INFORMATION MEMORANDUM DATED 27 July 2021

pursuant to Article 2 of Italian Law No. 130 of 30 April 1999

VALSABBINA SME 3 SPV S.R.L.

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

€ 980,000,000 Class A Asset Backed Partly Paid Notes due July 2060

Issue Price: 100 per cent.

This Information Memorandum contains information relating to the issue by Valsabbina SME 3 SPV S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "**Issuer**") of the € 980,000,000 Class A Asset Backed Partly Paid Notes due July 2060 (the "**Class A Notes**" or the "**Senior Notes**"). In connection with the issue of the Senior Notes, the Issuer will also issue the € 420,000,000 Class J Asset Backed Partly Paid Notes due July 2060 (the "**Class J Notes**" or the "**Junior Notes**" and, together 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 29 July 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 Terms and 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 commercial mortgage or non-mortgage loan agreements to Small and Medium Enterprise debtors (the "**Debtors**"). The Issuer has purchased the First Initial Portfolio on 9 July 2021, has undertaken to purchase the Second Initial Portfolio by no later than 29 November 2021 and, subject to certain conditions set forth under the Transfer Agreement, shall purchase from the Originator Further Portfolios during the Revolving Period.

By 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 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 in the context of any Further Securitisation). 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 on the Senior Notes will accrue on a daily basis and will be payable in arrears in Euro on each Payment Date. The rate of interest applicable to the Class A Notes for each Interest Period shall be the rate *per annum* equal to the EURIBOR (as determined in accordance with Condition 7 (*Interest*) for three month deposits plus a margin equal to 0.5 per cent. *per annum*. In any event such rate of interest shall not be higher than 4%. In the event that in respect of any Interest Period the algebraic sum of the applicable EURIBOR and the Relevant Margin results in a negative rate, the applicable Rate of Interest shall be deemed to be zero.

The Senior Notes are expected, on the Issue Date, to be rated "A2(sf)" by Moody's Investors Service España S.A. ("**Moody's**") and "A (high)(sf)" by DBRS Ratings GmbH ("**DBRS**" and, together with Moody's, the "**Rating Agencies**"). As of the date of this Information Memorandum, each of Moody's and DBRS 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 (the "**ESMA Website**")). 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.

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 Servicer, the Representative of the Noteholders, any of the Other Issuer Creditors or the Arranger. 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.

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 Terms and Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Terms and 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) No. 2402 of 12 December 2017 (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 may, after 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. None of the Issuer, the Originator, the Reporting Entity, the Arranger, the Representative of the Noteholders or any other party to the Transaction Documents 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 in the future.

CONSOB AND BORSA ITALIANA HAVE NOT EXAMINED NOR APPROVED THE CONTENT OF THIS INFORMATION MEMORANDUM

Arranger

BANCA FINANZIARIA INTERNAZIONALE S.P.A.

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RESPONSIBILITY STATEMENTS

None of the Issuer, the Other Issuer Creditors, the Arranger 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 Warranty and Indemnity 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 and incorporated by reference in this Information Memorandum. The information in respect of which each of Banca Valsabbina, BNP Paribas Securities Services and Banca Finint accepts, jointly with the Issuer, responsibility in the paragraphs identified below has been obtained by the Issuer from each of them. 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 Valsabbina accepts responsibility for the information contained in this Information Memorandum in the sections entitled "*The Portfolio*", "*Banca Valsabbina*", "*Credit and Collection Policies*" and any other information contained in this Information Memorandum relating to itself, the Receivables, the Loan Agreements, the Loans, the Mortgages and the Guarantees. To the best of the knowledge and belief of Banca Valsabbina (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 is member of the BNP Paribas Group and accepts responsibility for the information contained in this Information Memorandum in the section entitled "*BNP Paribas Securities Services*" and any other information contained in this Information Memorandum relating to itself. To the best of the knowledge and belief of BNP Paribas Securities Services (which have 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 Finint accepts responsibility for the information contained in this Information Memorandum in 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.*

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 Arranger, the Representative of the Noteholders, the Issuer, the Sole Quotaholder or Banca Valsabbina (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 Valsabbina 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 in the context of any Further Securitisation) 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

The Arranger and its affiliates may, from time to time, enter into other business relations with the Originator including, but not limited to, the provision of lending and advisory services.

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 Arranger, the Underwriters 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 Senior Notes Underwriter 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 Information Memorandum , 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 Valsabbina (in any capacity) or the Arranger 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, 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.

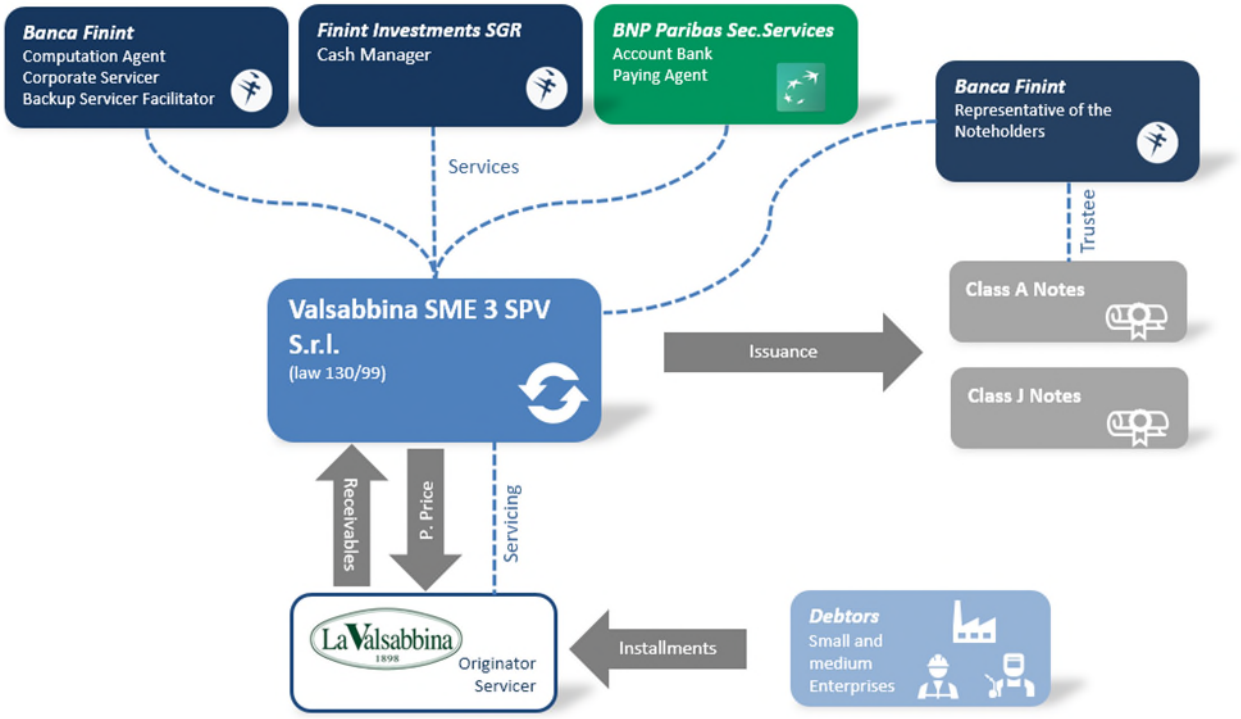
All references in this Information Memorandum to "Euro", "EUR", "€" and "cents" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended and integrated from time to time.

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.

TRANSACTION OVERVIEW

The following information is a summary of certain aspects of the transaction, the parties thereto, the assets underlying the Notes and the related documents and does not purport to be complete. Therefore, it should be read in conjunction with and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Information Memorandum and in the Transaction Documents. This Information Memorandum contains the information and requirements provided by Article 2, paragraph 3, of the Securitisation Law, it is not exhaustive and it does not purport to be complete. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, and conduct its own due diligence and investigation on the economic, financial, legal and credit risk associated with the investment in the Notes and the Receivables thereunder.

1. TRANSACTION DIAGRAM



2. THE PRINCIPAL PARTIES

Issuer	Valsabbina SME 3 SPV. The issued quota capital of the Issuer is equal to €10,000 and is fully held by the Sole Quotaholder.
Originator	Banca Valsabbina.
Servicer	Banca Valsabbina. The Servicer will act as such pursuant to the Servicing Agreement.
Reporting Entity	Banca Valsabbina. 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.

