in Condition 13 (*Trigger Events*).

"**Trigger Notice**" means the notice served by the Representative of the Noteholders following the occurrence of a Trigger Event, as defined in Condition 13 (*Trigger Events*).

"**Underwriting Fees**" means the fee to be paid by the Issuer pursuant to Article 11 (*Underwriting Fees*) of the Senior Notes Subscription Agreement.

"**Unpaid Instalment**" means any instalment related to a Receivable which is not paid for a period of at least equal to 30 days from the relevant due date.

"**Valuation Date**" has the meaning ascribed to it in the relevant Transfer Agreement and in the relevant Offer.

"**Variable Return**" means, in respect of the Junior Notes, on any Payment Date, an amount equal to:

- (a) the Issuer Available Funds as of such Payment Date; less
- (b) any and all amounts due under items from *First* to *Tenth* (included) of the Pre-Enforcement Priority of Payments, or from *First* to *Ninth* (included) of the Post-Enforcement Priority of Payments, accrued under such items during the immediately preceding Collection Period (whether or not actually paid).

"**Warehouse Phase**" means the first phase of the Transaction established by the Issuer through the issue of the Initial Notes pursuant to Articles 1 and 5 of the Securitisation Law.

"**Wilmington Trust**" or "**WT**" means Wilmington Trust SP Services (London) Limited, a private limited liability company incorporated under the laws of England & Wales, having its registered office at 1 King's Arms Yard, London EC2R 7AF, United Kingdom.

### 3. **FORM, DENOMINATION, TITLE AND DISPOSAL OF THE NOTES**

#### 3.1 **Denomination**

The Notes are issued in the denomination of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.

#### 3.2 **Form and title to the Notes**

The Notes are issued in bearer form and held in dematerialised form on behalf of the beneficial owners until redemption by Monte Titoli for the account of the relevant Monte Titoli Account Holder. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) article 83-*bis* of the Financial Consolidated Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as amended and supplemented from time to time (the "**Regulation 13 August 2018**"). No physical document of title will be issued in respect of the Notes.

### 4. **STATUS, PRIORITY AND SEGREGATION**

- 4.1 The Notes constitute secured limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of the Receivables and the other Issuer's Rights. The



Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" and they accept the consequences thereof, including but not limited to the provisions under Article 1469 of the Italian Civil Code.

- 4.2 The Notes will be collateralised by the Aggregate Portfolio made up of all the Receivables purchased by the Issuer from the Originator pursuant to the Transfer Agreement.
- 4.3 By operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Aggregate Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation in priority to the Issuer's obligations to any other creditors.
- 4.4 In respect of the obligation of the Issuer to pay interest, both prior to and after the service of a Trigger Notice:
- (i) the Senior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but in priority to the Junior Notes; and
  - (ii) the Junior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but subordinated to the Senior Notes.
- 4.5 In respect of the obligation of the Issuer to repay principal on the Notes, and pay any Variable Return in respect of the Junior Notes, both prior to and after the service of a Trigger Notice:
- (i) the Senior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but in priority to the Junior Notes; and
  - (ii) the Junior Notes will rank *pari passu* and *pro rata* without preference or priority amongst themselves, but subordinated to the Senior Notes.
- 4.6 The Rules of the Organisation of the Noteholders and the Intercreditor Agreement contain provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents.

## 5. COVENANTS

- 5.1 For so long as any amount remains outstanding in respect of the Notes, the Issuer shall not, save with prior written consent of the Representative of the Noteholders or as provided in or envisaged by any of the Transaction Documents:

### 5.1.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Aggregate Portfolio or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Aggregate Portfolio or any of its other assets; or

### 5.1.2 *Restrictions on activities*

- (a) the Issuer has not engaged in any activities since its incorporation other than matters which are, or reasonably incidental to, its registration and incorporation as a public limited company (*società a responsabilità limitata*) under the Italian Civil Code and the Securitisation Law and the carrying out of the Warehouse Phase; the authorisation and execution of the Transaction Documents to which it is a party and the activities which any of the Transaction Documents provides

or envisages that the Issuer will engage in; and as at the Effective Date it is not a party to any documents other than the Transaction Documents;

- (b) will not 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
- (c) will not have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or
- (d) will not at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents or to do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- (e) will not own or acquire any real estate asset or any other property or assets other than those acquired or created pursuant to the express terms of the Transaction Documents; or
- (f) will not enter into any derivative contract or derivative transaction other than as expressly provided under the Swap Agreement where the transactions under the Swap Agreement are limited to interest rate derivatives whose written terms directly relate to the Senior Notes and the reduction of interest rate risks related to the Senior Notes and the purchased Receivables; or
- (g) will not have an interest in any bank account other than the Issuer's Accounts and shall not make any investments with the funds on deposit in the Issuer's Accounts (including in any securities) or otherwise withdraw such amounts for any purpose other than as permitted under the Transaction Documents; or
- (h) will not enter into any documents other than the Transaction Documents or any document expressly contemplated thereby; or

#### 5.1.3 *Dividends or Distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholder, or issue any further shares; or

#### 5.1.4 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person; or

#### 5.1.5 *Merger*

consolidate or merge with any other person or convey or transfer all or substantially all of its properties or assets to any other person; or

#### 5.1.6 *No variation or waiver*

permit any of the Transaction Documents to which it is a party to be amended, terminated or discharged if such amendment, termination or discharge may negatively affect the interest of the Noteholders (including if it would result in the Issuer becoming a "covered fund" for purposes of the Volcker Rule), or exercise any powers of consent or waiver pursuant to the terms of any of the other Transaction Documents to which it is a party which may negatively affect the interest of the Noteholders (including if it would result in the Issuer becoming a "covered fund" for purposes of the Volcker Rule), or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations, if such release may negatively affect the interest of the Noteholders (including if it would result in the Issuer becoming a "covered fund" for purposes of the Volcker Rule); or

5.1.7 *Derivatives*

enter into derivative contracts, save as expressly permitted by Article 21(2) of the Securitisation Regulation; or

5.1.8 *Bank Accounts*

have an interest in any bank account other than the Accounts; or

5.1.9 *Statutory Documents*

agree (in so far as is currently permitted) to amend, supplement or otherwise modify its corporate object, its *statuto* or *atto costitutivo* in any manner which is prejudicial to the interest of the Noteholders or the Other Issuer Creditors, except where such amendment, supplement or modification is required by compulsory provisions of Italian law or by the competent regulatory authorities; or

5.1.10 *De-registrations*

ask for de-registration from the *elenco of the società veicolo* held by the Bank of Italy pursuant to Article 4 of the Bank of Italy regulation dated 7 June 2017, for as long as the Securitisation Law, the Banking Act or any other applicable law or regulation requires issuers of Notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

5.1.11 *Centre of Interest*

move its "centre of main interest" (as that term is used in Article 3(1) of the EU Insolvency Regulation) outside the Republic of Italy; or

5.1.12 *Branch outside Italy*

establish any branch or "establishment" (as that term is used in Article 2(h) of the EU Insolvency Regulation) outside the Republic of Italy; or

5.1.13 *Corporate Record*

cease to maintain corporate records, financial statements or books of account separate from those of any other person or entity; or

5.1.14 *Corporate Formalities*

cease to comply with all necessary corporate formalities.

5.2 **Further securitisations**

The Issuer shall not carry out one or more other securitisation transactions pursuant to the Securitisation Law, or, without limiting the generality of the foregoing, implementing, entering into, making or executing any document, deed or agreement in connection with any securitisation transaction other than the Securitisation.

6. **PRIORITY OF PAYMENTS**

6.1 **Pre-Enforcement Priority of Payments**

On each Payment Date prior to the service of a Trigger Notice, an optional redemption pursuant to Condition 8.2 (*Redemption, Purchase and Cancellation - Optional Redemption*), a redemption for taxation pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or the Final Maturity Date, the Issuer Available Funds shall be applied in accordance with the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First, to pay, pari passu and pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest

- Period);
- (ii) *Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;
  - (iii) *Third*, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;
  - (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Calculation Agent, the Paying Agent, the Corporate Servicer, the Stichting Corporate Servicer, the Servicer, the Back-up Servicer Facilitator and any Other Issuer Creditors (but excluding any amount to be paid under any other items below);
  - (v) *Fifth*, to pay, *pari passu* and *pro rata*, all the amounts due and payable to the Swap Counterparty under the Swap Agreement, including termination payments due and payable by the Issuer to the extent it is not satisfied from the payment by the Issuer of any Replacement Swap Premium to the Swap Counterparty but excluding any Excluded Swap Termination Amounts due and payable by the Issuer;
  - (vi) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes on such Payment Date;
  - (vii) *Seventh*, to credit into the Cash Reserve Account the amount necessary to bring the balance of such account up to the Cash Reserve Target Amount;
  - (viii) *Eighth*, to pay, *pari passu* and *pro rata*, the Class A Principal Redemption Amount due and payable on the Senior Notes on such Payment Date;
  - (ix) *Ninth*, to pay any Excluded Swap Termination Amounts due and payable to the Swap Counterparty under the Swap Agreement;
  - (x) *Tenth*, to pay to the Originator (to the extent not already paid or payable under other items of this Priority of Payments), to the Co-Arrangers and the Lead Manager any amount due and unpaid under the other Transaction Documents;
  - (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, the Class J Principal Redemption Amount due and payable on the Junior Notes on such Payment Date (other than the Cancellation Date, up to an amount that makes the Principal Amount Outstanding of the Class J Notes not lower than Euro 1,000);
  - (xii) *Twelfth*, to pay *pari passu* and *pro rata*, any Variable Return on the Junior Notes.

## 6.2 Post-Enforcement Priority of Payments

On each Payment Date following the service of a Trigger Notice, an optional redemption pursuant to Condition 8.2 (*Redemption, Purchase and Cancellation - Optional Redemption*), a redemption for taxation pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or on the Final Maturity Date, the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*, if the relevant Trigger Event is not an Insolvency Event, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such Expenses during the immediately preceding Interest Period);
- (ii) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the remuneration due to the Representative of the Noteholders and to pay any indemnity

amounts properly due under and any proper costs and *expenses* incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

- (iii) *Third*, if the relevant Trigger Event is not an Insolvency Event, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;
- (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Calculation Agent, the Paying Agent, the Corporate Servicer, the Stichting Corporate Servicer, the Servicer, the Back-up Servicer Facilitator, and any Other Issuer Creditors (but excluding any amount to be paid under any other items below);
- (v) *Fifth*, to pay, *pari passu* and *pro rata*, all the amounts due and payable to the Swap Counterparty under the Swap Agreement, including termination payments due and payable by the Issuer to the extent it is not satisfied from the payment by the Issuer of any Replacement Swap Premium to the Swap Counterparty but excluding any Excluded Swap Termination Amounts due and payable by the Issuer;
- (vi) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes on such Payment Date;
- (vii) *Seventh*, to pay, *pari passu* and *pro rata*, all amounts in respect of Principal Outstanding on the Senior Notes;
- (viii) *Eighth*, to pay any Excluded Swap Termination Amounts due and payable to the Swap Counterparty under the Swap Agreement;
- (ix) *Ninth*, to pay to the Originator (to the extent not already paid or payable under other items of this Priority of Payments), to the Co-Arrangers and the Lead Manager any amount due and unpaid under the other Transaction Documents;
- (x) *Tenth*, to pay, *pari passu* and *pro rata*, to the extent that the Senior Notes has been redeemed in full, the Principal Amount Outstanding of the Junior Notes (on such Payment Date other than the Cancellation Date, up to an amount that makes the Principal Amount Outstanding of the Class J Notes not lower than Euro 1,000);
- (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, any Variable Return on the Junior Notes.

## 7. INTEREST

### 7.1 Payment Date and Interest Period

Each Senior Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date, payable in Euro in arrears on the relevant First Payment Date and, thereafter, on each Payment Date. The First Payment Date of the Notes will fall on 27 May 2021.

### 7.2 Rate of Interest

The Rate of Interests payable from time to time in respect of the Senior Notes will be determined by the Paying Agent.

The rate of interest applicable to the Senior Notes for each Interest Period shall be the aggregate of the EURIBOR for 1 month deposits in Euro, except that for the Initial Interest Period, where it shall be the rate *per annum* obtained by linear interpolation of the European Interbank Offered Rate for 1 week and 1 month deposits in Euro (rounded to four decimal places with the mid-point rounded up), plus the Margin (the "**Rate of Interest**") *provided that*, in the event that in respect of any Interest Period the algebraic sum of the applicable EURIBOR and the Margin results in a negative rate, the applicable rate of Interest shall be deemed to be zero.

Interest in respect of the Senior Notes will accrue on a daily basis and will be payable monthly in arrears in Euro on each Payment Date in accordance with the relevant Priority of Payments and as provided for in these Conditions.

### 7.3 **Determination of the Rate of Interest and calculation of Interest Amounts**

The Paying Agent shall, on each Interest Determination Date, determine the Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date).

The Calculation Agent shall, through the Payments Report, on the immediately following Calculation Date:

- (a) determine, based also on the information provided by the Paying Agent, the Euro amount of interest payable on each Class of Notes (each, an "**Interest Amount**") in respect of such Interest Period; and
- (b) specify the Payment Date in respect of the Interest Amount on the Notes, pursuant to the Cash Allocation, Management and Payment Agreement.

The Interest Amount payable in respect of any Interest Period in respect of each Class of Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding (also taking into account any Further Instalment as of such Payment Date) of the relevant Class of Notes on the Payment Date (or, in the case of the Initial Interest Period, on the Issue Date) on which such Interest Period commences (after deducting therefrom any payment of principal due on such Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

### 7.4 **Publication of Rate of Interest and Interest Amount**

The Paying Agent and the Calculation Agent will cause, respectively, the Rate of Interest in respect of the Senior Notes and the Interest Amount applicable to each Class of Notes for each Interest Period and the Payment Date in respect of such Interest Amount to be notified promptly after determination to Monte Titoli, the Issuer, the Representative of the Noteholders, the Account Bank, the Calculation Agent (or the Paying Agent as the case may be), Borsa Italiana and the Corporate Servicer and will cause the same to be published in accordance with Condition 17 (*Notices*) or as soon as possible after determination.