Computation Agent	Banca Finint. The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Account Bank	BNP Paribas Securities Services. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Paying Agent	BNP Paribas Securities Services. The Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Cash Manager	Finint Investments SGR. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payment Agreement.
Representative of the Noteholders	Banca Finint. The Representative of the Noteholders will act as such pursuant to the Subscription Agreements, the Terms and Conditions, the Rules of the Organisation of the Noteholders, the Intercreditor Agreement and the other Transaction Documents.
Corporate Servicer	Banca Finint. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
Back-Up Servicer Facilitator	Banca Finint. The Back-Up Servicer Facilitator will act in such capacity pursuant to the Cash Allocation, Management and Payment Agreement.
Stichting Corporate Services Provider	Wilmington Trust SP Services (London) Limited. The Stichting Corporate Services Provider will act as such pursuant to the Stichting Corporate Services Agreement.
Sole Quotaholder	Stichting Denver.
Arranger	Banca Finint.
Class A Notes Underwriter	Banca Valsabbina. The Senior Notes Underwriter will act as such pursuant to the Senior Notes Subscription Agreement.
Class J Notes Underwriter	Banca Valsabbina. The Junior Notes Underwriter will act as such pursuant to the Junior Notes Subscription Agreement.

3. THE PRINCIPAL FEATURES OF THE NOTES

The Notes	The Notes will be issued by the Issuer on the Issue Date in the following classes:
The Senior Notes	€ 980,000,000 Class A Asset Backed Partly Paid Notes due July 2060;
The Junior Notes	€ 420,000,000 Class J Asset Backed Partly Paid Notes due July 2060.
Partly-Paid Notes	The Notes will be issued on a partly-paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to the Conditions and the terms of the Subscription Agreements, on the Issue Date the Underwriters will pay the Initial Instalment of the subscription price of the Notes. Subject to and in accordance with the Conditions and the

	terms of the Transaction Documents, on the Incremental Instalment Date, the Noteholders will pay the Incremental Instalment in order to fund the purchase of the Second Initial Portfolio from Banca Valsabbina for the amount not already covered by the applicable Issuer Available Funds. No other further instalment will be paid on the Notes thereafter.
Issue Date	The Notes will be issued on 29 July 2021.
Issue Price	On the Issue Date the Notes will be issued at 100 per cent. of their principal amount.
Interest on the Senior Notes	The Class A Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the EURIBOR plus a margin equal to 0.5 per cent. *per annum*. In any event such rate of interest shall not be higher than 4%. 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 relevant margin results in a negative rate, the applicable Rate of Interest shall be deemed to be zero. Interest in respect of the Rated Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The first payment of interest in respect of the Rated Notes will be due on the First Payment Date in respect of the period from (and including) the Issue Date to (but excluding) such date.
Alternative Base Rate	As provided in Condition 7.2 (*Rate of Interest*) of the Notes, the Representative of the Noteholders may request the Issuer to agree to amend the EURIBOR and make such other related or consequential amendments as are necessary or advisable in order to facilitate such change.
Interest on the Junior Notes	The Class J Notes Interest Amount will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.
Form and Denominations	The denomination of the Notes will be € 100,000. The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) Article 83-*bis* of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018. No physical document of title will be issued in respect of the Notes.
Status and Ranking	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.

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 then (to the extent that the Senior Notes have not been redeemed) by the Senior Noteholders as described above.

Initial Instalment

On the Issue Date, the full nominal amount of the Notes will be issued and the Underwriters will pay the Initial Instalments of the subscription price of the Notes in accordance with the Conditions and the terms of the Subscription Agreements in order to fund the purchase of the First Initial Portfolio from Banca Valsabbina.

Incremental Instalment

On the Incremental Instalment Date, the Noteholders will pay the Incremental Instalment in order to fund the purchase of the Second Initial Portfolio from Banca Valsabbina for the amount not already covered by the applicable Issuer Available Funds. No other further instalment will be paid on the Notes thereafter.

Withholding on the Notes

As at the date of this Information Memorandum, payments 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 on account of such withholding or deduction. For further details, see the section entitled "*Taxation*".

Mandatory Redemption

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on any Payment Date, in accordance with the provisions of the Terms and Conditions, in each case if and to the extent that, on such dates, there are sufficient Issuer Available Funds which may be applied towards redemption of the Notes, in accordance with the applicable Priority of Payments.

Optional Redemption

Unless previously redeemed in full, on any Payment Date falling after the Quarterly Servicer's Report Date on which the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the Reference Portfolio, the Issuer, having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with the Terms and Conditions, may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding, together with interest accrued thereon, up to the date fixed for redemption, in accordance with the Condition 8.3 (*Redemption, Purchase and Cancellation* –

Optional Redemption), provided that:

(a) no Trigger Event has occurred prior to or upon such date; and

(b) 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) to discharge all of its outstanding liabilities in respect of the Senior Notes and any amount required to be paid under the Priority of Payments in priority to or *pari passu* with the Senior Notes.

The Issuer may obtain the necessary funds in order to effect the above optional redemption of the Notes, in accordance with the Condition 8.3 (*Redemption, Purchase and Cancellation – Optional Redemption*), through the sale of the Portfolio subject to the terms and conditions of the Intercreditor Agreement (for further details, see the section entitled "*Description of the Intercreditor Agreement*"). The relevant sale proceeds shall form part of the Issuer Available Funds.

Redemption for Taxation

If the Issuer at any time satisfies the Representative of the Noteholders, immediately prior to giving the notice referred to below, that on the next Payment Date:

(a) the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on any Class of Notes (the "**Affected Class**"), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction) (hereinafter, the "**Tax Event**"); and

(b) the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities in respect of the Affected Class and any amount required to be paid, according to the Priority of Payments in priority to or *pari passu* with the Notes of the Affected Class,

then the Issuer may, on any such Payment Date at its option having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*), redeem the Notes of the Affected Class (if the Affected Class is the Senior Notes, in whole but not in part or, if the Affected Class is the Junior Notes, in whole or in part) at their Principal Amount Outstanding together with all

accrued but unpaid interest thereon up to and including the relevant Payment Date, in accordance with Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*).

Following the occurrence of a Tax Event, 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 Portfolio, or any part thereof, to finance the early redemption of the Notes in accordance with Condition 8.4 *(Redemption, Purchase and Cancellation - Redemption for Taxation),* subject to the terms and conditions of the Intercreditor Agreement. For further details, see the section entitled *"Description of the Intercreditor Agreement".*

Source of Payments of the Notes

The principal source of payment of interest and of repayment of principal on the Notes will be the Collections made in respect of the Receivables arising out of the Loan Agreements, purchased 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 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 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 and the Mandate 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 Portfolio and the Issuer's Rights. Italian law governs the delegation of such power.

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 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, by operation of law or otherwise, any claim against, or recourse to, the Issuer's other assets or its contributed capital;

(b) sums payable to each Noteholder 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 applicable Priority of Payments in priority to or pari passu with such sums payable to such Noteholder; and

(c) upon the Representative of the Noteholders giving notice in accordance with Condition 16 (*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 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.

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 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. In particular no Noteholder:

(a) is 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;

(c) shall be entitled, until the date falling two years and

	one day after the date on which all the Notes and any other notes issued in the context of any other securitisation carried out by the Issuer 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.
Final Maturity Date	Unless previously redeemed in full or cancelled in accordance with the relevant Terms and Conditions, the Notes are due to be repaid in full at their respective Principal Amount Outstanding on the Final Maturity Date.
Cancellation Date	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 Final Maturity Date; and (c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.
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, for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of the issue of the Notes, who is appointed by the Senior Notes Underwriter and the Junior Notes Underwriter, subject to and in accordance with the provisions of the Subscription Agreements. Each Noteholder is deemed to accept such appointment.
Listing and admission to trading	Application will be made to list the Rated Notes on the professional segment ExtraMOT PRO of the multilateral trading facility "ExtraMOT" managed by Borsa Italiana S.p.A. No application has been made to list the Junior Notes on any

	stock exchange.
Rating	The Senior Notes are expected, on the Issue Date, to be rated as follows: "A(high)(sf)" by DBRS" and "A2(sf)" by Moody's. 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 (the "**ESMA Website**")). **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.** The Junior Notes will not be assigned any credit rating.
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. No assurance can be provided that the Securitisation (i) does or continues to comply with the EU Securitisation Regulation, (ii) does or will at any point in time qualify as an STS-Securitisation under the EU Securitisation Regulation or that, if it qualifies as a STS-Securitisation under the EU Securitisation Regulation, it will at all times continue to so qualify and remain an STS-Securitisation under the EU 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 EU Securitisation Regulation. None of the Issuer, the Arranger or any of the parties involved in the Securitisation makes any representation or accepts any liability in that respect.
Governing Law	The Notes will be governed by Italian law.
Purchase of the Notes	The Issuer may not purchase any Notes at any time.