The Paying Agent will arrange for notice to be given forthwith to Monte Titoli, the Issuer, the Representative of the Noteholders, the Account Bank, the Calculation Agent, Borsa Italiana and the Corporate Servicer and will cause notification to be given to the Noteholders in accordance with Condition 17 (*Notices*), no later than the third Business Day prior to any Payment Date on which, pursuant to this Condition 7 (*Interest*), the Interest Amount on the Notes will not be paid in full.

In the event that on any Payment Date, there are any Interest Amounts which are unpaid on their due date and remain unpaid as a result of the insufficiency of the Issuer Available Funds (the "**Interest Amount Arrears**"), such Interest Amount Arrears will be deferred (and not regarded as due) and shall be aggregated with the amount of interest due on the relevant Class of Notes on the next succeeding Payment Date, and treated for the purpose of this Condition 7 (*Interest*) as if it was due, subject to this Condition 7 (*Interest*), on each Note on the next succeeding Payment Date. No interest will accrue on any Interest Amount Arrears.

### 7.5 **Determination or calculation by the Representative of the Noteholders**

If the Paying Agent or the Calculation Agent (as the case may be) does not at any time for any reason determine the Rate of Interests for the Senior Notes and/or calculate the Interest Amount for the Notes in accordance with the foregoing provisions of this Condition 7 (*Interest*), the Representative of the Noteholders shall (but without incurring, in the absence of wilful

default (*dolo*) or gross negligence (*colpa grave*), any liability to any person as a result):

- (i) determine the Rate of Interests for the Senior Notes; and/or (as the case may be)
- (ii) calculate the Interest Amount for each Class of Notes in the manner specified in Condition 7.3 (*Determination of the Rate of Interest and calculation of Interest Amounts*) above,

and any such determination and/or calculation shall be deemed to have been made by the Paying Agent (in respect of the determination of the Rate of Interests) or the Calculation Agent (in respect of the calculation of each Interest Amount).

#### 7.6 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Interest*), whether by the Calculation Agent, the Paying 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 Calculation Agent, the Paying Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Calculation Agent, the Paying Agent the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### 7.7 **Paying Agent**

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be a Paying Agent. The Paying Agent may not resign until a successor approved in writing as aforesaid has been appointed. If a new Paying Agent is appointed, a notice will be published in accordance with Condition 17 (*Notices*).

#### 7.8 **Variable Return**

The Issuer shall pay to the Junior Noteholder the Variable Return in accordance with the applicable Priority of Payments.

On each Calculation Date the Issuer (through the Calculation Agent on the basis of the information to be provided by the Servicer on each monthly Servicer's Report Date) shall calculate and determine the relevant amounts.

#### 7.9 **Fallback Provisions**

7.9.1 Notwithstanding the provisions of Condition 5.1.6 (*No variation or waiver*) or anything to the contrary, the following provisions will apply if the Issuer (or the Rate Determination Agent acting on behalf of the Issuer) determines that a Benchmark Rate Modification Event has occurred.

7.9.2 Following the occurrence of a Benchmark Rate Modification Event, the Rate Determination Agent shall determine (acting in good faith and in a commercially reasonable manner) an Alternative Benchmark Rate and the Note Rate Maintenance Adjustment (if required) and any additional Benchmark Rate Modifications, provided that where the Rate Determination Agent is not Banca Progetto, it shall make any determination in consultation with the Issuer.

7.9.3 The Representative of the Noteholders shall, subject to the provisions of this Condition 7.9, be obliged to concur with the Issuer in making any Benchmark Rate Modification, provided that the Issuer and the Rate Determination Agent deliver a Benchmark Rate Modification Certificate to the Representative of the Noteholders (copied to the Paying Agent), upon which the Representative of the Noteholders and Paying Agent shall rely absolutely without further investigation.

7.9.4 It is a condition to any such Benchmark Rate Modification that:

- (i) either:
  - (a) the Issuer has obtained from each of the Rating Agencies written confirmation (or certifies in the Benchmark Rate Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that the proposed Benchmark Rate Modification would not result in a Negative Ratings Action and, if relevant, it has provided a copy of any written confirmation to the Representative of the Noteholders appended to the Benchmark Rate Modification Certificate; or
  - (b) the Issuer certifies in the Benchmark Rate Modification Certificate that it has given the Rating Agencies at least 10 Business Days' prior written notice of the proposed Benchmark Rate Modification and none of the Rating Agencies has indicated that such modification would result in a Negative Ratings Action;
- (ii) the Issuer has given at least 10 Business Days' prior written notice of the proposed Benchmark Rate Modification to the Representative of the Noteholders and the Paying Agent before publishing a Benchmark Rate Modification Noteholder Notice;
- (iii) the Issuer has provided to the Noteholders of each Class of Notes a Benchmark Rate Modification Noteholder Notice, at least 40 calendar days prior to the date on which it is proposed that the Benchmark Rate Modification would take effect (such date being no less than ten Business Days prior to the next Interest Determination Date), in accordance with Condition 17 (*Notices*);
- (iv) the Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes on the Benchmark Rate Modification Record Date have not directed the Representative of the Noteholders in writing (or otherwise directed the Representative of the Noteholders in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period that such Noteholders do not consent to the Benchmark Rate Modification;
- (v) either (i) the Originator has agreed to pay, or to put the Issuer in funds to pay, the Benchmark Rate Modification Costs, or (ii) the Benchmark Rate Modification Costs shall be paid out of item (iv) *Fourth* of the Pre-Enforcement Priority of Payments; and
- (vi) the Swap Counterparty has approved the relevant proposed Alternative Benchmark Rate.

7.9.5 The Rate Determination Agent shall use reasonable endeavours to propose a Note Rate Maintenance Adjustment as reasonably determined by the Rate Determination Agent, taking into account any note rate maintenance adjustment mechanisms endorsed by the ECB or ESMA or their sponsored committees or bodies, or mechanisms that have become generally accepted market practice (the "**Market Standard Adjustments**"). The rationale for the proposed Note Rate Maintenance Adjustment and, where relevant, any deviation from the Market Standard Adjustments, shall be set out in the Benchmark Rate Modification Certificate and the Benchmark Rate Modification Noteholder Notice.

7.9.6 If any Note Rate Maintenance Adjustment is proposed, the Note Rate Maintenance Adjustment applicable to each Class of Notes other than the Most Senior Class of Notes



shall be at least equal to that applicable to the Most Senior Class of Notes. In circumstances where the Issuer proposes a lower Note Rate Maintenance Adjustment on any Class of Notes other than the Most Senior Class than that which is proposed for the Most Senior Class of Notes or another Class of Notes which ranks senior to the Class of Notes to which the lower Note Rate Maintenance Adjustment is proposed to be made, the Benchmark Rate Modification will not be made unless an Extraordinary Resolution is passed in favour of such modification, in accordance with the Rules of the Organisation of the Noteholders, by the Noteholders of each Class of Notes then outstanding to which the lower Note Rate Maintenance Adjustment is proposed to be made.

- 7.9.7 If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes outstanding on the Benchmark Rate Modification Record Date have directed the Representative of the Noteholders in writing (or otherwise directed the Representative of the Noteholders in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the proposed Benchmark Rate Modification, then the proposed Benchmark Rate Modification will not be made unless an Extraordinary Resolution is passed in favour of such proposed Benchmark Rate Modification, in accordance with the Rules of the Organisation of the Noteholders, by each Class of Noteholders.
- 7.9.8 The Issuer shall use reasonable endeavours to agree modifications to each hedging agreement where commercially appropriate so that the Securitisation is hedged following the Benchmark Rate Modification to a similar extent as prior to the Benchmark Rate Modification.
- 7.9.9 Other than where specifically provided in this Condition 7.9:
- (i) when concurring in making any modification pursuant to this Condition 7.9, the Representative of the Noteholders shall not consider the interests of the Noteholders, any Other Issuer Creditor or any other person and shall act and rely solely and without further investigation, on any Benchmark Rate Modification Certificate (and any evidence appended to such Benchmark Rate Modification Certificate) provided to it by the Rate Determination Agent or the Issuer pursuant to this Condition 7.9 and shall not be liable to the Noteholders, any Other Issuer Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person;
  - (ii) the Representative of the Noteholders shall not be obliged to concur in making any modification which, in the sole opinion of the Representative of the Noteholders would have the effect of (A) exposing the Representative of the Noteholders to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Representative of the Noteholders in the Transaction Documents and/or these Conditions; and
  - (iii) the Paying Agent shall not be obliged to consent to or perform any modification which, in the sole opinion of the Paying Agent would have the effect of (A) exposing the Paying Agent to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the rights or protection, of the Paying Agent in the Transaction Documents and/or these Conditions. The Paying Agent shall execute the instructions received by the Issuer or the Representative of the Noteholders upon confirmation of the relevant Noteholders.

- 7.9.10 Any Benchmark Rate Modification shall be binding on all Noteholders and shall be notified in accordance with Condition 17 (*Notices*) by the Issuer as soon as reasonably practicable to:
- (i) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
  - (ii) the Other Issuer Creditors; and
  - (iii) the Noteholders.
- 7.9.11 Following the making of a Benchmark Rate Modification, if the Issuer determines that it has become generally accepted market practice in the asset backed floating rate notes market to use a Benchmark Rate of interest which is different from the Alternative Benchmark Rate which had already been adopted by the Issuer in respect of the Notes pursuant to a Benchmark Rate Modification, the Issuer (or the Rate Determination Agent acting on behalf of the Issuer) is entitled to propose a further Benchmark Rate Modification pursuant to the terms of this Condition 7.9.
- 7.9.12 Notwithstanding any provision of the Conditions, if in the Paying Agent's sole opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation provided for by the terms of a Benchmark Rate Modification, the Paying Agent shall promptly notify the Issuer thereof and the Issuer shall following consultation with the Rate Determination Agent direct the Paying Agent in writing as to which alternative course of action to adopt. If the Paying Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence or wilful default) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Paying Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence or wilful default) shall not incur any liability for not doing so.

## 8. REDEMPTION, PURCHASE AND CANCELLATION

### 8.1 Final Redemption – Cancellation

- 8.1.1 Unless previously redeemed in full as provided in this Condition 8 (*Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Payment Date falling in October 2036 (the "**Final Maturity Date**").
- 8.1.2 The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided below in Condition 8.2 (*Optional Redemption*), 8.3 (*Redemption for Taxation*) or 8.4 (*Mandatory Redemption*), but without prejudice to Condition 13 (*Trigger Events*) and Condition 14 (*Pass-through Events*).
- 8.1.3 The Notes will be cancelled on the Cancellation Date which is the earlier of:
- (a) the date on which the Notes have been redeemed in full;
  - (b) the date on which the Representative of the Noteholders has certified to the Issuer, the Servicer and the Noteholders that all the Collections due in respect of all the Receivables comprised in the Aggregate Portfolio have been received or recovered and that all judicial enforcement procedures in respect of the Aggregate Portfolio have been exhausted; and
  - (c) the date on which all the Receivables comprised in the Aggregate Portfolio have been sold and the relevant proceeds have been received and applied in accordance with the applicable Priority of Payments.

On the Cancellation Date any amount outstanding, whether in respect of interest or principal in respect of the Notes, shall be finally and definitively cancelled. Upon

cancellation, the Notes may not be resold or re-issued.

## 8.2 Optional Redemption

Unless previously redeemed in full, on any Payment Date falling after the Payment Date on which the Principal Amount Outstanding of the Senior Notes is equal to or less than 10% of the Principal Amount Outstanding of the Senior Notes as at the Issue Date, the Issuer may dispose of all or part of the Aggregate Portfolio, subject to the terms and conditions of the Intercreditor Agreement, and to early redeem the Notes (in whole as regards the Senior Notes or in whole or in part as regards the Junior Notes) on any Payment Date at their Principal Amount Outstanding, together with interest accrued thereon up to such Payment Date, provided that:

- (a) the Issuer has certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person (other than the Other Issuer Creditors)) to discharge all of its outstanding liabilities in respect of any amount required to be paid under the Post-Enforcement Priority of Payments in priority to or *pari passu* with the Notes and the amount payable to the Swap Counterparty;
- (b) no Trigger Notice has been served on the Issuer prior to or upon such Payment Date; and
- (c) the Notes (including any accrued but unpaid interest thereon) are redeemed and repaid in full.

Any such redemption shall be effected by the Issuer on giving not more than 30 (thirty) nor less than 15 (fifteen) days' prior notice in writing to the Representative of the Noteholders, the Noteholders and the Rating Agencies in accordance with Condition 17 (*Notices*).