	Selling restrictions	There will be restrictions on the sale of the Notes and on the distribution of information in respect thereof. For further details see the section entitled "*Subscription and Sale*".
4.	**ACCOUNTS**	
	Collection Account	The Issuer has established with the Account Bank the Collection Account, into which the Servicer shall transfer on a daily basis all the amounts received or recovered in respect of the Portfolio.
	Payments Account	The Issuer has established with the Account Bank the Payments Account, into which all amounts due to the Issuer under any of the Transaction Documents (other than the Collections) will be paid.
	Cash Reserve Account	The Issuer has established with the Account Bank the Cash Reserve Account, for the deposit on the Issue Date and, thereafter, on each Payment Date until the Senior Notes have been repaid in full, of the Required Cash Reserve Amount in accordance with the applicable Priority of Payments.
	Securities Account	After the Issue Date the Issuer may open with the Account Bank (or with any other Eligible Institution) a securities investment account, in accordance with the provisions of the Cash Allocation, Management and Payment Agreement. The Securities Account shall be managed and operated in accordance with the provisions that will be agreed between the Issuer, the Representative of the Noteholders and the Account Bank.
	Expense Account	The Issuer has established with Banca Finint the Expense Account, into which, on the Issue Date, the Retention Amount has been credited. During each Collection 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 Expense Account on any Payment Date is lower than the Retention Amount, the Issuer shall credit available amounts to the Expense Account in accordance with the relevant Priority of Payments.
	Quota Capital Account	The Issuer has established the Quota Capital Account with Banca Finint for the deposit of the Issuer's quota capital. The Eligible Accounts will be maintained with the relevant Account Bank for as long as the Account Bank, is an Eligible Institution. For further details, see the section entitled "*The Accounts*".
5.	**CREDIT STRUCTURE**	
	Portfolio	The First Initial Portfolio, the Second Initial Portfolio and any Further Portfolio purchased by the Issuer during the Revolving Period pursuant to the Transfer Agreement comprise Receivables arising out of performing (*in bonis*)

commercial:

(a) Mortgage Loans which qualify as:

(i) "*mutui fondiari*" (medium-long term loans secured by mortgages on real estate, issued by a bank in accordance with Article 38 and subsequent of the Consolidated Banking Act);

(ii) "*mutui ipotecari*" under Italian law, other than the Fondiari Loans;

(b) Non-Mortgage Loans which qualify as "*mutui non ipotecari*" under Italian law,

deriving from Loan Agreements entered into by the Originator with its relevant debtors.

For further details, see the section entitled "*The Portfolio*".

Issuer Available Funds

The Issuer Available Funds means, in respect of any Payment Date, the aggregate amounts of:

(a) any Collection and all amounts received or recovered by the Issuer or on behalf of the Issuer in accordance with the terms of the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement and the Intercreditor Agreement, or from any party to the Transaction Documents during the Collection Period immediately preceding the relevant Payment Date (including but not limited to, for the avoidance of any doubt, all amounts (i) received from the sale, if any, of the Portfolio (in whole or in part) together with any proceeds deriving from the enforcement of the Issuer's Rights, and (ii) collected or recovered by the Issuer under clause 4.2 of the Warranty and Indemnity Agreement (i.e. the limited recourse loan granted by Banca Valsabbina));

(b) all amounts of interest accrued and paid on the Collection Account, the Payments Account and the Cash Reserve Account (if any) during the Collection Period immediately preceding the relevant Payment Date;

(c) all amounts deriving from the Eligible Investments (if any) made under the terms of the Cash Allocation, Management and Payment Agreement due to be paid on the Eligible Investments Maturity Date immediately prior to the relevant Payment Date;

(d) any and all other amounts standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account following the payments required to be made from such accounts on the immediately preceding Payment Date; and

(e) the Incremental Instalment to be paid by the Noteholders on the Incremental Instalment Date, in accordance with the Subscription Agreements.

Purchase Termination Events

Pursuant to the Transfer Agreement and the Intercreditor Agreement, the occurrence of any of the following events during the Revolving Period and up to the Payment Date (included) immediately following the end of the Revolving Period shall constitute a Purchase Termination Event:

(a) *Breach of obligations by the Originator*:

(i) the Originator defaults in the performance or observance of any of its payment obligations under or in respect of any of the Transaction Documents to which it is a party and (except where, in the reasonable opinion of the Representative of the Noteholders, such default is not capable of remedy) such default remains unremedied for 5 days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Originator, declaring that such default is, in its opinion, materially prejudicial to the interest of the Senior Noteholders; or

(ii) the Originator defaults in the performance or observance of any of its obligations under or in respect of any of the Transaction Documents to which it is a party - other than the payment obligations under (a) above - and (except where, in the reasonable opinion of the Representative of the Noteholders, such default is not capable of remedy) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Originator declaring that such default is, in its opinion, materially prejudicial to the interest of the Senior Noteholders; or

(b) *No transfer of the Second Initial Portfolio:*

the Originator does not transfer, and the Issuer does not purchase, the Second Initial Portfolio by the Incremental Instalment Date (included); or

(c) *Breach of representations and warranties by the Originator*:

any of the representations and warranties given by the Originator under any of the Transaction Documents to which it is party is or proves to have been incorrect in any material respect which is materially prejudicial to the interest of the Senior Noteholders in the opinion of the Representative of the Noteholders when made or repeated and such breach is not remedied; or

(d) *Insolvency of the Originator*:

(i) 30 days have elapsed since an application is made for the commencement of an *amministrazione straordinaria* or *liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings or preparatory or early intervention measures pursuant to the Directive 2014/59/EU (as implemented from time to time) against the Originator in any jurisdiction and such application has not been rejected by the relevant court nor has it been withdrawn by the relevant applicant (unless the Originator has provided the Representative of the Noteholders with a legal opinion or other adequate comfort confirming that such application is manifestly without grounds), provided that in the 30 days period following the date of the relevant application, the Originator shall not be entitled to deliver any Offer to the Issuer for the transfer of a Further Portfolio pursuant to the Transfer Agreement; or

(ii) the Originator becomes subject to any *amministrazione straordinaria, liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings in any jurisdiction or the whole or any substantial part of the assets of the Originator are subject to a *pignoramento* or similar procedure having a similar effect; or

(iii) the Originator takes any action for a restructuring or deferment of fulfilment of any of its obligations relating to financial indebtedness or makes any out of court settlements with its creditors (to the extent such out of court settlements may be materially prejudicial to the interests of the Senior Noteholders) for the extension of fulfilment of its obligations relating to financial indebtedness or the enforcement of any guarantee given to guarantee such fulfilment; or

(e) *Winding up of the Originator*:

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution in any form of the Originator; or

(f) *Breach of ratios*:

(i) the Cumulative Gross Default Ratio of the Portfolio, as determined by the Servicer with reference to the immediately preceding Collection Period as at the relevant Offer

Date, is equal to or has exceeded 2%; or

(ii) the Delinquency Ratio of the Portfolio, as determined by the Servicer with reference to the immediately preceding Collection Period as at the relevant Offer Date is equal to or has exceeded 5% for three consecutive Collection Periods; or

(iii) the Principal Accumulation Amount has exceeded Euro 100,000,000 as of any Payment Date; or

(iv) the Collateralisation Condition is not satisfied; or

(v) the Cash Reserve Amount is less than the Required Cash Reserve Amount as of the immediately preceding Payment Date; or

(g) *Termination of Banca Valsabbina's appointment as Servicer:*

the Issuer has terminated the appointment of Banca Valsabbina as Servicer following the occurrence of a Servicer Termination Event set forth in Clause 9.1 of the Servicing Agreement,

Upon the occurrence of any Purchase Termination Event, the Representative of the Noteholders shall serve a Purchase Termination Notice on the Issuer, the Originator and the Rating Agencies stating that a Purchase Termination Event has occurred.

After the service of a Purchase Termination Notice, the Revolving Period will be terminated, the Issuer shall refrain from purchasing any Further Portfolio and, unless the delivery of a Trigger Notice, the Pre-Enforcement Priority of Payments shall continue to be applied.

Use of Incremental Instalment

On the Incremental Instalment Date, the Issuer, should the Issuer Available Funds not be sufficient (in full or in part) to such purpose, will use the net proceeds of the payment of the Incremental Instalments, made by the Noteholders in respect of the Notes, as Issuer Available Funds to be applied in accordance with the Pre-Enforcement Priority of Payments to pay the Purchase Price – due and payable on such Payment Date – of the Second Initial Portfolio purchased by the Issuer on the immediately preceding Transfer Date in accordance with the Transfer Agreement and the relevant Transfer Deed and to pay the relevant Cash Reserve Increase Amount into the Cash Reserve Account.

Trigger Events

The Condition 13 of Terms and Conditions provides the following Trigger Events:

(a) *Non-payment:* The Issuer defaults in the payment of:

(i) (1) the amount of interest accrued on the Most Senior Class of Notes; or

(2) the amount of principal due and payable on the Most Senior Class of Notes (as set out in the relevant Payments Report)

and such default is not remedied within a period of five Business Days from the due date thereof; or

(ii) any amount due to the Other Issuer Creditors under items *First* and *Second* of the Priority of Payments and such default is not remedied within a period of five Business Days from the due date thereof; or

(b) *Breach of other obligations:* The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in (a) above) which is in the Representative of the Noteholders' sole and absolute opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders having given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or

(c) *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 days after the Representative of the Noteholders has served notice requiring remedy; or

(d) *Insolvency of the Issuer:* An Insolvency Event occurs in respect of the Issuer; or

(e) *Unlawfulness*: It is or will become unlawful (in any respect deemed to be material by the Representative of the Noteholders) 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.

Upon the occurrence of a Trigger Event, the Representative of the Noteholders:

(1) in the case of a Trigger Event under (a) or (e) above, shall; and/or

(2) in the case of a Trigger Event under (b) or (c) above, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall; and/or

(3) in the case of a Trigger Event under (d) above, may at its sole discretion or, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall,

serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Notes will be due and payable at their Principal Amount Outstanding and the Issuer Available Funds shall be applied in accordance with the Post-Enforcement Priority of Payments.

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.

Pre-Enforcement Priority of Payments

Prior to the service of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *First*,

(a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

(b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

(a) the remuneration due to the Representative

of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;

(b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator and the Servicer (but excluding any amount to be paid under item *Tenth* below); and

(c) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

(iii) *Third*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (to the Class A Noteholders *pari passu* and *pro rata* according to the amounts then due);

(iv) *Fourth*, to pay the Required Cash Reserve Amount into the Cash Reserve Account;

(v) *Fifth*, on the Incremental Instalment Date, if applicable, to pay the Cash Reserve Increase Amount (if any) into the Cash Reserve Account;

(vi) *Sixth*, during the Revolving Period (i) to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or the relevant Further Portfolio purchased in accordance with the provisions of the Transfer Agreement at the Transfer Date immediately after the end of the Collection Period, (ii) to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio under (i) above and unpaid on the previous Payment Dates, and (iii) to credit to the Payments Account the difference, if positive, between the Aggregate Notes Formula Redemption Amount and the amounts set out under (i) and (ii) above, as Principal Accumulation Amount;

(vii) *Seventh*, following the end of the Revolving Period, to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio under (v) (i) and (v) (ii) above and unpaid on the previous Payment Dates;

(viii) *Eighth*, following the end of the Revolving Period, to pay the Class A Notes Redemption Amount (to

the Class A Noteholders *pro rata* according to the amounts then due);

(ix) *Ninth,* to pay all amounts due and payable as Adjustment Purchase Price;

(x) *Tenth,* to pay to the Servicer any amounts due and payable pursuant to Clause 8.1(b) of the Servicing Agreement (i.e. fees due to the Servicer in respect of the activities carried out in relation to the Defaulted Receivables);

(xi) *Eleventh*, to pay (*pro rata*) to Banca Valsabbina and the Other Issuer Creditors any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Pre-Enforcement Priority of Payments;

(xii) *Twelfth,* to pay the Class J Notes Interest Amount due and payable on such Payment Date (to the Junior Noteholders *pro rata* according to the amounts then due);

(xiii) *Thirteenth*, subject to the Senior Notes having been redeemed in full, to pay the Class J Notes Redemption Amount and any other amount due in respect of the Class J Notes (to the Junior Noteholders *pro rata* according to the amounts then due).

The Issuer shall, if necessary, make the payments set out under items *First* (i)(a) and *Second* (ii)(c) above also during the following Interest Period using the amounts standing to the credit of any Eligible Account.

Post-Enforcement Priority of Payments

Following the service of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) *First*,

(a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

(b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

(a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;

(b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator and the Servicer (but excluding any amount to be paid under item Sixth below); and

(c) (if the Trigger Event is not an Insolvency Event) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

(iii) *Third*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (to the Class A Noteholders pari passu and pro rata according to the amounts then due);

(iv) *Fourth*, to pay in full any Principal Amount Outstanding in respect of the Class A Notes (to the Class A Noteholders pro rata according to the amounts then due);

(v) *Fifth*, to pay to the Originator (i) all amounts due and payable as Adjustment Purchase Price, and (ii) any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio and unpaid on the previous Payment Dates;

(vi) *Sixth*, to pay to the Servicer any amounts due and payable pursuant to Clause 8.1(b) of the Servicing Agreement (i.e. fees due to the Servicer in respect of the activities carried out in relation to the Defaulted Receivables);

(vii) *Seventh*, to pay (pro rata) to Banca Valsabbina and the Other Issuer Creditors any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;

(viii) *Eighth*, to pay the Class J Notes Interest Amount due and payable on such Payment Date (to the Junior Noteholders pro rata according to the amounts then due);

(ix) *Ninth,* subject to the Senior Notes having been

redeemed in full, to pay the Class J Notes Redemption Amount and any other amount due in respect of the Class J Notes (to the Junior Noteholders *pro rata* according to the amounts then due).

The Issuer shall, if necessary, make the payments set out under items *First* (i)(a) and *Second* (ii)(c) above also during the following Interest Period using the amounts standing to the credit of any Eligible Account.

6. REPORTS

Monthly Servicer's Report

Under the Servicing Agreement, the Servicer has undertaken to prepare, on each Monthly Servicer's Report Date, the Monthly Servicer's Report setting out information on the performance of the Receivables and the Loans during the relevant Monthly Collection Period.

Quarterly Servicer's Report

Under the Servicing Agreement, the Servicer has undertaken to prepare, on each Quarterly Servicer's Report Date, the Quarterly Servicer's Report setting out information on the performance of the Receivables and the Loans during the relevant Quarterly Collection Period.

Transparency Loan Report

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

Account Bank Report

Under the Cash Allocation, Management and Payment Agreement, the Account Bank has undertaken to prepare, on each Account Bank Report Date, the Account Bank Report setting out information concerning, *inter alia*, the transfers and the balances relating to the Eligible Accounts.

Securities Account Report

Under the Cash Allocation, Management and Payment Agreement, in the event that a Securities Account is opened, the Account Bank (in the event that the Securities Account has been opened with the Account Bank) has undertaken to prepare, on each Account Bank Report Date the Securities Account Report setting out the relevant Eligible Investments made during the preceding Collection Period pursuant to the Cash Allocation, Management and Payment Agreement.

Paying Agent Report

Under the Cash Allocation, Management and Payment Agreement, the Paying Agent has undertaken to prepare, no later than the first day of each Interest Period, the Paying Agent Report setting out certain information in respect of certain calculations to be made on the Notes.

Cash Manager Report

Under the Cash Allocation, Management and Payment Agreement, the Cash Manager has undertaken to prepare, on or prior each Cash Manager Report Date, the Cash Manager Report setting out certain information on the investments made.

Payments Report	Under the Cash Allocation, Management and Payment Agreement, the Computation Agent has undertaken to prepare, on or prior to each Calculation Date, the Payments Report setting out*, inter alia,* the Issuer Available Funds and each of the payments and allocations to be made by the Issuer on the next Payment Date, in accordance with the applicable Priority of Payments.
Transparency Investors' Report	Under the Cash Allocation, Management and Payment Agreement, the Computation 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.
Investors' Report	Under the Cash Allocation, Management and Payment Agreement, the Computation Agent has undertaken to prepare, on or prior each Investors' Report Date, the Investors' Report setting out certain information with respect to the Notes.
Incremental Instalment Request	Under the Cash Allocation, Management and Payment Agreement, the Issuer has undertaken to prepare on the Incremental Instalment Request Date, with the cooperation of the Computation Agent, the Incremental Instalment Request setting out certain (i) further information relating the Second Initial Portfolio, and (ii) information relating to the Incremental Instalment.
Regulatory disclosure and retention undertaking	Under the Intercreditor Agreement, Banca Valsabbina, 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 (a) 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 material net economic interest is held in

accordance with paragraph (b) above will be notified to the Computation 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.

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.

7. TRANSACTION DOCUMENTS

Transfer Agreement

Pursuant to the Transfer Agreement, the Originator (i) has assigned and transferred to the Issuer all of its right, title and interest in and to the First Initial Portfolio, (ii) has undertaken to assign and transfer to the Issuer all of its right, title and interest in and to the Second Initial Portfolio and (iii) may assign and transfer to the Issuer Further Portfolios during the Revolving Period and up to the end thereof, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

Warranty and Indemnity Agreement

Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

Servicing Agreement

Pursuant to the Servicing Agreement, the Servicer has agreed to administer service, collect and recover amounts in respect of the Portfolio on behalf of the Issuer. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (entity responsible for the collection of the assigned receivables and the cash and payment services) pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Information Memorandum pursuant to Article 2, paragraph 3(c) and Article 2, paragraph 6 *bis* of the Securitisation Law.

Intercreditor Agreement

Pursuant to the Intercreditor Agreement, the Issuer and the Other Issuer Creditors have agreed, *inter alia*, to apply the Issuer Available Funds in accordance with the applicable Priority of Payments and the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio.