## 8.3 Redemption for Taxation

Unless previously redeemed in full, the Representative of the Noteholders – if so directed by the Noteholders in accordance with the Rules – will be entitled to direct the Issuer to dispose of the Aggregate Portfolio, subject to the terms and conditions of the Intercreditor Agreement, and to redeem the Notes (in whole) on any Payment Date at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including such Payment Date, if the Issuer at any time confirms to the Representative of the Noteholders:

- (a) following the occurrence of legislative or regulatory changes, or official interpretations thereof by competent authorities, the Issuer would incur increased costs or charges of a fiscal nature which would materially affect payments due under the Notes; or
- (b)
  - (i) following the imposition, at any time, of any withholding or deduction for or on account of tax (other than in respect of Decree 239 Deduction) on the next Payment Date the Issuer would be required to deduct or withhold taxes (other than in respect of Decree 239 Deduction) from (1) any payment of principal or interest to be made to the Noteholders under the Notes and such imposition results in an heavier tax burden for the Noteholders, as compared to the tax burden under the regime applicable at the Issue Date, or (2) any amounts payable to the Issuer in respect of the Aggregate Portfolio; and
  - (ii) a change of any law or regulation would in any case result in a heavier tax burden for the Noteholders in relation to payments to them under the Notes, as compared to the tax burden under the tax regime applicable at the Issue Date; and
- (c) the requirement to deduct or withhold as under paragraph (b)(i) above or the occurrence of a heavier tax burden for the Noteholders as under paragraph (b)(ii) above cannot be avoided by the Issuer taking reasonable measures available to it,

(hereinafter, the events under (a), (b) or (c) above, the "**Tax Event**"),

and the Issuer produces satisfactory evidence to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any other person) to discharge any amounts required under these Conditions to be paid in priority to or *pari passu* with such Notes.

Any such redemption shall be effected by the Issuer on giving not more than 60 (sixty) nor less than 20 (twenty) days' prior notice in writing to the Representative of the Noteholders, the Rating Agencies and the Noteholders in accordance with Condition 17 (*Notices*).

#### **8.4 Mandatory Redemption**

On the First Payment Date and on each Payment Date thereafter on which there are Issuer Available Funds available for such purpose in accordance with the applicable Priority of Payments set out in Condition 6 (*Priority of Payments*), the Issuer will cause:

- (a) each Senior Note to be redeemed on such Payment Date in an amount equal to the Class A Principal Redemption Amount determined on the related Calculation Date; and
- (b) each Junior Note to be redeemed on such Payment Date in an amount equal to the Class J Principal Redemption Amount determined on the related Calculation Date.

#### **8.5 Determination of Principal Payments and Principal Amount Outstanding**

On the Calculation Date, the Calculation Agent shall calculate and notify the Issuer, the Representative of the Noteholders, the Account Bank, the Corporate Servicer and the Paying Agent of the following information:

- (i) the amount of the Issuer Available Funds available for redemption of the Notes;
- (ii) the Principal Payment (if any) on the Notes due on the next following Payment Date; and
- (iii) the Principal Amount Outstanding of the Notes (after deducting any Principal Payment on the Notes due to be made on that Payment Date).

Upon receipt of the information referred to in (ii) and (iii) above, the Paying Agent shall forthwith notify Monte Titoli and, as long as the Senior Notes are admitted to trading on the ExtraMOT PRO, Borsa Italiana S.p.A..

Each notification by or on behalf of the Issuer of Issuer Available Funds, any Principal Payment on and the Principal Amount Outstanding of the Notes shall in each case, in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*), be final and binding on all persons.

If the Issuer Available Funds, any Principal Payment on and the Principal Amount Outstanding of the Notes are not determined by or on behalf of the Issuer in accordance with the preceding provisions of this paragraph, such Issuer Available Funds, Principal Payment on and Principal Amount Outstanding of the Notes (as the case may be) may be determined by the Representative of the Noteholders (but without incurring, in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*) on its part, any liability to any person as a result) in accordance with these Conditions and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

#### **8.6 Notice of Redemption**

Any such notice as is referred to in Conditions 8.2 (*Optional Redemption*), 8.3 (*Redemption for Taxation*) or 8.4 (*Mandatory Redemption*) above shall be made pursuant to Condition 17 (*Notices*) and be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*).

#### **8.7 No purchase by Issuer**

The Issuer shall not purchase any of the Notes.

## 9. NON PETITION AND LIMITED RECOURSE

### 9.1 Non Petition

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the obligations of the Issuer deriving from any of the Transaction Documents or enforce any Security (but without prejudice to the right of the Swap Counterparty to terminate the interest rate swaps under the Swap Agreement in accordance with its terms) and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations or to enforce any Security, save as provided in the Rules of the Organisation of the Noteholders. In particular, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate), save as provided by the Rules of the Organisation of the Noteholders:

- (a) shall be entitled, save as expressly permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to it (but without prejudice to the right of the Swap Counterparty to terminate the interest rate swaps under the Swap Agreement in accordance with its terms);
- (c) shall be entitled, until the date falling two years and one day after the date on which the Notes have been redeemed in full or cancelled in accordance with their terms and conditions, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (d) shall be entitled to take or join in the taking of any corporate action, legal proceeding or other procedure or step which would result in the Priority of Payments not being complied with.

### 9.2 Limited recourse obligations of Issuer

Notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders are limited in recourse as set out below:

- (a) each Noteholder and each Other Issuer Creditor, excluding, for the avoidance of doubts, any payment obligation to the Swap Counterparty in relation to the Swap Excluded Amounts, will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Priority of Payments and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (b) sums payable to each Noteholder and each Other Issuer Creditor, excluding, for the avoidance of doubts, any payment obligation to the Swap Counterparty in relation to the Swap Excluded Amounts, in respect of the Issuer's obligations to such Noteholder and such Other Issuer Creditor shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such Noteholder and such Other Issuer Creditor; and (ii) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or *pari passu* with such sums payable to such Noteholder and such Other Issuer Creditor; and
- (c) upon the Representative of the Noteholders giving notice in accordance with Condition 17 (*Notices*) that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Aggregate Portfolio or the Security (whether arising from judicial enforcement proceedings,

enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Servicer having confirmed the same in writing to the Representative of the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

## 10. **PAYMENTS**

- 10.1 Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of the Monte Titoli Account Holders in whose accounts with Monte Titoli the Notes are held and thereafter credited by such Monte Titoli Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes, all in accordance with the rules and procedures of Monte Titoli, as the case may be.
- 10.2 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.
- 10.3 The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other Paying Agents. The Issuer will cause at least 45 (forty-five) days' notice of any change in or addition to the Paying Agent or their specified offices to be given in accordance with Condition 17 (*Notices*).

## 11. **TAXATION**

### 11.1 **Payments free from Tax**

All payments in respect of the Notes will be made free and clear and without withholding or deduction (other than a Decree 239 Deduction, where applicable) for any Taxes imposed, levied, collected, withheld or assessed by applicable law unless the Issuer, the Representative of the Noteholders, the Paying Agent or any other person is required by law to make any Decree 239 Deduction. In that event the Issuer, the Representative of the Noteholders or the Paying Agent or other person (as the case may be) shall make such payments after such Decree 239 Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

### 11.2 **No payment of additional amounts**

None of the Issuer, the Representative of the Noteholders, the Paying Agent nor any other person will be obliged to pay any additional amounts to the Noteholders as a result of any such Decree 239 Deduction.

### 11.3 **Taxing jurisdiction**

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

### 11.4 **Decree 239 Deduction not Trigger Event**

Notwithstanding that the Representative of the Noteholders, the Issuer, the Paying Agent or any other person are required to make a Decree 239 Deduction, this shall not constitute a Trigger Event.

## 12. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the date on which a payment in respect thereof first becomes due and payable.

## 13. **TRIGGER EVENTS**

The occurrence of any of the following events shall constitute a Trigger Event:

- (i) *Non-payment of principal on the Senior Notes:*  
the Issuer defaults in the payment of the amount of principal due on the Senior Notes on the Final Maturity Date; or
- (ii) *Non-payment of interest on the Senior Notes:*  
the Issuer defaults in the payment of the amount of interest on a Payment Date, as due on the Senior Notes, and such default is not remedied within a period of 5 (five) Business Days from the due date thereof; or
- (iii) *Breach of other obligations:*  
the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any "Non-payment of principal" referred to under (i) above and/or any "Non-payment of interest" referred to under (ii) above), and (except where, in the opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no notice requiring remedy will be required) such default remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or
- (iv) *Breach of Representations and Warranties by the Issuer:*  
any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within 15 (fifteen) days after the Representative of the Noteholders has served notice requiring remedy; or
- (v) *Insolvency of the Issuer:*  
an Insolvency Event occurs with respect to the Issuer; or
- (vi) *Unlawfulness:*  
it is or will become unlawful 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.

If a Trigger Event occurs, subject to Condition 15 (*Enforcement*) the Representative of the Noteholders:

- (a) in the case of a Trigger Event under items (i), (ii) or (vi) above, shall; and
- (b) in the case of a Trigger Event under items (iii), (iv) or (v) above, may or, if so directed by an Extraordinary Resolution of the holders of the Senior Notes then outstanding, shall,

in each case subject to being indemnified and/or secured in satisfaction, serve a Trigger Notice on the Issuer declaring the Notes to be due and payable, whereupon they shall become so due and payable at their Principal Amount Outstanding, following which all payments of principal, interest and other amounts due in respect of the Notes shall be made according to the Priority of Payments following the delivery of a Trigger Notice on such dates as the Representative of the Noteholders may determine.

#### 14. **PASS-THROUGH EVENTS**

The occurrence of any of the following events shall constitute a Pass-through Event:

- (i) *Breach of performance triggers*  
the Cumulative Net Default Ratio, in respect of the Receivables purchased from the Originator, has exceeded the 4.0% in the immediately preceding Collection Period, as

specified in the latest Servicer's Report available on the immediately preceding Servicer's Report Date; or

(ii) *Servicer Termination Event*

the occurrence of a Servicer Termination Event, unless the Servicer is substituted within 45 (forty-five) days from the effectiveness of the relevant termination.

Following the occurrence of a Pass-through Event, the Target Principal Redemption Amount will be equal to the sum of the Principal Amount Outstanding of the Senior Notes and of the Principal Amount Outstanding of the Junior Notes.

**15. ENFORCEMENT**

- 15.1 At any time after a Trigger Notice has been served, the Representative of the Noteholders shall, provided that it has been indemnified and/or secured to its satisfaction, without further notice, take such steps, including the sale of the Portfolio, and/or institute such proceedings against the Issuer as it is requested in writing by the holders of the Notes.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Representative of the Noteholders, having become bound so to do, fails to do so within 30 (thirty) days and such failure shall be continuing.

- 15.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 13 (*Trigger Events*), Condition 14 (*Pass-through Events*) or this Condition 15 (*Enforcement*) by the Representative of the Noteholders shall, in the absence of wilful default (*dolo*), bad faith (*mala fede*), gross negligence (*colpa grave*) or manifest error, be binding on the Issuer and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by either or any of them of their powers, duties and discretions hereunder.
- 15.3 In the event that the Representative of the Noteholders takes action to enforce rights of the Noteholders in respect of the Aggregate Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to Notes under these Conditions and the Intercreditor Agreement, if the remaining proceeds of such enforcement (action having been taken by the relevant party to enforce the Noteholders' rights in respect of the entire Aggregate Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts howsoever due in respect of the Notes and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer in respect of such Notes will be limited to the extent of their respective *pro rata* share of such remaining proceeds (if any) to be paid in accordance with the Post-Enforcement Priority of Payments and the obligations of the Issuer to the Noteholders will be deemed discharged in full and any amount in respect of principal, interest or other amounts due under the Notes will be finally and definitively cancelled.

**16. APPOINTMENT AND REMOVAL OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

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

Pursuant to the Rules of the Organisation of the Noteholders, for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the Representative of the Noteholders appointed on the Issue Date, who is appointed by the Lead Manager under the Senior Notes Subscription Agreement and the Junior Notes Subscriber under the Junior Notes Subscription Agreement. Each holder of the Notes is deemed to accept such appointment.



The terms of the appointment of the Representative of the Noteholders (which are set out in the Subscription Agreements and the Rules of the Organisation of the Noteholders) contain provisions governing the responsibility (and relief from responsibility) of the Representative of the Noteholders (including provisions relieving it from taking proceedings unless indemnified to its satisfaction and providing for the Representative of the Noteholders to be indemnified in certain other circumstances) and provisions which govern the termination of the appointment of the Representative of the Noteholders and amendments to the terms of such appointment.

17. **NOTICES**

Any notice regarding the Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli and, as long as the Senior Notes are admitted to trading on the ExtraMOT PRO, in accordance with the rules of such multilateral trading facility.

In addition, any notice to the Noteholders given by or on behalf of the Issuer shall also be published on the website <https://www.securitisation-services.com/it/>. 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 the publication is made in one of the manners referred to above.

18. **GOVERNING LAW**

The Notes and all non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Italian Law.

Other than the Swap Agreement and the Hedging Security Documents, all the Transaction Documents and all non-contractual obligations arising out of or in connection with them are governed by Italian Law. The Swap Agreement and the Hedging Security Documents and all non-contractual obligations arising out of or in connection with them are governed by English law.

Any dispute arising from the interpretation and execution of these Conditions or from the legal relationships established by the Notes and these Conditions will be submitted to the exclusive jurisdiction of the Courts of Milan.

**EXHIBIT 1**  
**TO THE TERMS AND CONDITIONS**  
**RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

**TITLE I**  
**GENERAL PROVISIONS**

**1. General**

1.1 *Establishment*

The Organisation of the Noteholders is created concurrently with the issue by Issuer of and the subscription for the Euro 316,500,000 Class A Asset Backed Floating Rate Notes due October 2036 and the Euro 53,071,000 Class J Asset Backed Variable Return Notes due October 2036 and is governed by these Rules of the Organisation of the Noteholders (the "**Rules**").

1.2 *Validity*

These Rules shall remain in force and effect until full repayment or cancellation of all the Notes issued by the Issuer within the context of the Transaction.

1.3 *Integral part of the Notes*

The contents of these Rules are deemed to be an integral part of each Note issued by the Issuer within the context of the Transaction.

**2. Definitions and interpretations**

2.1 *Interpretation*

2.1.1 Unless otherwise provided in these Rules, any capitalised term shall have the same meaning attributed to it in the Conditions.

2.1.2 Any reference herein to an "Article" shall be a reference to an article of these Rules.

2.1.3 Headings and subheadings used herein are for ease of reference only and shall not affect the construction of these Rules.