The parties to the Intercreditor Agreement have agreed that the obligations owed by the Issuer to each of the

	Noteholders and, in general, 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 and in accordance with the applicable Priority of Payments, subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.
Cash Allocation, Management and Payment Agreement	Pursuant to the Cash Allocation, Management and Payment Agreement, the Servicer, the Computation Agent, the Account Bank, the Paying Agent, the Back-Up Servicer Facilitator and the Cash Manager have agreed to provide the Issuer with certain agency services and certain calculation, notification and reporting services together with account handling, investment and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts. Pursuant to the terms of the Cash Allocation, Management and Payment Agreement, amounts standing from time to time to the credit of the Eligible Accounts may be invested in Eligible Investments.
Mandate Agreement	Pursuant to the Mandate Agreement, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served or following failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, 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.
Quotaholder Agreement	Pursuant to the Quotaholder Agreement, the Sole Quotaholder has given certain undertakings in relation to the management of the Issuer and the exercise of its rights as Sole Quotaholder of the Issuer.
Letter of Undertakings	Pursuant to the Letter of Undertakings, the Originator has undertaken to indemnify the Issuer in respect of certain tax charges which may at any time be incurred by the Issuer.
Corporate Services Agreement	Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services, including the maintenance of corporate books and of accounting and tax registers, in compliance with reporting requirements relating to the Receivables and with other regulatory requirements imposed on the Issuer.
Senior Notes Subscription Agreement	Pursuant to the Senior Notes Subscription Agreement, the Issuer has agreed to issue the Senior Notes and the Senior Notes Underwriter has agreed to subscribe for such Senior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca Finint, which has accepted, as Representative of the Noteholders.
Junior Notes	

Subscription Agreement	Pursuant to the Junior Notes Subscription Agreement, the Issuer has agreed to issue the Junior Notes and the Junior Notes Underwriter has agreed to subscribe for such Junior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca Finint, which has accepted, as Representative of the Noteholders.
Stichting Corporate Services Agreement	Pursuant to the Stichting Corporate Services Agreement, the Stichting Corporate Services Provider has agreed to provide the Quotaholder with certain corporate administration and management services. For further details, see the section entitled "*Description of 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 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 (including, for the avoidance of any doubt, the relevant 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 Arranger 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 Warranty and Indemnity Agreement and in the Transfer 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 Warranty and Indemnity Agreement. There can be no assurance, however, that the Originator will have the financial resources to honour such obligations. For further details, see the section entitled *"Description of the Transaction Documents"* paragraphs *"Warranty and Indemnity Agreement*" and "*Transfer Agreement".*

Commingling Risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections 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.

However, 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 daily basis.

For further details, see the section entitled "*Description of the Transaction Document – Servicing Agreement*".

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 Scheduled Instalment Dates. This risk is 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 received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

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 Warranty and Indemnity 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.

Such risk is mitigated by the provisions of the Servicing Agreement and the Cash Allocation, Management and Payment Agreement pursuant to which the Back-Up Servicer Facilitator has undertaken to assist and cooperate with the Issuer, if necessary, in order to identify an eligible entity available to be appointed as Successor Servicer under the Transaction Documents.

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 EMU 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 relevant 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 or any Further Securitisation because (a) the corporate object of the Issuer, as contained in its By-laws (*statuto*) is very limited and (b) under the Terms and 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 Further Securitisation or 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 Terms and 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 and, subject to the satisfaction of Condition 5.2 (*Covenants - Further Securitisations*), Further Securitisations. Accordingly, the Issuer is less likely to have creditors who would claim against it other than the ones related to the Further Securitisations, if any, 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 Expense 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.

Further Securitisations

The Issuer may carry out Further Securitisations in addition to the Securitisation described in this Information Memorandum in accordance with Condition 5.2 (*Covenants -Further Securitisations*).

Under the terms of Article 3 of the Securitisation Law, the assets relating to each securitisation transaction will be segregated by operation of law and of the Transaction Documents for all purposes from all other assets of the company that purchases the receivables. On a winding up of such a company such assets will only be available to the 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.

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 Arranger or the Senior Notes Underwriter as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Terms and 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 Arranger or the Senior Notes Underwriter 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 Arranger. 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.

As at the Issue Date, the Issuer will not 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 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 sale proceeds arising on enforcement of a Loan) and on the actual date (if any) of exercise of the Optional Redemption pursuant to Condition 8.3 (*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.

Prepayments may result in connection with refinancing or sales of properties by Debtors voluntarily. The receipt of proceeds from Insurance Policies may also impact on the way in which the Loans are repaid.

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 mortgage market interest rates and margin offered by the banking system, the availability of alternative financing, local and regional economic conditions, homeowner mobility and certain existing Italian legislation which simplifies the refinancing of loans and any future legislation which may be enacted to the same purpose. 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.

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 Terms and 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.

Risks relating to certain potential conflict of interests

Conflict of interests may exist or may arise as a result of any transaction party (i) having previously engaged or in the future engaging in transactions with other parties to the Securitisation, (ii) having multiple roles in the Securitisation, and/or (iii) carrying out other transactions for third parties.

Without limiting the generality of the foregoing, under the Securitisation (i) Banca Valsabbina will act as Originator, Servicer, Reporting Entity and Senior Notes Underwriter and Junior Notes Underweriter; (ii) BNP Paribas Securities Services, Milan Branch will act as Paying Agent and Account Bank, and (iii) Banca Finint will act as Computation Agent, Representative of the Noteholders, Corporate Servicer and Back-Up Servicer

Facilitator.

In addition, the Servicer may hold and/or service receivables arising from loans other than those relating to the Receivables. Even though under the Servicing Agreement the Servicer has undertaken to act in the interest of the Senior Noteholders, it cannot be excluded that, in certain circumstances, a conflict of interest may arise with respect to other relationships with the Debtors.

Conflict of interests may influence the performance by the transaction parties of their obligations under the Transaction Documents and ultimately affect the interests of the Senior Noteholders.

The Representative of the Noteholders

The Terms and 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.

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.

Limited nature of credit ratings assigned to the Senior Notes

Each credit rating assigned to the Senior Notes reflects the relevant Rating Agencies' assessment only of the likelihood that interest will be paid promptly and principal will be paid by the final redemption date, not that it will be paid when expected or scheduled. These ratings are based, among other things, on the reliability of the payments on the Portfolio and the availability of credit enhancement.

The ratings do not address, *inter alia*, the following:

- the possibility of the imposition of Italian or European withholding tax;
- the marketability of the Senior Notes, or any market price for the Senior Notes; or
- whether an investment in the Senior Notes is a suitable investment for the relevant Noteholder.

A rating is not a recommendation to purchase, hold or sell the Senior Notes.

Any Rating Agency may lower its ratings or withdraw its ratings if, in the sole judgement of that Rating Agency, the credit quality of the Senior Notes has declined or is in question. If any rating assigned to the Senior Notes is lowered or withdrawn, the market value of the Senior Notes may be affected.

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 Guideline (EU) 2015/510 of the European Central Bank ("**ECB**") of 19 December 2014 on the implementation of the Eurosystem monetary policy, as subsequently amended, supplemented and replaced from time to time (the "**ECB Guidelines**"), for liquidity and/or open market transactions carried out with such central bank. In this respect, it should be noted that in accordance with the ECB Guidelines and the central banks of the Euro-Zone policies, neither the European Central Bank nor such central banks will confirm the eligibility of the Senior Notes for the above purpose prior to their issuance and if the Senior Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Senior Notes at any time. The assessment and/or decision as to whether the Senior Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank.

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.

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

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 Arranger or any other party to the Transaction Documents makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment 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 Arranger or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective 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 Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401 which apply 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.

Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Account Bank, the Cash Manager, the Paying Agent, the Corporate Servicer, the Sole Quotaholder, the Underwriters or the Arranger or any other party to the Transaction Documents makes any representation to any prospective investor regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. For further details, see the risk factors entitled "*The EU Securitisation Regulation and the STS framework*", "*Investors' compliance with the due diligence requirements under the Securitisation Regulation*" and "*Disclosure requirements 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 Arranger, 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. 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(a) 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 Law*".

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 EU Securitisation does or continues to qualify as an STS-securitisation under the Securitisation Regulation at any point in time in the future.

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.

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:

(a) that institutional investor has verified that:

(i) for certain originators, certain credit-granting standards were met in relation to the origination of the underlying exposures;

(ii) the risk retention requirements set out in Article 6 of the EU Securitisation Regulation are being complied with; and

(iii) information required by Article 7 of the EU Securitisation Regulation has been made available; and

(b) 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) no. 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 no. 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 no. 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 Information Memorandum 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 SFI's 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) investments 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 Senior Notes should make their own independent decision whether to invest in the Senior Notes and whether an investment in the Senior 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 Arranger and the Underwriters 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 Arranger, the Underwriters, 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.

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 Arranger 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 EU's 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 applicable terms of the Notes, 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 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 Terms and Conditions in certain circumstances, EURIBOR may be amended if an Alternative Base Rate is determined in accordance with Condition 7.7 (*Fallback Provisions*). In this respect, please see the section entitled "*Terms and Conditions of the Notes*".

RISK FACTORS RELATED TO THE UNDERLYING ASSETS

Right to future Receivables

Under the Transfer Agreement, the Originator has transferred to the Issuer also the claims relating to any Guarantee, 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 other Guarantees 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 an injunction decree (*decreto ingiuntivo*) and whether or not the relevant Debtor raises a defence or counterclaim to the proceedings.

Insolvency proceedings of the Debtors

The Loans have been entered into with Debtors which are commercial companies or commercial entrepreneurs (*imprenditore che esercita un'attività commerciale*) and, as such, may be subject to insolvency proceedings (*procedure concorsuali*) under the Italian Bankruptcy Law being, *inter alia*, bankruptcy (*fallimento*) or pre-bankruptcy agreement (*concordato preventivo*).

Bankruptcy procedure applies to commercial entrepreneurs which are in a state of insolvency. An entrepreneur which is a "state of financial distress" (which may not be a state of insolvency yet) may propose to its creditors a pre-bankruptcy agreement (*concordato preventivo*). Such agreement may provide for the restructuring of debts and terms for the satisfaction of creditors, the assignment of the debtor's assets, the division of creditors in classes and the different treatments for creditors belonging to different classes. Furthermore, pursuant to Article 182-*bis* of the Italian Bankruptcy Law, an entrepreneur in a state of financial distress can enter into a debt restructuring agreement with its creditors representing at least 60 per cent. of the debtor's debts, together with, *inter alia*, a report of an expert in relation to the feasibility of said agreement,

particularly with respect to the regular payments of the debts to the creditors who have not entered into the agreement.

With respect to such insolvency proceedings, due to their complexity, the time involved and the possibility for challenges and appeals by the Debtors and the other parties involved, there can be no assurance that any such insolvency proceeding would result in the payment in full of the outstanding amounts due under the Loans or that such proceedings would be concluded before the stated maturity of the Senior Notes.

For further details see the following paragraph entitled "*Prepayments under Loan Agreements*" of this section entitled "*Risk Factors*" and the section entitled "*Selected Aspects of Italian Law*".

Prepayments under Loan Agreements

Pursuant to Article 65 of the Italian Bankruptcy Law ("**Article 65**"), payments made by a debtor with respect to debts that fall due on or after the date on which the relevant debtor is declared bankrupt are ineffective against the creditors of the relevant debtor, if such payments are made within the two years immediately preceding the declaration of bankruptcy. Any such ineffective payment may therefore be clawed-back by the bankruptcy receiver of the debtor regardless of whether the debtor was insolvent at the time the payment was made.

According to the prevailing opinion of Italian legal scholars and Decision No. 1153 of 10 April 1969 of the Italian Supreme Court, the provisions of Article 65 would not apply to prepayments made by a debtor under a loan agreement, if the debtor exercises the right to prepay amounts due under the loan agreement in accordance with the terms of such agreement, as such payments which have been prepaid pursuant to a contractual right of the relevant debtor have to be considered as payments of a debt which falls due upon the exercise of such right and not as payments of a debt which is not yet due. In this respect, it is worth noting that a decision of the court of first instance of Milan (*Tribunale di Milano, sez. II*) of 17 May 2004 confirmed the principle stated in decision No. 1153 of 10 April 1969 of the Italian Supreme Court.

Pursuant to Decision No. 4842 of 5 April 2002 of the Italian Supreme Court, however, it has been held that the provisions of Article 65 apply to payments of debts made on or before the date on which the relevant debts fall due, as such date has been fixed originally, irrespective of whether the loan agreement entitled the debtor to prepay the amounts due.

Moreover, pursuant to Decision No. 19978 of 18 July 2008 of the Italian Supreme Court, the Court held that the provisions of Article 65 are not applicable in the event that the right of the borrower to prepay the relevant loan, and consequently obtain the cancellation of the relevant mortgage, as in the case of "*mutui fondiari*", is set forth by a specific provision of law and not by virtue of contractual provisions.

Pursuant to Decision No. 17552 of 29 July 2009, with reference to loans other than "*mutui fondiari*", the Italian Supreme Court has confirmed that prepayments are capable of being declared ineffective under Article 65 of the Italian Bankruptcy Law if the borrower's right to prepay is not mandatorily provided for by the law. The principles mentioned above have been recently confirmed in Decision No. 2284 of 16 February 2012 of the Italian Supreme Court, which stated the ineffectiveness of prepayments on loans other than "*mutui fondiari*" pursuant to Article 65 of the Italian Bankruptcy Law.

In 2013 the Securitisation Law has been amended and in Article 4, paragraph 3, of such law it has been provided that Articles 65 and 67 of the Italian Bankruptcy Law shall not apply to the payments made by the assigned debtors to the assignee in the context of securitisation transactions.

For further details please section entitled "*Selected Aspects of Italian Law*".

Loans' Performance

The Portfolio is exclusively comprised of loans which were performing as at the relevant Valuation Date (for further details, see the section entitled "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Loans and that they will therefore continue to perform.

General economic conditions and other factors have an impact on the ability of Debtors to repay Loans. Loss of earnings, decrease in turnover, increase in operating or financial costs and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Debtors, which may lead to a reduction in Loans

payments by such Debtors and could reduce the Issuer's ability to service payments on the Senior Notes.

The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: (a) proceedings in certain courts involved in the enforcement of the Loans and Mortgages may take longer than the national average; (b) obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; (c) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and whether or not the relevant Debtor raises a defence or counterclaim to the proceedings; and (d) it takes an average of eight to ten years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Law No. 302 of 3 August 1998 and Law No. 80 of May 2005 allowed notaries and certain lawyers and accountants to conduct certain stages of the foreclosure procedures in place of the courts, aiming to reduce the length of foreclosure proceedings.

Mutui fondiari

9.8% of the Loans (equal to 15.7% of the Outstanding Balance of the First Initial Portfolio as at the Valuation Date) are secured by Mortgage, such Loans being classified either as Mortgage Loans and *Fondiari* Loans. At least 13.6% of the First Initial Portfolio is comprised of Loans qualifying as *mutui fondiari*, as defined in Article 38 and following of the Consolidated Banking Act. A *mutuo fondiario* is a particular type of *mutuo ipotecario* (any loan which is secured by a mortgage is automatically a *mutuo ipotecario* loan). The *mutui fondiari* are regulated by the Consolidated Banking Act and present certain advantages for the lender. To qualify as a *mutuo fondiario*, a loan must be: given by a bank, for a term exceeding 18 months, secured by a first-lien mortgage and for an amount which does not exceed 80% of the value of the mortgaged property or of the works to be done on the mortgaged assets. However, the 80% limit may be increased to 100% if specific additional security interests and guarantees, identified by the Bank of Italy, are provided (such as guarantees given by other banks or insurance companies or pledges granted over Italian State securities). In such circumstance, the ratio between the amount lent and the aggregate value of the security and guarantee created is not higher than 80%.

With respect to *mutui fondiari*, the Consolidated Banking Act expressly provides, *inter alia*, that the relevant borrowers:

(a) upon repayment of each fifth of the original debt, are entitled to a proportional reduction of any mortgage related to such loans. Accordingly, the underlying value of the mortgages relating to *mutui fondiari* may decrease from time to time in connection with the partial repayment of the relevant loans;

(b) are entitled to the partial release of one or more mortgage properties where documents produced or professional valuations establish that the remaining encumbered properties constitute sufficient security for the amount still owed, according to the limits described above for loans qualifying as *mutui fondiari*; and

(c) are entitled to prepay the loan, as provided for by Article 40 of the Consolidated Banking Act.

Moreover, special enforcement and foreclosure provisions apply to *mutui fondiari*. Pursuant to Article 40, paragraph 2 of the Consolidated Banking Act, mortgage lenders under *mutui fondiari* are entitled to terminate the relevant loan agreements and accelerate the mortgage loan (*diritto di risoluzione contrattuale*) if the borrower has delayed an instalment payment at least seven times whether consecutively or otherwise. A payment is considered delayed if it is made between 30 and 180 days after the relevant payment due date. Accordingly, the commencement of enforcement proceedings in relation to *mutui fondiari* may take longer than usual. Article 40 of the Consolidated Banking Act, therefore, prevents the Servicer from commencing proceedings to recover amounts in relation to mortgage loans qualifying as *mutui fondiari* until the relevant Debtors have defaulted on at least seven payments in accordance with the principles summarised above. Pursuant to Article 41 of the Consolidated Banking Act, the custodian appointed to manage the mortgaged property in the interest of the *fondiario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the

court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

For further details see the section entitled "*Selected Aspects of Italian Law*", on the paragraphs entitled "*Foreclosure proceedings*" and "*Mutui fondiari foreclosure proceedings*".