2.2 *Definitions*

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

**"Basic Terms Modification"** means any proposal to:

- (a) change the date of maturity of the Notes;
- (b) change any date fixed for the payment of principal or interest in respect of the Notes;
- (c) reduce or cancel the amount of principal or interest payable on any date in respect of the Notes (other than any reduction or cancellation permitted under the Conditions or alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity);
- (d) change the quorum required at any Meeting or the majority required to pass any Resolution;
- (e) change the currency in which payments are due in respect of the Notes;
- (f) alter the priority of payments affecting the payment of interest and/or the repayment of principal in respect of any of the Notes;
- (g) effect the exchange, conversion or substitution of the Notes for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed;
- (h) a change to this definition.

**"Blocked Notes"** means Notes which have been blocked by an authorised intermediary in an account with a clearing system.

**"Block Voting Instruction"** means in relation to a Meeting, the document issued by the Paying Agent stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) that the Paying Agent has been instructed by the holder of the relevant Notes to cast the votes attributable to such Blocked Notes in a particular way on each resolution to be put to the relevant Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked; and
- (c) authorising a Proxy to vote in accordance with such instructions.

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Title II, Article 7 of these Rules.

"**Class**" means any of the Senior Notes and the Junior Notes and "**Classes**" means the Senior Notes and the Junior Notes collectively.

"**Conditions**" means the terms and conditions of the Notes, as the context may require and as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereto, and any reference to a numbered "**Condition**" is to the corresponding numbered provision thereof.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 18.

"**Meeting**" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli including any depository banks appointed by Euroclear and Clearstream.

"**Most Senior Class of Notes**" means the Senior Notes while they remain outstanding and thereafter the Junior Notes while they remain outstanding.

"**Most Senior Class of Noteholders**" means the holders of the Most Senior Class of Notes.

"**Ordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 17.

"**Proxy**" means any person to which the powers to vote at a Meeting have been duly granted under a Voting Certificate or a Block Voting Instruction.

"**Resolution**" means an Ordinary Resolution and/or an Extraordinary Resolution, as the case may be.

"**Voter**" means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy.

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder in accordance with Regulation 22 February 2008, as subsequently amended and supplemented, stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and
- (b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office.

"**48 hours**" means 2 consecutive periods of 24 hours.

### 3. Purpose of the Organisation

#### 3.1 Membership

Each Noteholder is a member of the Organisation of the Noteholders.

#### 3.2 Purpose

The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the

Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

## TITLE II

### MEETINGS OF NOTEHOLDERS

#### 4. Voting Certificates and Validity of the Proxies and Voting Certificates

##### 4.1 *Participation in Meetings*

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by depositing a Block Voting Instruction at the specified office of the Representative of the Noteholders not later than 24 hours before the relevant Meeting.

##### 4.2 *Validity*

A Block Voting Instruction or a Voting Certificate shall be valid only if deposited at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, notarised copy of each Voting Certificate or Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Voting Certificate, a Block Voting Instruction or the identity of any Proxy.

##### 4.3 *Mutually exclusive*

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

##### 4.4 *Blocking and release of Notes*

References to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

#### 5. Convening the Meeting

##### 5.1 *Meetings convened by the Representative of the Noteholders*

The Representative of the Noteholders may convene a Meeting at any time.

Without prejudice to Article 24 (*Separate and Combined Meetings of Noteholders*), the Representative of the Noteholders shall convene separate or combined Meetings of any Class or Classes at any time it is requested to do so in writing by (a) the Issuer, or by (b) the Noteholders of each relevant Class or Classes representing at least one-tenth of the aggregate Principal Amount Outstanding of the Notes.

##### 5.2 *Request from the Issuer*

Whenever the Issuer requests the Representative of the Noteholders to convene a Meeting, it shall immediately send a communication in writing to that effect to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting and the items to be included in the agenda.

##### 5.3 *Time and place of the Meeting*

- (a) Every Meeting will be held on a date and at a time and place (located in the European Union) selected or approved by the Representative of the Noteholders.
- (b) Meetings may be held where there are Voters located at different places connected via audio-conference or video-conference, provided that:
  - (i) the Chairman may ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
  - (ii) the person drawing up the minutes may hear well the meeting events being the subject-matter of the minutes;
  - (iii) each Voter attending via audio-conference or video-conference may follow and

intervene in the discussions and vote the items on the agenda in real time;

- (iv) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or video-conference equipment; and
- (v) for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes will be.

## **6. Notice of Meeting and Documents Available for Inspections**

### **6.1** *Notice of meeting*

At least 21 (twentyone) days' notice (but not exceeding 60 (sixty) days' notice) (exclusive of the day on which notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place (which shall be in the European Union) of the Meeting, must be given by the Calculation Agent (upon instruction from the Representative of the Noteholders) to the relevant Noteholders, with copy to the Issuer and the Representative of the Noteholders.

### **6.2** *Content of the notice*

The notice of any resolution to be proposed at the Meeting shall specify at least the following information:

- (a) day, time and place of the Meeting, on first and second call;
- (b) agenda of the Meeting; and
- (c) nature of the Resolution.

### **6.3** *Validity notwithstanding lack of notice*

Notwithstanding the formalities required by this Article 6, a Meeting is validly held if the entire Principal Amount Outstanding of the Notes is represented thereat and the Issuer and the Representative of the Noteholders are present.

### **6.4** *Documentation Available for Inspection*

All the documentation (including, if possible, the full text of the resolution to be proposed at the Meeting) which is necessary, useful or appropriate for the Noteholders consciously to (i) determine whether or not to take part in the relevant Meeting and (ii) exercise their right to vote on the items on the agenda, shall be deposited at the specified office of the Representative of the Noteholders at least 7 (seven) days before the date set for the relevant Meeting.

## **7. Chairman of the Meeting**

### **7.1** *Appointment of the Chairman*

The Meeting is chaired by an individual (who may, but need not be, a Noteholder) appointed by the Representative of the Noteholders. If the Representative of the Noteholders fails to make such appointment or the individual so appointed declines or is not present within 15 minutes after the time fixed for the Meeting, the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman.

### **7.2** *Duties of the Chairman*

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate and defines the terms for voting.

### **7.3** *Assistance*

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

## **8. Quorum**

### **8.1** *Quorum and Passing of Resolution*

The quorum (*quorum constitutivo*) at any Meeting shall be:

- (a) in respect of a Meeting convened to vote on an Ordinary Resolution:

- (i) on first call, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes; or
  - (ii) on second call, following any adjournment pursuant to Article 9, such fraction of the Principal Amount Outstanding of the outstanding Notes as is represented or held by Voters present at the Meeting;
- (b) in respect of a Meeting convened to vote on an Extraordinary Resolution, other than in respect of a Basic Terms Modification:
  - (i) on first call, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the Notes outstanding; or
  - (ii) on second call, following any adjournment pursuant to Article 9, such fraction of the Principal Amount Outstanding of the outstanding Notes as is represented or held by Voters present at the Meeting;
- (c) in respect of a Meeting convened to vote on an Extraordinary Resolution in respect of a Basic Terms Modification:
  - (i) on first call, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes; or
  - (ii) on second call, following any adjournment pursuant to Article 9, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes.

## 8.2 *Passing of a Resolution*

A Resolution shall be deemed validly passed if voted by the following majorities:

- (a) in respect of an Ordinary Resolution, a majority of the votes cast; and
- (b) in respect of an Extraordinary Resolution, a majority of the votes cast.

If a Voter will abstain from voting a resolution, such abstention shall not be deemed as a vote cast in favour for the purpose of calculate the majorities set out herein.

## 9. **Adjournment for lack of quorum**

If a quorum is not reached within 30 minutes after the time fixed for any Meeting:

- (a) if such Meeting was requested by Noteholders, the Meeting shall be dissolved; or
- (b) in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall be adjourned to a new date no earlier than 14 (fourteen) days and no later than 42 (fortytwo) days after the original date of such Meeting, and to such place (which shall be in the European Union) and time as the Chairman determines with the approval of the Representative of the Noteholders, provided however that no meeting may be adjourned more than once for want of quorum.

## 10. **Adjourned Meeting**

Except as provided in Article 9, the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another new date no earlier than 14 (fourteen) days and no later than 42 (fortytwo) days after the original date of such Meeting, and to such place (which shall be in the European Union). No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## 11. **Notice following adjournment**

### 11.1 *Notice required*

If a Meeting is adjourned in accordance with the provisions of Articles 9, 5 and 6 above shall apply to the resumed meeting except that:

- (a) 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting

resumes.

11.2 *Notice not required*

It shall not be necessary to give notice to resume any Meeting adjourned for reasons other than those described in Article 9.

**12. Participation**

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the Directors and the auditors of the Issuer;
- (c) the Representative of the Noteholders;
- (d) financial and/or legal advisers to the Issuer and the Representative of the Noteholders; and
- (e) any other person authorised by the Issuer, the Representative of the Noteholders or by virtue of a resolution of the relevant Meeting.

**13. Voting by show of hands**

13.1 *First instance vote*

Every question submitted to a Meeting shall be decided in the first instance by a vote by show of hands.

13.2 *Demand of poll*

If, before the vote by show of hands, the Issuer, the Representative of the Noteholders, the Chairman or one or more Voters who represent or hold at least one-tenth of the aggregate Principal Amount Outstanding of the Notes request to vote by poll, the question shall be voted on in compliance with the provisions of Article 14. No request to vote by poll shall hinder the continuation of the Meeting in relation to the other items on the agenda.

13.3 *Approval of a resolution*

A resolution is only passed on a vote by show of hands if the Meeting has been validly constituted and the relevant resolution is unanimously approved by all the Voters at the Meeting. The Chairman's declaration that on a show of hands a resolution has been passed or rejected shall be conclusive. Whenever it is not possible to approve a resolution by show of hands, voting shall be carried out by poll.

**14. Voting by poll**

14.1 *Demand for a 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 one-tenth of the Principal Amount Outstanding of the outstanding Notes entitled to vote at the Meeting. A poll may be taken immediately or after any adjournment as decided by the Chairman, but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

14.2 *Conditions of a poll*

The Chairman sets the conditions for voting by poll, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the conditions set by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

**15. Votes**

15.1 *Votes*

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) one vote for each Euro 1,000 of Principal Amount Outstanding of each Note represented or held by the Voter, when voting by poll.

15.2 *Exercise of multiple votes*

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

15.3 *Voting tie*

In case of a voting tie, the Chairman shall have the casting vote.

15.4 *Votes cast*

The Noteholders can cast their votes "in favour of" or "against" any proposed Resolution.

The Noteholders that do not intend to cast their votes and abstain from voting shall be ignored and not be included in the computation of the votes cast.

**16. Voting by Proxy**

16.1 *Validity*

Any vote by a Proxy appointed in accordance with the relevant Block Voting Instruction or Voting Certificate shall be valid even if such Block Voting Instruction or Voting Certificate or any other instruction pursuant to which it has been given had been amended or revoked provided that none of the Calculation Agent, the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such revocation at least 24 hours prior to the time set for the relevant Meeting.

16.2 *Adjournment of Meeting*

Unless revoked, the appointment of a Proxy in relation to a Meeting shall remain valid also in relation to a resumption of such Meeting following an adjournment, unless such Meeting was adjourned for lack of quorum pursuant to Article 9. If a Meeting is adjourned pursuant to Article 9, any person appointed to vote in such Meeting must be re-appointed by virtue of a Block Voting Instruction or Voting Certificate in order to vote at the resumed Meeting.

**17. Ordinary Resolutions**

17.1 *Powers exercisable by Ordinary Resolution*

Save as provided by Article 18, a Meeting shall have the power exercisable by Ordinary Resolution to:

- (a) waive (including to waive a prior breach) any breach by the Issuer of its obligations arising under the Transaction Documents or the Notes, or waive a Trigger Event, if such waivers are not previously authorised by the Representative of the Noteholders in accordance with the Transaction Documents;
- (b) determine any other matters submitted to the Meeting, other than matters required to be subject of an Extraordinary Resolution, in accordance with the provisions of these Rules and the Transaction Documents;
- (c) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution; and
- (d) appoint and remove the Representative of the Noteholders.

17.2 *Ordinary Resolution of a single Class*

No Ordinary Resolution of any Class of Noteholders shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking *pari passu* with or senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction.

**18. Extraordinary Resolutions**

18.1 *Object of Extraordinary Resolutions*

The Meeting shall have power exercisable by Extraordinary Resolution to:

- (a) approve any Basic Terms Modification;



- (b) approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;
- (c) approve any scheme or proposal related to the mandatory exchange or substitution of Notes;
- (d) save as provided by Article 30, approve any amendments of the provisions of (i) these Rules, (ii) the Conditions, (iii) the Intercreditor Agreement, (iv) the Cash Allocation, Management and Payment Agreement, or (v) any other Transaction Document in respect of the obligations of the Issuer under or in respect of the Notes which is not a Basic Terms Modification be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- (e) discharge or exonerate (including prior or retrospective discharge or exoneration) the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- (f) grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by Extraordinary Resolution (including the issue of a Trigger Notice as a result of a Trigger Event pursuant to Condition 13 (*Trigger Events*));
- (g) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- (h) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution; and
- (i) authorise or object to individual actions or remedies of Noteholders under Article 22.

18.2 *Basic Terms Modification*

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes then outstanding.

18.3 *Extraordinary Resolution of a single Class*

No Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction.

**19. Effects of Resolutions**

Subject to Article 17.2 (*Ordinary Resolution of a single Class*), Article 18.2 (*Basic Terms Modifications*) and Article 18.3 (*Extraordinary Resolutions of a single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and any resolution passed at a Meeting of the Most Senior Noteholders duly convened and held as aforesaid shall also be binding upon all the others Noteholders.