Italian laws and regulations protecting the loan debtors and promoting competitiveness in the Italian banking sector

In the last years the Italian Legislator has introduced certain provisions aimed at, *inter alia*, protecting the loan debtors and promoting competitiveness in the Italian banking sector. The key features of such provisions are set out in the following paragraphs.

Prepayment fees and subrogation under Decree No. 7 (i.e. Decreto Bersani) and the Consolidated Banking Act

Italian Law Decree No. 7 of 31 January 2007 ("**Decree No. 7/2007**"), converted into law No. 40 of 2 April 2007, has introduced certain provisions affecting mortgage loans granted to individuals for the purpose of purchasing or restructuring real estate assets for residential use *(uso abitativo)* or carrying out its own business or professional activity (*attività economica* or *professionale*), as is the case for certain securitised Loans. Such provisions deal also with (a) prepayment fees due by borrowers upon early repayment of the loan and (b) prepayment of the loan by way of voluntary subrogation of the debtor *(surrogazione per volontà del debitore).* For further details, see the section entitled *"Selected Aspects of Italian Law - Prepayment fees and subrogation under Decree No. 7 (i.e.* Decreto Bersani*) and the Consolidated Banking Act".*

Pursuant to Italian Legislative Decree No. 141 of 13 August 2010 and Italian Legislative Decree No. 218 of 14 December 2010, the provisions of Decree 7/2007 concerning prepayment of the loans and voluntary subrogation of the debtor have been repealed and are now regulated by Articles 120-*ter* and 120-*quater* of the Consolidated Banking Act.

In relation to the prepayment fees due by the borrowers upon the early or partial repayment of the mortgage loan, Articles 120-*ter* and 161 of the Consolidated Banking Act provide a different regime for (a) mortgage loan agreements entered into after 2 February 2007 (i.e. the date on which Decree No. 7/2007 entered into force) and (b) mortgage loan agreements entered into before such date. The Portfolio comprises Loan Agreements entered into both prior to and after 2 February 2007.

Prospective investors should note that, as a result of the provisions mentioned above, (a) the level of prepayments of the Loans may increase, (b) in relation to the relevant Loan Agreements entered into after 2 February 2007, no prepayment fee will be due and payable and (c) in relation to Loan Agreements entered into before 2 February 2007, any prepayment fee provided contractually due and payable which is greater than the maximum amount determined in accordance with Article 161, paragraph 7-*ter* of the Consolidated Banking Act, could be reduced to such maximum amount.

Prospective investors should note that no prepayment fee was taken into account for the purpose of determining the cash flows of the Securitisation or to make any estimate related thereto and to the Senior Notes.

Suspension of payments under the Conventions

According to the common announcement of 3 August 2009 between the Italian Banking Association and the Economy and Finance Ministry (the "***Avviso Comune***"), debtors had, *inter alia*, the right to suspend the payments of instalments in respect of the principal of loans granted to small and medium enterprises ("**Small and Medium Enterprises**" or "**SME**") for a period of 12 months.

The suspension applied on the following conditions:

(a) SME had to be under temporary financial difficulties, but with an economic and financial situation which could guarantee the business continuity;

(b) as at 30 September 2008, the SME's positions were classified by the bank as performing (*in bonis*);

(c) at the time of the request of the suspension, (i) the SME had no positions classified as restructured

(*ristrutturate*) and non performing (*in sofferenza*) and (ii) no enforcement procedures were commenced;

(d) at the time of the request of the suspension, (i) the instalments had to be timely paid or (ii) in case of late payments, the relevant instalment had not been outstanding for more than 180 days from the date of such request.

The Italian Banking Association communication dated 1 July 2010 extended until 31 January 2011 the available period to file a request of suspension.

The Italian Banking Association communication dated 14 January 2010 ("*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*") and the Italian Banking Association communication of 12 February 2010 have provided for certain integrations and clarifications in relation to the measures to be granted to SME as set out in the *Avviso Comune*. In particular, such communications have extended the suspension of payments to agrarian loans and, subject to certain conditions, to loans assisted by public benefits.

On 16 February 2011 the Italian Banking Association, the Office of the Prime Minister and the Economy and Finance Ministry entered into a further convention (the "***Accordo per il Credito alle PMI***"), providing for, *inter alia*:

(a) a six-month extension (until 31 July 2011) of the available period to file a request of suspension of payments under the *Avviso Comune*;

(b) the possibility for SME that have already requested a suspension of payments under the *Avviso Comune* to request:

  (i) an extension of the duration of the loans for a maximum period equal to the residual duration of the relevant amortisation plan, provided that, in any case, the extension period shall not be longer than two years for unsecured loans and three years for mortgage loans; and

  (ii) to execute with the relevant banks certain hedging agreements in order to convert a floating rate into a fixed rate or to fix a cap to floating rate of interest.

Finally, on 28 February 2012 the Economy and Finance Ministry, the Economic Development Ministry, the Italian Banking Association ("**ABI**") and the main trade associations representing enterprises entered into a new convention (the "***Nuove Misure per il Credito alle PMI***" and, together with the *Avviso Comune*, the "**Conventions**") providing for facilities measures to be granted to SME which, at the time of the request of the suspension, have no positions classified as non-performing (*sofferenze*), delinquent batches (*partite incagliate*), restructured exposures (*esposizioni ristrutturate*) or exposures outstanding for more than 90 days (*esposizioni scadute/sconfinanti*) and no enforcement procedures pending (performing enterprises (*imprese in bonis*)).

In particular, the *Nuove Misure per il Credito alle PMI* provides for, *inter alia*:

(a) a twelve-month suspension of payments of instalments in respect of the principal of medium and long term loans. The suspension applies if the relevant instalments:

  (i) have not benefited from the similar suspension pursuant to the *Avviso Comune*;

  (ii) at the time of the request of the suspension, (i) are timely paid or (ii) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of such request; and

(b) the possibility for SME that have not already requested a suspension of payments under the *Accordo per il Credito alle PMI* to request an extension of the duration of the loans for a maximum period equal to the residual duration of the relevant amortisation plan, provided that, in any case, the extension period shall not be longer than two years for unsecured loans and three years for mortgage loans.

On 1 July 2013, ABI and the associations of the representative of the companies entered into a further convention which provides for, inter alia: (i) a 12-month suspension of payments of instalments in respect of

the principal of medium-and long-term loans, which did not benefit from the suspension under the convention of 28 February 2012. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of request of the suspension; and (ii) the possibility for SMEs that have not already requested a suspension under the convention of 28 February 2012 to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. Any requests under item (i) and (ii) above to be submitted by 30 June 2014. However, in respect of loans that still benefit from the above suspension as at 30 June 2014, the requests for the extension of the duration of such loans may be submitted within 31 December 2014.

Pending the implementation of the above measures of the convention of 1 July 2013, the expiration for submitting a request of suspension pursuant to the convention of 28 February 2012 could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the convention of 1 July 2013 have been issued by ABI, which clarified that: (i) securitised claims are not expressly excluded from the object of such convention, (ii) assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under such convention in respect of securitised claims and (iii) in case a suspension or extension under the convention above is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan).

On 30 December 2014, ABI and the associations of the representative of the companies agreed to extend the validity period of the convention from 1 July 2013 until 30 March 2015 and to enter into a new convention by the same date.

On 31 March 2015, ABI and the associations of the representative of the companies entered into a new convention which provides for, inter alia: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which were outstanding as at the date of the convention and did not benefit from the suspension or extension of the duration in the 24-month period prior to the date of the request of suspension, except for the easing of terms generally applying by operation of law. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late (or partial) payments, the relevant instalment has not been outstanding for more than 90 days from the date of the request; and (ii) the possibility for SMEs that have not requested a suspension or an extension of loans in the 24-month period prior to the request, except for the easing of terms generally applying by operation of law, to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. As further condition, in order to benefit either from the suspension or the extension of duration, SMEs shall have, as at the date of the request, no positions which could be classified as unlikely to pay ("*inadempienze probabili*") and restructured ("*ristrutturate*"). Any request under item (i) and (ii) above was to be submitted by 31 December 2018, without prejudice to the rights of the parties to withdraw by the 31 December of each year.

On 15 November 2018, ABI and the associations of the representative of the companies signed a new further convention (the "**2019 SMEs Convention**") which provides for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium and long term loans which are outstanding as at the date of the convention and did not benefit from the suspension or extension of the duration in the 24-month period prior to the date of the request of suspension, except for the easing of terms generally applying by operation of law. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late (or partial) payments, the relevant instalment has not been outstanding for more than 90 days from the date of the request; and (ii) the possibility for SMEs that have not requested a suspension or an extension of loans in the 24-month period prior to the request, except for the easing of terms generally applying by operation of law, to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans. Any requests under item (i) and (ii) above to be submitted by 31 December 2020.