In each case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

**20. Challenge of Resolution**

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

**21. Minutes**

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

shall be regarded as having been duly passed and transacted.

## **22. Written Resolution**

Notwithstanding the formalities required by Article 6, a Meeting is validly held if a resolution in writing is signed by or on behalf of all Noteholders who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders (the "**Written Resolution**").

A Written Resolution shall take effect as if it were an Extraordinary Resolution (in respect of matters to be determined by Extraordinary Resolution) or an Ordinary Resolution (in respect of matters to be determined by Ordinary Resolution).

## **23. Combined Meetings**

Subject to the provisions of the Rules, the Conditions, combined Meetings of the Senior Noteholders and the Junior Noteholder may be held to consider the same Ordinary Resolution or Extraordinary Resolution and the provisions of the Rules (including Article 8 (*Quorum*)) shall apply *mutatis mutandis* thereto.

## **24. Separate and Combined Meetings of Noteholders**

Notwithstanding the provisions of Articles 18 (*Extraordinary Resolutions*) and 23 (*Combined Meetings*), the following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

- (a) business which, in the sole opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;
- (b) business which, in the sole opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and
- (c) business which, in the sole opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

## **25. Individual Actions and Remedies**

### *25.1 Individual actions of the Noteholders*

Each Noteholder is deemed to have accepted and is bound by the limited recourse and non-petition provisions of Condition 9 (*Non petition and Limited Recourse*). Accordingly, the right of each Noteholder to bring individual actions or use other individual remedies to enforce his/her rights under the Notes or the Transaction Documents will be subject to a Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes or the Transaction Documents will notify the Representative of the Noteholders of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules at the expense of such Noteholder;
- (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 (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- (d) if the Meeting of Noteholders authorises such individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

### *25.2 Individual actions subject to Resolution*

No Noteholder will be permitted to take any individual action or remedy to enforce his/her rights under the

Notes or the Transaction Documents unless a Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 25.

25.3 *Breach of Condition 9 (Non petition and Limited Recouse)*

No Noteholder shall be permitted to take any individual action or remedy to enforce his/her rights under the Notes or the Transaction Documents in the event that such action or remedy would cause or result in a breach of Condition 9 (*Non petition and Limited Recouse*).

25.4 *Exclusive power of the Representative of the Noteholders*

Save as provided in this Article 25, only the Representative of the Noteholders may pursue the remedies available under the general law or the Transaction Documents to obtain payment of obligations or to enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain or enforce such remedies.

### TITLE III

#### THE REPRESENTATIVE OF THE NOTEHOLDERS

#### 26. Appointment, Removal and Remuneration

26.1 *Appointment*

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Noteholders in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Noteholders which will be Banca Finanziaria Internazionale S.p.A..

26.2 *Requirements for the Representative of the Noteholders*

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
- (b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 106 of the Consolidated Banking Act; or
- (c) any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

26.3 *Directors and auditors of the Issuer*

The director/s and auditors of the Issuer cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

26.4 *Duration of appointment*

Unless the Representative of the Noteholders is removed by Ordinary Resolution pursuant to Title II above or it resigns in accordance with Article 28, it shall remain in office until full repayment or cancellation of all the Notes.

26.5 *Removal*

The Representative of the Noteholders may be removed by Ordinary Resolution of the Noteholders at any time.

26.6 *Office after termination*

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until a substitute Representative of the Noteholders, which shall be a subject among those listed in Article 26.2, paragraphs (a), (b), and (c) above, accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

26.7 *Remuneration*

The Issuer shall pay to the Representative of the Noteholders for its services as Representative of the Noteholders, an annual fee for its services as Representative of the Noteholders from the Issue Date, as

agreed either in the agreement(s) for the issue of and subscription for the Notes or in separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the applicable Priority of Payments.

## **27. Duties and Powers of the Representative of the Noteholders**

### *27.1 Legal representative of the Organisation of the Noteholders*

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

### *27.2 Meetings and implementation of Resolutions*

Subject to Article 29.8, the Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders and has the right to convene Meetings to propose any course of action which it considers from time to time necessary or desirable.

### *27.3 Delegation*

27.3.1 The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person(s) specific activities vested in it as aforesaid.

27.3.2 The terms and conditions (including power to sub-delegate) of such appointment shall be established by the Representative of the Noteholders depending on what it deems suitable in the interest of the Noteholders.

27.3.3 Any such delegation may be made upon such terms and conditions, and subject to such regulations (including the power to sub-delegate), as the Representative of the Noteholders may think fit in the interests of the Noteholders, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate (*culpa in eligendo*) and shall be responsible for the instructions given by it to such delegate.

27.3.4 As soon as reasonably practicable, the Representative of the Noteholders shall give notice to the Issuer and the Rating Agencies of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

### *27.4 Judicial proceedings*

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders, *inter alia*, in any judicial proceedings.

## **28. Resignation of the Representative of the Noteholders**

### *28.1 Resignation*

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, with no need to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation.

### *28.2 Effectiveness*

The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed by an Extraordinary Resolution of the Noteholders and such new Representative of the Noteholders has accepted its appointment provided that if the Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 26.

## **29. Exoneration of the Representative of the Noteholders**

### *29.1 Limited obligations*

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

### *29.2 Other limitations*

Without limiting the generality of Article 29.1, the Representative of the Noteholders:

- (i) shall not be under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document has occurred, and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event has occurred;
- (ii) shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in the Conditions and hereunder or, as the case may be, in any Transaction Document to which each such party is a party, and until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are carefully observing and performing all their respective obligations;
- (iii) except as otherwise required under these Rules or the Transaction Documents, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- (iv) shall not be responsible for (or for investigating) the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
  - (1) the nature, status, creditworthiness or solvency of the Issuer;
  - (2) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection herewith;
  - (3) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
  - (4) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Aggregate Portfolio; and
  - (5) any accounts, books, records or files maintained by the Issuer, the Servicer, the Sub-Servicer, and the Paying Agent or any other person in respect of the Aggregate Portfolio or the Notes;
- (v) shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
- (vi) shall not be responsible for (or for investigating) any matter which is the subject of any recital, statement, warranty or representation by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating to thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- (vii) shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Aggregate Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- (viii) shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- (ix) shall not be under any obligation to guarantee or procure the repayment of the Aggregate Portfolio or any part thereof;
- (x) shall not be obliged to evaluate the consequences that any modification of these Rules or any of the Transaction Documents or exercise of its rights, powers and authorities may have for any individual Noteholder;
- (xi) shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be under

any obligation to disclose to any Noteholder, any Other Issuer Creditor 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 no Noteholder, Other Issuer Creditor or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;

- (xii) shall not be responsible for reviewing or investigating any report relating to the Aggregate Portfolio provided by any person;
- (xiii) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Aggregate Portfolio or any part thereof;
- (xiv) shall not be responsible for (except as otherwise provided in the Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Aggregate Portfolio and the Notes; and
- (xv) shall not be deemed responsible for having acted pursuant to instructions received from the Meeting, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders.
- (xvi) shall not have responsibility for procuring or maintaining any rating or listing of the Notes (where applicable) by any credit or rating agency or any other person.

### 29.3 *Discretion*

#### 29.3.1 The Representative of the Noteholders:

- (i) save as expressly otherwise provided herein and in the Intercreditor Agreement, shall 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, and the Representative of the Noteholders shall not be responsible for any loss, cost, damage, expense or inconvenience resulting from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its wilful default (*dolo*) or gross negligence (*colpa grave*);
- (ii) in connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right - but not the obligation - to convene a Meeting or Meetings in order to obtain the Noteholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action;
- (iii) may certify whether or not a Trigger Event is in its opinion prejudicial to the interest of the Noteholders and any such certification shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other subject party to the Transaction Documents;

29.3.2 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.

### 29.4 *Certificates*

#### The Representative of the Noteholders:

- (i) may act on the advice of 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, the Representative of the Noteholders or otherwise, and shall not be responsible for any loss incurred by so acting in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;
- (ii) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter, a certificate duly signed by 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

incurred as a result of acting on such certificate unless it has information which casts a doubt on the truthfulness of the certificates signed by the Issuer;

- (iii) shall have the right to call for (or have the Issuer call for) and to rely on written attestations issued by any one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor. The Representative of the Noteholders shall not be required to seek additional evidence and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

#### 29.5 *Ownership of the Notes*

29.5.1 In order to ascertain ownership of the Notes, the Representative of the Noteholders may fully rely on the certificates issued by any authorised institution listed in article 30 of Decree No. 213, which certificates are conclusive proof of the statements attested to therein.

29.5.2 The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

#### 29.6 *Certificates of Monte Titoli Account Holders*

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with Regulation 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

#### 29.7 *Certificates of Clearing Systems*

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

#### 29.8 *Rating Agencies*

The Representative of the Noteholders shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules, that such exercise will not be materially prejudicial to the interest of the Senior Noteholders if, along with other factors, the Rating Agencies have confirmed that the then current rating of the Senior Notes would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the valuation of the Rating Agencies regarding how a specific act would affect the rating of the Senior Notes, the Representative of the Noteholders shall so inform the Issuer, which will have to obtain the valuation at its expense on behalf of the Representative of the Noteholders, unless the Representative of the Noteholders wishes to seek and obtain the valuation itself.

#### 29.9 *Illegality*

No provision of these Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend or otherwise 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 powers or discretion, and the Representative of the Noteholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

### **30. Amendments to the Transaction Documents**

#### 30.1 *Consent of the Representative of the Noteholders*

The Representative of the Noteholders may agree to any amendment or modification to these Rules or to any of the Transaction Documents, without the prior consent or sanction of the Noteholders and the Swap Counterparty if in its opinion:

- (i) it is expedient to make such amendment or modification in order to correct a manifest error or an

error of a formal, minor or technical nature; or

- (ii) save as provided under paragraph (i) above, such amendment or modification (which shall be other than in respect of a Basic Terms Modification or any provision in these Rules which makes a reference to the definition of "Basic Terms Modification") is not materially prejudicial to the interest of the Noteholders or the Swap Counterparty, as applicable, or does not otherwise give rise to any Swap Counterparty Entrenched Rights.

30.2 *Binding nature of amendments*

Any such amendment or modification shall be binding on the Noteholders and the Other Issuer Creditors and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such amendment or modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter.

**31. Indemnity**

31.1 *Indemnification*

Pursuant to the Subscription Agreements, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Junior Noteholder, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, receivables and demand (including, without limitation, legal fees and any applicable tax, value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or any subject to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authority and discretion and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud, gross negligence or wilful default of the Representative of the Noteholders or the abovementioned appointed persons. It remains understood and agreed that such costs, expenses and liabilities shall be reasonably incurred.

31.2 *Liability*

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or these Rules except in relation to gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

**TITLE IV**

**THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF A TRIGGER NOTICE**

**32. Powers**

It is hereby acknowledged that, upon the service of a Trigger Notice, pursuant to the Intercreditor Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled - also in the interest of the Other Issuer Creditors, pursuant to articles 1411 and 1723 of the Italian Civil Code - to exercise certain rights in relation to the Aggregate Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Intercreditor Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

**TITLE V**

**GOVERNING LAW AND ALTERNATIVE DISPUTES RESOLUTIONS**

**33. Governing law and Jurisdiction**

33.1 *Governing law*

These Rules and all non-contractual obligations arising out of or in connection with them are governed by



and shall be construed in accordance with the laws of the Republic of Italy.

33.2 *Jurisdiction*

Any dispute arising from the interpretation and execution of these Rules or from the legal relationships established by these Rules will be submitted to the exclusive jurisdiction of the Courts of Milan.

## SELECTED ASPECTS OF ITALIAN LAW

### The Securitisation Law

#### General

The Securitisation Law was enacted on 30 April 1999 and subsequently amended 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 receivables, where the sale is to a company created in accordance with Article 3 of the Securitisation Law (the "**SPV**") and all amounts paid by the debtors in respect of the receivables are to be used by the SPV exclusively to meet its obligations under the notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

#### *Limitation to the set-off rights of the assigned debtors*

Law Decree No. 145 of 23 December 2013 converted into law by Law No. 9 of 21 February 2014 (the "**Decree 145**") has provided that, with effect from the date of the publication of the notice of transfer in the Official Gazette and registration of the same in the competent companies' register, in derogation of any other provision of law, the assigned debtors of the relevant securitised receivables are not entitled to exercise the set-off between such securitised receivables and their claims against the assignor arisen after such date of publication and registration (or of the payment of the purchase price payment, as the case may be).

#### *Exemption of claw-back of prepayments*

The Securitisation Law stated that payments made by the assigned debtors benefit from an exemption from the claw-back provided for by Article 67 of the Italian Bankruptcy Law. However, nothing was said under the Securitisation Law in relation to the claw-back action pursuant to Article 65 of the Italian Bankruptcy Law, being the claw-back in respect of any prepayments. Decree 145 has established an express exemption also in respect of such claw-back action under Article 65 of the Italian Bankruptcy Law.

#### **Ring-fencing of the assets**

Under the terms of Article 3 of the Securitisation Law, the assets 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 receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

#### **Claw-back**

Assignments executed under the Securitisation Law are still subject to claw-back action on bankruptcy pursuant to Article 67 of the Italian Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made (i) within three months of the securitisation transaction, in case paragraph 1 of Article 67 applies, and (ii) within six months of the securitisation transaction, in case paragraph 2 of Article 67 applies (and not six months or 1 year, respectively, as the normal regime of Article 67 provides).

Moreover, following the publication of the notice in the Official Gazette and registration of the same in the companies' register (payment to bear date certain at law (*data certa*)), the payments made to the

SPV by any assigned debtors in respect of the relevant receivables may not be clawed-back pursuant to Article 67 of the Italian Bankruptcy Law (by the receiver of any such debtor which becomes subject to any insolvency proceedings).

### **Consumer credit provisions**

*Consumer credit provisions and enactment of Legislative Decree 141* – The Portfolio includes Loans which qualify as "consumer loans", i.e. loans extended to individuals acting outside the scope of their entrepreneurial, commercial, craft or professional activities. In Italy consumer loans are regulated by, amongst others: (i) Articles 121 to 126 of the Consolidated Banking Act and (ii) some provisions of the Consumer Code (for further details, see the section headed "*Risk Factors – Consumer protection legislation*" above). Consumer protection legislation has been subject to a full revision by the enactment of Law Decree No. 141 of 13 August 2010 (as subsequently amended, the "**Legislative Decree 141**") which transposed in the Italian legal system Directive 2008/48/EC on credit agreements for consumers. Legislative Decree 141 has become enforceable on 19 September 2010.

*Legislative Decree 141 and existing credit consumer agreements* - Even if Legislative Decree 141 does not provide anything on the matter, on the basis of both Article 30 of the Directive 2008/48/EC and the implementing measures of Legislative Decree 141, it can be stated that the provisions set by Legislative Decree 141 do not apply to agreements existing on the date on which latter entered into force, except for some provisions, applicable to open-end credit agreements only.

*Scope of application* - Prior to the entry into force of Legislative Decree 141, consumer loans were only those granted for amounts respectively lower and higher than the maximum and minimum levels set by the *Comitato Interministeriale per il Credito e il Risparmio* (the "**CICR**") (the inter-ministerial committee for credit and savings), such levels being fixed at €30,987.41 and €154.94 respectively. Current Article 122 of the Consolidated Banking Act rules that provisions concerning consumer loans apply to loans granted for amounts from €200 (included) to €75,000 (included); moreover, the same article 122 sets a list of other deeds and agreement which shall not be considered as consumer loans.

*Right of withdrawal* - Pursuant to Article 125-*ter* of the Consolidated Banking Act, consumers have a period of 14 calendar days in which to withdraw from the credit agreement without giving any reason. That period of withdrawal shall begin (a) either from the day of the conclusion of the credit agreement, or (b) from the day on which the consumer receives the contractual terms and conditions and information to be provided to it pursuant to paragraph 1 of Article 125-*bis* of the Consolidated Banking Act, if that day is later than the date referred to under point (a). In case the consumer enforces its right of withdrawal, within thirty days following the date of enforcement the consumer shall pay to the lender any amount outstanding under the relevant consumer loan, plus matured interest and non recoverable expenses paid by the lender to the public administration in connection with the granting of the relevant consumer loan. If the credit agreement has been negotiated by distance marketing, withdrawal periods as calculated under Article 67-*duodecies* of the Consumer Code will apply. Pursuant to article 125-*quater* of the Consolidated Banking Act, a consumer may always withdraw from an open-end credit agreement without paying any penalty or expense to the lender. Before the enactment of Legislative Decree 141, rights of withdrawal in favour of consumers under consumer loan agreements were limited to specific cases, such as in case of consumer credit agreement concluded to finance acquisition of goods or services pursuant to a distance contract.

### **The Issuer**

According to the Securitisation Law, the Issuer shall be a *società di capitali*. Under the regime normally prescribed for Italian companies under the Italian Civil Code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding two times the company's share capital. Under the provisions of the Securitisation Law, the standard provisions described above are inapplicable to the Issuer.

### **The enforcement proceedings in general**

The enforcement proceedings can be carried out on the basis of final judgments or other legal

instruments known collectively as *titoli esecutivi*.

Save where the law provides otherwise, the enforcement must be preceded by service of the order for the execution (*formula esecutiva*) and the notice to comply (*atto di precetto*).

The notice to comply (*atto di precetto*) is a formal notice by a creditor to his debtor advising that the enforcement proceedings will be initiated if the obligation specified in the title is not fulfilled within a given period (not less than ten days but not more than ninety days from the date on which the notice to comply (*atto di precetto*) is served). If delay would be prejudicial, the court may reduce or eliminate this period upon a justified request of the creditor.

Enforcement of an obligation to pay an amount of money is performed in different ways, according to the kind of the debtor's assets the creditor wants to seize. Therefore and mentioning the most important only, the Italian Code of Civil Procedure provides for different rules concerning respectively:

- (a) distraint and forced liquidation of mobile goods in possession of the debtor;
- (b) distraint and forced liquidation of debtor's receivables or mobile goods in possession of third parties; and
- (c) distraint and forced liquidation of real estate properties.

The Italian Code of Civil Procedure provides for some common provisions applicable to any form of enforcement of an obligation to pay an amount of money and specific rules applicable to each form of enforcement.

Distraint and forced liquidation of assets are carried out in the following steps:

- (i) first, the debtor's goods are seized;
- (ii) second, other creditors may intervene;
- (iii) third, the debtor's assets are liquidated; and
- (iv) fourth, the creditor is paid, or the proceeds from the liquidation of the debtor's assets are distributed amongst the creditors.

Seizure of assets is the necessary first step in forcing the liquidation of a property, when it is not already held in pledge.

### **Enforcement proceedings on movable assets in possession of the debtor**

With reference to the seizure and forced liquidation of movable assets in possession of the debtor, seizure begins with the application of the lawyer to the bailiff to proceed at the debtor's house/office or other place and to seize all the debtor's movable assets he/she will find there. The bailiff may look for the movables assets to seize in the debtor's house or in other places related to such debtor and the bailiff is also free to evaluate assets found and keep them seized. However, certain items of personal property cannot be seized.

After the seizure, the bailiff writes a record that contains the injunction to the debtor to refrain from any act that would interfere with the liquidation of the seized property and the description of the movables beings seized. Normally the debtor is named as custodian of the assets since any interference by causing the destruction, deterioration, or removal of seized property is a criminal offence.

After the seizure, the bailiff must deposit the record and the title executed and the notice to comply in the chancery of the execution judge. In this moment the chancellor will open the file of the execution.

After the deposit of the written petition above, the judge fixes the date for the hearing to define the formalities of the sale. At that hearing the parties can pass their proposals about the formalities of the sale. This hearing is also the last possibility for the parties to raise remedies against the enforcement procedure. If there are no oppositions to the procedure or if the parties reach an agreement about the oppositions, the judge decides for the sale. The judge may choose to delegate the sale to a commission agent. In the delegation, the judge fixes the lowest price of the sale and the total amount which must

be obtained from the sale. Otherwise the judge may choose to realise the sale by auction.

After the sale, if there is only one secured creditor without other creditors intervened in the execution, the judge will pay the secured creditor's principal debt and the interests and also the costs of the enforcement proceedings with the sale's proceeds. If there are more than one secured creditor or if there are intervened creditors, they may prepare a project of distribution and propose it to the judge. If the judge agrees, he provides consequently to the distribution. If there is no agreement between the creditors the judge provides to the distribution on the basis of the ranking of the creditors.

In addition to securing the creditor's rights, seizure serves the purpose of identifying the property to be liquidated. When movables in the possession of the debtor are seized, the bailiff must draw up a protocol describing the seized assets and indicating their value. When real estates are seized, distraint is recorded in the land registry, and the value should be set by a special technician appointed by the judge.

The seized assets are entrusted to a custodian. Although the debtor himself may be appointed custodian, he normally may neither use seized property nor keep rents, profits, interest, and similar revenues. Seizure also covers rents, profits, interest, and other revenues of the seized property.

The debtor may avoid the seizure by paying the amount due to the bailiff for delivery to the creditor. Such payment does not constitute recognition of the debt and the debtor is not precluded from bringing an action for restitution of the amount, should he prove that the enforcement procedure was wrongfully instituted.

If the value of seized property exceeds the amount of the debt and costs, the judge, after hearing the creditor and any creditors who have intervened, may order that part of the properties are released.

The creditor may select the property that is to be liquidated. He/she may select various types of property and may bring proceedings in more than one district. However, if he/she selects more properties than necessary to satisfy his/her right, the debtor may apply to have this selection restricted. The creditor who requested the seizure must apply for the sale by auction of the seized assets within a deadline of ninety days, otherwise the seizure lapses.

Normally, the debtor's distrainted property is sold (*vendita forzata*). Sometimes, however, property may be assigned to the creditors *in lieu* of sale (*assegnazione forzata*). Seized property may be sold or assigned solely on the motion of the creditor who started the enforcement proceeding or of one of the intervening creditors who possesses an authority to execute. Unless the property is perishable, a motion to sell or assign it may not be made until at least ten days after distraint, but within 90 days.

The creditor who applies for the sale has the duty to anticipate court expenses and the sale fees.

Seized movable property may be sold through acquiring sealed bids (*vendita senza incanto*) or auction (*vendita con incanto*). Seized property may as well be offered for sale in several lots. Once the required amount has been obtained, the sale is discontinued.

Seized property may also be assigned to the creditors instead of being sold. Property may be assigned to discharge the debtor's obligation to the assignees up to the value of the assigned property. If the property is worth more than the amount of the debt, the assignees must pay the balance.

Unless the debtor's assets are assigned to the creditors in satisfaction of their claims, the proceeds of the liquidation must be distributed. The proceeds include:

- (a) money received upon the sale or assignment of the debtor's assets;
- (b) rents, profits, interest, and other revenues accruing from the debtor's assets during the period of distraint; and
- (c) penalties or damages paid to the Court by the defaulting purchasers or assignees.

Distribution of the proceeds is made according to the following steps:

- (i) costs and expenses of the proceeding are paid first;

- (ii) preferred creditors are paid in the order of their degree of priority;
- (iii) unsecured creditors who commenced or intervened into the proceeding in due time are paid: they share equally, in proportion to the amount of their claims, if there are insufficient funds to satisfy them;
- (iv) creditors who intervened after the hearing set for the authorisation of the liquidation of assets: they share the balance in proportion to their claims; and
- (v) any surplus is returned to the debtor.

If there is any dispute concerning the distribution of proceeds, the judge hears the parties and decides. In this case distribution of the proceeds is suspended except to the extent to which it can be effected without prejudicing the rights of the claimants.

### **Subrogation**

Legislative Decree 141 has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of Law Decree No. 7 of 31 January 2007, as converted into law by Italian Law No. 40 of 2 April 2007, replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code (the "**Subrogation**"), providing in particular that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the Subrogation, even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 working 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.

### **Restructuring agreements in accordance with Law No. 3 of 27 January 2012**

Articles from 6 to 19 of Law No. 3 of 27 January 2012, as amended by Law Decree No. 179 of 18 October 2012 converted into Law No. 221 of 17 December 2012 (the "**Law No. 3/2012**"), have introduced a special settlement procedure for the situations of crisis due to over-indebtedness (*procedimento per la composizione delle crisi da sovraindebitamento*) (the "**Settlement Procedure**").

The Settlement Procedure applies to debtors who/which (i) are in a situation of persisting financial stress between their assets and liabilities which can be promptly liquidated and are seriously not capable of fulfilling their obligations or definitively not capable of fulfilling on a regular basis their obligations, (ii) may not be subject to any other insolvency proceedings, and (iii) have not entered into the Settlement Procedure for the last 5 (five) years. Law No. 3/2012 applies both to small enterprises which are not subject to any other insolvency proceedings and to consumers.

The Settlement Procedure consists of a restructuring agreement between the debtor and its creditors (the "**Settlement Agreement**"). The Settlement Agreement is proposed by the debtor on the basis of a plan which must ensure the payment in full of the creditors who/which do not adhere to the agreement (the "**Plan**").

The Plan shall contain, *inter alia*: (i) the terms of the debt restructuring, including the re-scheduled

payment dates and the modalities of payments, (ii) the modalities of liquidation (if any) of the assets; (iii) the security interests (if any) created in favour of the creditors. In addition, the Plan may provide for a payment standstill (*moratoria*) in respect of amounts due to the creditors who/which do not adhere to the Plan for a period not exceeding 1 (one) year, subject to the conditions that (a) the Plan is capable of ensuring the payment of such amounts at the expiry of the standstill period, (b) the Plan is executed by an administrative receiver (*liquidatore*) appointed by the court upon proposal of the Crisis Composition Body (as defined below), and (c) the standstill (*moratoria*) does not apply to claims which may not be subject to attachment or seizure (*crediti impignorabili*).

The Settlement Agreement shall be approved by such creditors representing at least 60 (sixty) per cent. of the indebtedness of the debtor. If the approval is achieved, the Settlement Agreement shall be validated by the court, upon verification that all the requirements provided for by Law No. 3/2012 are satisfied. The court may order that until the Settlement Agreement is approved (*omologazione*), any individual action is forbidden or suspended (if already pending). Law No. 3/2012 provides for the establishment of composition bodies (*organismi di conciliazione*) (the "**Crisis Composition Bodies**"). The Crisis Composition Bodies should cooperate with the debtor and its creditors in any activity relating to the Settlement Procedure in order to achieve a successful composition. It is only in December 2013 that the first Settlement Agreement obtained the approval of the court (reference is made to court order (*decreto di omologa*) issued by Court of Pistoia on 27 December 2013) and, as at the date of this Information Memorandum, the number of Settlement Agreements being reviewed by courts is still limited.

The Settlement Agreement ceases to be effective if the relevant debtor does not pay the obligations set out therein within 90 (ninety) days from the relevant due date or if the relevant debtor attempts to fraud its creditors. The Settlement Agreement does not prejudice claims owed to the relevant debtor's guarantors and co-obligors.

Prospective Noteholders should note that the Aggregate Portfolio comprise Receivables deriving from Loans classified as performing (*crediti in bonis*) by the Originator, in accordance with the Bank of Italy's guidelines as at the relevant Valuation Date, as at the relevant Transfer Date, the Cut-off Date and the Issue Date. However, it cannot be excluded that any Debtor may become subject to a Settlement Agreement after the Issue Date.

## TAXATION

*The following is a general description of current Italian law and practice relating to certain Italian tax aspects concerning the purchase, ownership and the disposal of the Notes. It does not purport to be a complete analysis of all tax issues that may be relevant to the prospective investors' decision to purchase or own the Notes or the noteholders' decision to dispose of the same and does not purport to deal with the tax consequences applicable to all categories investor or prospective beneficial owners of the Notes, some of which may be subject to special rules. The following summary does not discuss the treatment of 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 summary is based upon tax laws and practice of Italy in effect on the date of this Information Memorandum which are subject to change, potentially retroactively.*

*Prospective purchasers of the Notes are advised to consult, in any case, 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 the 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.*

### Income tax

Under current legislation, pursuant to the provision of Article 6, paragraph 1, of the Securitisation Law and of Decree No. 239, as amended, payments of interest and other proceeds in respect of the Notes (hereinafter collectively referred to as "**Interest**"):

- (a) will be subject to final substitute tax (*imposta sostitutiva*) at the rate of 26 per cent. in Italy if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes holding Notes not in connection with entrepreneurial activity; (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their only or main purpose; (iv) Italian resident entities exempt from corporate income tax; and (v) non-Italian resident entities or persons without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from the *imposta sostitutiva* and/or do not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from *imposta sostitutiva* (unless the Noteholders sub (i) to (iii) entrusted the management of their financial assets, including the Notes, with an authorised intermediary and opted for the Risparmio Gestito regime according to Article 7 of Legislative Decree number 461 of 21 November 1997 - the "**Asset Management Option**"). As to non-Italian resident beneficial owners, *imposta sostitutiva* may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 26 per cent. final *imposta sostitutiva* (or, in certain cases, for treaty covered non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double tax treaty) will be generally applied by the Italian resident qualified financial intermediaries (or permanent establishments in Italy of foreign intermediaries) that will intervene, in any way, in the collection of Interest on the Notes or in the transfer of the Notes (the "**Intermediaries**" and each an "**Intermediary**").

In case the Notes are held by Noteholders mentioned above under (i) to (iii) that are engaged in a business activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the income tax due by the Noteholders;

- (b) will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to investors who are: (i) Italian resident corporations or permanent establishments in Italy of non-resident



corporations to which the Notes are effectively connected; (ii) Italian resident open-ended or a closed-ended collective investment funds (other than a real estate investment fund), closed-ended investment companies (*società di investimento a capitale fisso*, or "**SICAF**") (other than a real estate SICAF) or open-ended investment companies (*società di investimento a capitale variabile*, or "**SICAV**"), Italian resident pension funds subject to the regime provided for by Article 17, paragraph 2, of Legislative Decree 5 December 2005, No. 252, Italian resident real estate investment funds and closed-ended real estate investment companies to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply ("**Real Estate SICAF**"); (iii) Italian residents holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and (iv) according to Decree 239, non-Italian resident beneficial owners of the Notes or institutional investors, even though not subject to taxation, with no permanent establishment in Italy to which the Notes are effectively connected, provided that:

1. such beneficial owners or institutional investors are respectively resident for tax purposes or established in a country included in the list of States which recognise the Italian fiscal authorities' right to an adequate exchange of information, so-called "**White List States**" (the present list of the countries allowing an adequate exchange of information is that contained in the Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. Such Decree might be updated or amended from time to time pursuant to Article 11 of Decree 239); and
2. all the requirements and procedures set forth in Decree 239 and in the relevant application rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are timely met and complied with.

Decree 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy, and (ii) Central Banks or entities, managing, inter alia, also the official State reserves.

To ensure payment of Interest in respect of the Notes without the application of *imposta sostitutiva*, investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of Interest on the Notes or certain non-Italian resident institutional investors; (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Intermediary or with a non-Italian resident entity participating in a centralised securities management system which is in contact, via telematic link, with the Ministry of Economics and Finance; and (iii) in the event of non-Italian resident beneficial owners or institutional investors being holders of the Notes, according to Decree 239, timely file with the relevant depository a self-declaration stating to be resident for tax purposes or established in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information included among the White List States (for non-Italian resident Noteholders who are institutional investors certain additional declarations might also be required depending on the circumstances). Such self-declaration – which is not requested for international bodies and organisations established in accordance with international agreements ratified in Italy and Central Banks or entities managing also official State reserves – must comply with the requirements set forth by Italian Ministerial Decree of 12 December 2001, is valid until withdrawn or revoked and must not be submitted in case that a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Italian resident Noteholders holding Notes not in connection with entrepreneurial activity who have entrusted the management of the Notes to an authorised intermediary and have opted for the Asset Management Option are subject to a 26 per cent. annual substitutive tax (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 any Interest accrued on the Notes during the holding period). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Subject to certain conditions (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including from *imposta sostitutiva*, on interest, premium and other income relating to the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporation to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident collective investment funds (which include open-ended or closed-ended investment fund, a SICAV or a SICAF and so-called Luxembourg investment funds regulated by Article 11-bis of Law Decree No. 512 of 30 September 1983 – collectively, the "**Funds**") are not subject to income tax. A substitute tax of 26 per cent. is levied, in certain circumstances, to distribution made by the Funds in favour of certain categories of unit holders or shareholders.

Italian resident pension funds subject to the regime set forth by Article 17, paragraph 2, of Legislative Decree 5 December 2005, No. 252 (the "**Pension Funds**") are subject to a 20 per cent. annual substitutive tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period). Subject to certain conditions, Interest arising in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Where the Noteholder is an Italian resident real estate investment fund or Real Estate SICAF (collectively, the "**Real Estate Funds**"), interest and other proceeds in respect of the Notes are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund. A withholding tax may apply in certain circumstances at the rate of up to 26 per cent on distributions made by Italian Real Estate Funds.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder or by the Issuer and Noteholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct the *imposta sostitutiva* suffered from income taxes due by them.

### **Capital gains tax**

Any capital gain realised upon the sale for consideration or redemption of the Notes would be treated as part of the taxable business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant tax provisions, if derived by Noteholders who are:

- (a) Italian resident corporations or similar commercial entities;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Pursuant to Legislative Decree number 461 of 21 November 1997 ("**Decree 461**"), any capital gain

realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity and certain other persons upon sale for consideration or redemption of the Notes would be subject to an *imposta sostitutiva* (substitute tax) at the current rate of 26 per cent..

Under the tax declaration regime (*regime della dichiarazione*), which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss of the same nature, realised by Italian resident individual noteholders holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given fiscal year. Italian resident individuals holding Notes not in connection with entrepreneurial activity must report overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax declaration to be filed with the Italian tax authorities 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 of the same kind realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding the Notes not in connection with entrepreneurial activity may elect to pay 26 per cent. *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "**Risparmio Amministrato**" regime). Such separate taxation of capital gains is allowed subject to (i) the 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. Under the Risparmio Amministrato regime, the financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any relevant incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer. Under the Risparmio Amministrato regime, where a sale or redemption of the Notes results in capital loss, such loss may be deducted from capital gains of the same kind subsequently realised within the same relationship of deposit 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 declare capital gains in its annual tax declaration and remains anonymous.

Any capital gains realised by Italian resident Noteholders holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the Noteholders are not required to report capital gains realised in its annual tax declaration and remains anonymous.

Subject to certain conditions (including minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity to which the Notes are connected or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including from *imposta sostitutiva*, on capital gains realized upon sale or transfer for consideration or redemption of the Notes, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by Noteholders who are Italian resident Funds are not subject to income tax. A substitute tax of 26 per cent. is levied, in certain circumstances, to distribution made by the Funds in favour of certain categories of unit holders or shareholders upon redemption or disposal of the units.

Any capital gains realised by Noteholders who are Italian resident Pension Funds, will be included in the computation of the taxable basis of Pension Fund Tax. Subject to certain conditions, capital gains arising in respect of the Notes may be excluded from the taxable base of the Pension Fund Tax, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo*

*termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by Noteholders who are Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund. A withholding tax at a rate of up to 26 per cent. will be applied under certain circumstances on income realised by the participants to the Real Estate Fund on distributions or redemption of the Fund's units (where the item of income realised by the participants may include the capital gains on the Notes).

The 26 per cent. final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad and in certain cases subject to timely filing of required documentation (in particular, a self-declaration not to be resident in Italy for tax purposes), even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

In case the Notes are held in Italy but are not listed on a regulated market in Italy or abroad:

- (i) pursuant to the provisions of Article 5 of Decree 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in Italy on any capital gains realised, upon sale for consideration or redemption of the Notes, if they are resident, for tax purposes, in a Country which recognises the Italian fiscal authorities' right to an adequate exchange of information (included among the White List States, as defined above).

Exemption from Italian *imposta sostitutiva* on capital gains realised upon disposal of Notes not listed on a regulated market also applies to non-Italian residents who are (a) international bodies and organizations established in accordance with international agreements ratified in Italy; (b) certain foreign institutional investors, even though not subject to income tax or to other similar taxes, established in countries which allow an adequate exchange of information with Italy included among the White List States; and (c) Central Banks or other entities, managing also official State reserves.

In such cases, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the Risparmio Amministrato regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to timely file with the authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders that are institutional investors;

- (ii) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and elect for the Asset Management Option or are subject to the Risparmio Amministrato regime, in order to benefit from exemption from Italian taxation on capital gains such non-Italian residents may be required to file in time with the authorised financial intermediary appropriate documents which include inter alia a certificate of residence from the competent tax authorities of the country of residence of the non-Italian residents.

The Risparmio Amministrato regime is the ordinary regime automatically applicable to non-resident persons and entities in relation to Notes deposited for safekeeping or administration at Italian banks, SIMs and other eligible entities, but non-resident noteholders retain the right to waive this regime. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

### **Inheritance and gift tax**

Inheritance and gift tax would be payable in Italy at the following rates on the transfer of the Notes by reason of death or donation, regardless of whether or not the Notes are held outside of Italy, if the deceased person or the donor were either resident or non-resident in Italy for tax purposes at the time of death or gift:

- 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value of the entire inheritance or gift exceeding Euro 1,000,000.00 for each beneficiary;
- 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to tax on the value of the entire inheritance or gift exceeding Euro 100,000.00 for each beneficiary;
- 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree;
- 8 per cent in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value of the entire inheritance or gift exceeding Euro 1,500,000.00 for each beneficiary.

Inheritance and gift tax do not apply in case the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time applicable as set forth by Italian law.

### **Transfer tax**

The transfer of the Notes is not subject to any transfer tax in Italy. The transfer deed may be subject to Italian registration tax as follows: (i) public deeds and notarized deeds executed in Italy are subject to fixed registration tax at a fixed amount of Euro 200.00; (ii) private deeds are subject to registration tax at a rate of Euro 200.00 due only in case of use or voluntary registration or if the so called *caso d'uso* or *enunciazione* occurs.

### **Stamp duty**

Pursuant to Article 13 of the Tariff attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at the current rate of 0.2 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than Euro 34.20. If the client is not an individual, the stamp duty cannot be higher than Euro 14,000.00.

### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree No. 201 of 6 December 2011, Italian resident individuals, Italian non-commercial private or public institutions and Italian non-commercial partnerships holding financial assets – including the Notes – outside of the Italian territory are required to pay in their own annual tax declaration a wealth tax at the rate of 0.2 per cent. For taxpayers other than individuals, this wealth tax cannot exceed Euro 14,000 per year.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of

wealth taxes paid (if any) in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

### **Tax monitoring**

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Italian Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy who hold investments abroad or have financial activities abroad or are the beneficial owners, under the Italian money-laundering law, provided by Italian Legislative Decree No. 231 of 21 November 2007, of investments abroad or foreign financial assets must, in certain circumstances, disclose the aforesaid 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 does not exist in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of the mentioned Decree 167/1990, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

## **SUBSCRIPTION AND SALE**

### **1. THE SENIOR NOTES SUBSCRIPTION AGREEMENT**

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date, the Lead Manager has agreed to subscribe for the Senior Notes, subject to the terms and conditions set out thereunder.

The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the issue of the Senior Notes.

The Senior Notes Subscription Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Senior Notes Subscription Agreement (including a dispute relating to the existence, validity or termination of the Senior Notes Subscription Agreement or any non-contractual obligation arising out of or in connection with it).

### **2. THE JUNIOR NOTES SUBSCRIPTION AGREEMENT**

Pursuant to the Junior Notes Subscription Agreement, the Junior Notes Subscriber has agreed to subscribe for the Junior Notes, subject to the terms and conditions set out thereunder.

In respect of the obligation of the Issuer to make payment on the Notes, under the Terms and Conditions the payment obligations of the Issuer in respect of the Junior Notes are subordinated to its payment obligations in respect of the Senior Notes, the Other Issuer Creditors and any other creditors of the Issuer, as provided by the Priority of Payments. Therefore, in the event that the Issuer sustains losses and is unable to meet in full its obligations in respect of each of its creditors, the first creditors to bear any shortfall shall be the Junior Noteholders.

No commission, fee or concession shall be due by the Issuer to Junior Notes Subscriber in respect of its subscription of the Junior Notes.

The Junior Notes Subscription Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Junior Notes Subscription Agreement (including a dispute relating to the existence, validity or termination of the Junior Notes Subscription Agreement or any non-contractual obligation arising out of or in connection with it).

### **3. SELLING RESTRICTIONS**

#### **3.1 General**

Under the Senior Notes Subscription Agreement, the Lead Manager:

##### **3.1.1 No action to permit public offering**

has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Senior Notes, or possession or distribution of any offering material in relation to the Senior Notes, in any country or jurisdiction where action for that purpose is required;

##### **3.1.2 Compliance with laws**

has represented and warranted to the Issuer that it has complied with and will undertake that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Senior Notes or has in its possession, distributes or publishes such offering material, in all cases at its own expense; and

##### **3.1.3 Publicity**

has represented and warranted to the Issuer that it has not made or provided and undertakes that it will not make or provide any representation or information regarding the Issuer or the Senior Notes save as contained in the Information Memorandum or as approved for such purpose by the Issuer or which is a matter of public knowledge.

### 3.2 **United States**

The Senior Notes have not been and will not be 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 except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Lead Manager has represented and agreed that it has not offered and sold the Senior Notes, and will not offer and sell the Senior Notes (i) as part of their distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of the Senior Notes, and then only in accordance with Rule 903 of Regulation S promulgated under the Securities Act. Neither the Lead Manager nor its affiliates nor any persons acting on the behalf of the Lead Manager or its affiliates' behalf have engaged or will engage in any directed selling efforts with respect to the Senior 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 Senior Notes, the Lead Manager will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Senior Notes from it during the restricted period a confirmation or notice to substantially to the following effect:

**"The Securities covered hereby have not been registered under the U.S. 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 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 us, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act."**

Terms used in this selling restriction have the meaning given to them by Regulation S under the Securities Act.

### 3.3 **United Kingdom**

#### 3.3.1 **Prohibition of sales to United Kingdom retail investors**

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Senior Notes which are the subject of the offering contemplated by the Information Memorandum to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer



would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes.

### 3.3.2 Other regulatory restrictions in the United Kingdom

Under the Senior Notes Subscription Agreement, the Lead Manager has represented, warranted and undertaken to the Issuer that:

(a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

## 3.4 France

Under the Senior Notes Subscription Agreement, the Lead Manager has represented, warranted and undertaken to the Issuer that it has not offered, sold or otherwise transferred and will not offer, sell or otherwise transfer, directly or indirectly, any Senior Notes to the public in France other than to qualified investors (*investisseurs qualifiés*) as defined in Article L.411-2 1° of the French Monetary and Financial Code (*Code monétaire et financier*) and in Article 2(e) of the Prospectus Regulation ("**Qualified Investors**") and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, other than to Qualified Investors, this Information Memorandum or any other offering material relating to the Senior Notes.

## 3.5 Republic of Italy

Under the Senior Notes Subscription Agreement, the Lead Manager has represented, warranted and undertaken to the Issuer that:

### 3.5.1 No offer to public

the offering of the Senior Notes has not been registered with *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities and exchange commission) pursuant to Italian securities legislation and, accordingly, the Senior Notes have not been or may not be offered, sold or delivered, nor may copies of the Information Memorandum or any other document relating to the Senior Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any applicable provisions of Legislative Decree No. 58 of 24 February 1998, as amended (the

"**Financial Laws Consolidated Act**") and/or Italian CONSOB regulations; or

- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws;

provided that, in any case, the offer or sale of the Senior Notes in the Republic of Italy shall be effected in accordance with all relevant Italian securities, tax and other applicable laws and regulations;

### 3.5.2 Offer to Qualified Investors

any offer, sale or delivery of the Senior Notes in the Republic of Italy or distribution of copies of the Information Memorandum or any other document relating to the Senior Notes in the Republic of Italy under paragraph 3.5.1 (a) and (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Laws Consolidated Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 as amended, (the "**Consolidated Banking Act**");
- (b) made in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Consolidated Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Please note that, in accordance with Article 5 of the Prospectus Regulation, where no exemption under paragraph 3.5.1, letter (a) or (b) above applies, the subsequent distribution of the Senior Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to be made to the public provided under the Prospectus Regulation and the applicable Italian laws. Failure to comply with such rules may result, inter alia, in the sale of the Senior Notes being declared null and void and in the liability of the intermediary transferring the Senior Notes for any damages suffered by the investors.*

The Junior Notes remain subject to the further selling restrictions provided for in the Junior Notes Subscription Agreement.

### 3.6 Prohibition of Sales to EEA Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Senior Notes which are the subject of the offering contemplated by the Information Memorandum to any retail investor in the European Economic Area (**EEA**). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not

qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

- (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes.

## GENERAL INFORMATION

### Listing and admission to trading

As of the date of this Information Memorandum, the Notes are not listed on any regulated market or multilateral trading facility or equivalent in any jurisdiction. The Issuer has filed with Borsa Italiana S.p.A. a request for the Senior Notes to be admitted to trading on the professional segment ExtraMOT PRO of the ExtraMOT multilateral trading facility. The Issuer does not have any intention to file any request for the listing or admission to trading of the Notes or any other market or multilateral trading facility, other than the ExtraMOT.

### Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The Issuer is managed by a Sole Director. The Issuer is managed by a Sole Director.

The issue of the Notes and the entering into of the Intercreditor Agreement, the Subscription Agreements and the Master Amendment Agreement were authorised by the resolution of the Quotaholder passed on 7 April 2021.

The purchase of the Receivables in the context of the Securitisation, the issue of the Initial Notes and the entering into of the Transaction Documents other than those mentioned above were authorised by the resolution of the Quotaholder passed on 8 July 2019.

### Clearing of the Notes

The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<b>Class</b>	<b>ISIN Code</b>	<b>Common Code</b>
Class A	IT0005442006	233605352
Class J	IT0005442014	N/A

### No material litigation

There have been no governmental, litigation or arbitration proceedings against or affecting the Issuer or any of its assets or revenues in the last twelve months, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material, which may have, or have had in the recent past, significant effects on the Issuer and/or group's financial position or profitability.

### No material adverse change

Since 13 May 2019, being the date of incorporation of the Issuer, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer that is material.

### Documents available for inspection

Copies of the following documents are available in physical and electronic form for inspection during normal business hours at the registered office of the Issuer and of the Representative of the Noteholders:

- (i) Memorandum and Articles of Association of the Issuer;
- (ii) Master Amendment Agreement
- (iii) Transfer Agreement;
- (iv) Servicing Agreement;
- (v) Intercreditor Agreement;
- (vi) Cash Allocation, Management and Payment Agreement;

- (vii) Senior Notes Subscription Agreement;
- (viii) Junior Notes Subscription Agreement;
- (ix) Corporate Services Agreement;
- (x) Quotaholder Agreement;
- (xi) Stichting Corporate Services Agreement;
- (xii) Swap Agreement;
- (xiii) Hedging Security Document;
- (xiv) Master Definitions Agreement;
- (xv) Information Memorandum; and
- (xvi) Issuer's annual audited financial statement.

#### **Financial statements available**

The Issuer will produce financial statements in respect of each financial year. So long as any of the Senior Notes remains outstanding, upon publication, copies of the Issuer's annual audited financial statements shall be made available in physical and/or electronic form for collection at the registered offices of the Issuer and of the Representative of the Noteholders.

#### **Transparency requirements under the EU Securitisation Regulation**

Under the Intercreditor Agreement, the parties thereto have acknowledged that the Originator and the Issuer shall be responsible for compliance with the transparency requirement of Article 7 of the EU Securitisation Regulation pursuant to the Transaction Documents.

Under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that the Originator:

- (i) has been designated and will act as Reporting Entity, pursuant to and for the purposes of Article 7(2) of the EU Securitisation Regulation. In such capacity as Reporting Entity, the Originator shall fulfil the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation by making available the relevant information pursuant to Article 7(2) of the EU Securitisation Regulation;
- (ii) has been designated as first contact point for investors and competent authorities pursuant to the third sub-paragraph of Article 27(1) of the EU Securitisation Regulation.

Under the Intercreditor Agreement, the Originator, in its capacity as Reporting Entity, has undertaken to publish and make available the information required to be disclosed to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and perspective noteholders, in accordance with Article 7 of the EU Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority).

In particular, the Reporting Entity undertakes to make available to such investors and entities, upon request, the information under point (a) of the first subparagraph of Article 7(1) as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation.

As to pre-pricing information:

- (a) the Originator (also as holder of the Junior Notes) has confirmed that it has been, before pricing, in possession of (i) data relating to each Loan (and therefore it has not requested to receive the information under point (a) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation at least in draft form pursuant to Article 22(5) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, (ii) data on static and dynamic historical default and loss performance, such as

delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least 5 (five) years, pursuant to Article 22(1) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, and (iii) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards;

- (b) the Originator has confirmed that it has made available to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes before pricing (i) the information and documentation under point (a) of the first subparagraph of Article 7(1) upon request, as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation at least in draft form pursuant to Article 22(5) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, (ii) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data shall cover a period of at least 5 (five) years, pursuant to Article 22(1) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, and (iii) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards.

As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:

- (a) the Servicer shall prepare the Transparency Loan Report and deliver it to the Reporting Entity and the Swap Counterparty in a timely manner in order for the Reporting Entity to make available the Transparency Loan Report (simultaneously with the Transparency Investors' Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes by no later than the Transparency Report Date;
- (b) the Calculation Agent shall prepare the Transparency Investors' Report and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make it available (i) simultaneously with the Transparency Loan Report to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes by no later than the Transparency Report Date, (ii) in case an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation) has occurred, without delay with reference to the information requested under Article 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation, it being understood that on each Transparency Report Date the Transparency Investors' Report shall indicate whether an inside information or a significant event (including, *inter alia*, any Trigger Event, Pass-through Event or events which trigger changes in the Priorities of Payments) has occurred or not. Once the Calculation Agent has delivered to the Reporting Entity the Transparency Investors' Report, also its obligation in relation to the delivery of the Investors Report shall be deemed satisfied in full;
- (c) the Issuer shall deliver to the Reporting Entity (i) a copy of the final Information Memorandum and the other final Transaction Documents (which are all underlying documents that are essential for the understanding of the Securitisation) in a timely manner in order for the Reporting Entity to make available such documents to the investors in the Notes by no later than 15 (fifteen) days after the Issue Date, and (ii) any other document or information that may be required to be disclosed to the Noteholders, the competent authorities referred to in Article

29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes pursuant to the EU Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties),

in each case in accordance with the requirements provided by the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

Under the Intercreditor Agreement, the Originator has undertaken to make available through the services offered by Intex or Bloomberg to investors, on an ongoing basis and to potential investors in the Notes, upon request, a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed that:

- (a) in no event Banca Progetto, in its capacity as Reporting Entity, shall be liable to the other parties thereto for any failure or delay in preparing or delivering the information required to be disclosed under Article 7 of the EU Securitisation Regulation if such failure is caused by the non-delivery or late delivery by any of the Parties of any information to be provided to the Reporting Entity pursuant to Clause 12.1.5 of the Intercreditor Agreement (unless such non-delivery or late delivery is attributable to the non-delivery or late delivery of information to be provided by Banca Progetto to such Parties);
- (b) in no event Banca Progetto, in its capacity as Reporting Entity, shall be liable to the other parties thereto for the accuracy and completeness of any information or data that has been provided to it pursuant to Clause 12.1.2 of the Intercreditor Agreement nor for the compliance of any such information with the requirements of the EU Securitisation Regulation and the applicable Regulatory Technical Standards (unless any inaccuracy, incompleteness or non-compliance is attributable to the inaccuracy, incompleteness or non-compliance of information provided by Banca Progetto to such parties); and
- (c) Banca Progetto, in its capacity as Reporting Entity, will not be under any obligation to verify, reconcile or recalculate any information or data provided to it by any Party pursuant to Clause 12.1.5 of the Intercreditor Agreement and it shall be entitled to rely conclusively on such information and data for the purpose of fulfilling the information requirements provided for by Article 7 of the EU Securitisation Regulation (without prejudice to Banca Progetto's liability for the information provided by it to the parties thereto). In case the information or data provided by a party to the Intercreditor Agreement pursuant to Clause 12.1.5 of such agreement appears to be *prima facie* incomplete or to include any material mistakes, Banca Progetto shall liaise with the relevant party to discuss in good faith such circumstance and obtain a new delivery of such information or data.

### **Cooperation undertakings in relation to EU Securitisation Regulation**

Under the Intercreditor Agreement, the relevant parties thereto (in relation to the respective role performed under the Securitisation) have agreed to:

- (i) provide all reasonable cooperation to the Issuer and the Originator in order to ensure that the Securitisation complies with the EU Securitisation Regulation and is designated as STS;
- (ii) take any action, negotiate in good faith and execute any amendment or additional agreement, deed or document, make available authorised signatories, adequately qualified personnel and internal administrative resources, and perform such other supporting activities in each case as may reasonably be deemed necessary and/or expedient for the purposes of point (i) above.

The STS Notification in respect of the Securitisation will be publicly available on the ESMA Website.

### **Post-issuance transaction information**

Under the Cash Allocation, Management and Payment Agreement, the Calculation Agent shall, within

five Business Days after each Payment Date, prepare and deliver, via email or facsimile transmission, to the Issuer, the Account Bank, the Paying Agent, the Corporate Servicer, the Back-up Servicer Facilitator, the Lead Manager, the Junior Subscribers, the Swap Counterparty and the Representative of the Noteholders the Investors Report, which will contain information on the amounts received or collected in respect of the Portfolio, the payments made on the Notes with reference to the immediately preceding Interest Period, based on the information contained, respectively, in the Servicer's Report and in the Payments Report or in the Post Trigger Payments Report, as the case may be.

Copies of the Investors Report and the Issuer's annual audited financial statements shall be made available by the Calculation Agent on the following website: <https://www.securitisation-services.com/it/>.

### **Fees and expenses**

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately € 120,000 (excluding servicing fees and any VAT, if applicable) and the estimated total expenses related to the admission to trading of the Senior Notes amount approximately to € 2,500 (excluding VAT, if applicable).

### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 8156007845E5A9DEFA66.



**ISSUER**

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*To the Co-Arrangers*

*As to Italian law*

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