In addition, on 6 March 2020, ABI and the associations of the representative of the companies signed an addendum to the 2019 SMEs Convention (the "**Addendum**"), according to which, inter alia, the initiatives provided under (i) and (ii) above set out in the 2019 SMEs Convention have been extended to loans outstanding as at 31 January 2020 granted in favour of companies damaged by the Covid-19 outbreak. The Addendum provides that all other conditions set out under the 2019 SMEs Convention are not modified.

Prospective Noteholders should note that under the Warranty and Indemnity Agreement, Banca Valsabbina has represented and warranted that as at the Valuation Date of the relevant Portfolio there are no Debtors who benefit of the suspension of payments of instalments also pursuant to:

(i) the common announcement subscribed on 3 August 2009 by the Ministry of Economy and Finance and the Italian Banking Association ("*Avviso Comune*"), as subsequently amended and supplemented;

(iii) the agreement subscribed on 28 February 2012 by the Economy and Finance Ministry, the Economic Development Ministry, the main trade associations representing enterprises and the Italian Banking Association ("*Nuove Misure per il Credito alle Piccole e Medie Imprese*"), as subsequently amended and supplemented; and

(iv) the 2019 SMEs Convention, as subsequently amended and supplemented.

Risks relating to Covid-19 outbreak and the moratoria under the Covid-19 new legislation

Following the Covid-19 outbreak in Italy, certain measures have been adopted, aimed at sustaining income of employees, self-employed, self-employed professionals, small and medium-sized enterprises, including suspension of instalments payment. Indeed, starting from March 2020, the Italian Government has adopted a series of measures, also through the Law Decree No. 18 of 17 March 2020, as converted with modifications by Law No. 27 of 24 April 2020 (the "**Cura Italia Law Decree**"). The Cura Italia Law Decree has introduced certain measures in favour of small and medium-sized enterprises and specific economic sectors including measures aimed at grating moratorium, rescheduling or suspension of payments.

The Cura Italia Decree has also reduced the requirements for access to the State guarantee and has increased the intervention of the Guarantee Fund for SMEs ("*Fondo di Garanzia per le PMI*") itself. Furthermore, the Law Decree No. 23 of 8 April 2020 ("**Liquidity Law Decree**") as converted with modifications by Law No. 40 of 5 June 2020, has provided for the granting of additional form of guarantee through SACE Simest, a company of the *Cassa Depositi e Prestiti Group* and has implemented the provision contained in Article 49 of the Cura Italia Decree. The Liquidity Law Decree makes further exceptions to the Guarantee Fund's ordinary rules, which will apply until 31 December 2021, simplifying the bureaucratic procedures to access to the Guarantee Fund and increasing its financial capacity to generate liquidity. Among the measures introduced by the Liquidity Law Decree, the duration of the Guarantee Fund is automatically extended for SMEs in agreement with the relevant bank to suspend payments pursuant to the provisions of article 13, paragraph 1, letter f) of the Liquidity Law Decree ("*moratoria*").

Settlement of the crisis (*sovraindebitamento*) under Law No. 3/2012

Law No. 3 of 27 January 2012 ("*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*"), as amended (the "**Law No. 3/2012**"), provides for the possibility for a debtor to enter into a debt restructuring agreement (the "**Settlement Agreement**") with his creditors through a settlement procedure provided for therein (the "**Settlement Procedure**"). A Settlement Agreement can only be approved (*omologato*) by the competent Court if it is entered into by a Debtor with creditors representing at least 60 per cent. of such Debtor's debts.

The collection of Receivables may be adversely affected under Law No. 3/2012 in consideration of the fact that payments owed to the Originator in respect of the relevant Receivables by a Debtor who has entered into a Settlement Agreement may be subject to a one-year *moratorium* if the Originator has not entered into the Settlement Agreement. Furthermore, the Court may issue an order preventing creditors for a period of up to 120 days from commencing or continuing foreclosure proceedings (*azioni esecutive*) and seizures (*sequestri conservativi*) and creating pre-emption rights on the assets of a Debtor. Such preventive effects

may also be produced in case of approval (*omologazione*) of the Settlement Agreement by the Court for a maximum period of one year starting from the date of the approval.

Prospective Noteholders should also note that under the Servicing Agreement the Servicer has undertaken to adhere to Settlement Agreements exclusively within the terms and limits provided for therein in respect of, *inter alia*, settlements, renegotiations and suspensions.

For further details regarding the relevant features of the Settlement Agreement and the Settlement Procedure, see the section entitled "*Selected aspects of Italian law - Restructuring agreements in accordance with Law No. 3 of 27 January 2012*".

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 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 Co-Arrangers 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 adjudication of bankruptcy of the Originator is made within three months from the securitisation transaction or, in cases where paragraph 1 of Article 67 applies, within six months from the securitisation transaction.

Interest Rate Risk

The Receivables include interest payments calculated at interest rates and interest periods which are different from the interest rates and interest periods applicable to interest in respect of the Senior Notes.

No hedging agreement has been entered into by the Issuer in the context of the Securitisation but the Issuer expects to meet its floating rate payment obligations under the Senior Notes primarily from the payments relating to the Collections. However the interest component in respect of such payments may have no correlation to the EURIBOR rate from time to time applicable in respect of the Senior Notes.

The interest rate risk in respect of the Senior Notes would consist in the basis risk (i.e. the risk represented

by the mismatch between the fixing of the coupon payable on the Notes and the fixing applied on the "floating rate" and the "capped floating rate" and the "fixed rate" Mortgage Loans).

Prospective Noteholders should also note that the composition of the Portfolio and the cash flows that shall derive therefrom have been appropriately evaluated and, notwithstanding the above, the Receivables have the characteristics that would demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

Certain risks relating to the Real Estate Assets

Due Diligence

None of the Issuer, the Arranger or any Other Issuer Creditors has undertaken or will undertake any investigations, searches or other due diligence as to the Debtors' or the Mortgagors' status or the title to the Real Estate Assets. The only due diligence conducted was undertaken by the Originator (or on its behalf) at the time of the origination of the Loans, and such due diligence was largely limited to a review of the certificates of title prepared by the relevant Debtor's lawyers, site visits, third party valuations of the Real Estate Assets. No update of such due diligence has been performed in connection with the assignment of the Receivables to the Issuer.

Potential adverse changes to the value of the Real Estate Assets or the Portfolio

No assurances can be given that the values of the Real Estate Assets will not decrease at a rate higher than that anticipated on the origination of the Receivables. Should this happen, it could have an adverse effect on the levels of recoveries under the Portfolio.

General real estate risk

In the event of a default by the Debtors, the full recovery of amounts due pursuant to the Mortgage Loan Agreements will largely depend upon the value of the Real Estate Assets at the relevant time.

The value of the Real Estate Assets depends on several factors, including their location and the manner in which the Real Estate Assets are maintained.

The value of the Real Estate Assets may be affected by changes in general and regional economic conditions such as an oversupply of space, a reduction in demand for residential real estate in an area, competition from other available space or increased operating costs. The value of the Real Estate Assets may also be affected by such factors as political developments, government regulations and changes in planning, zoning or tax laws, interest rate levels, inflation, availability of financing and yields of alternative investments. Therefore, no assurance can be given that the values of the Real Estate Assets have remained or will remain at the level at which they were on the origination dates of the related Loans.

The security for the Notes consists of, *inter alia,* the Issuer's interest in the Loans. The value of such security may be affected by, among other things, a decline in property values as described above. Should the Italian residential property market experience an overall decline in property values, such a decline could, in certain circumstances, result in a significantly reduced security value and ultimately, may result in losses to the Noteholders if the security is required to be enforced.

Insurance coverage

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

Compulsory purchase

Any property in Italy may be subject to a compulsory purchase order in connection with general utility purposes at any time. If a compulsory purchase order is made regarding any of the Real Estate Assets, compensation would be payable to the Debtor (as owner of the relevant Real Estate Asset) on the basis of

specific criteria set out in the applicable legislation. There can be no assurance that the amount of such compensation would at least be equal to the value of the relevant Real Estate Asset. In addition, there is often a delay between the completion of a compulsory purchase of a property and the date of payment of the statutory compensation. Any such delay, or a payment of statutory compensation to the Debtor that is lower than the value of the relevant Real Estate Asset, could have an adverse impact on the ability of the Issuer to meet its obligations to pay principal and interest under the Senior Notes.

Historical Information

The historical financial and other information set out in the sections headed *"The Originator"* and *"The Portfolio"*, including in respect of the default rates, represents the historical experience of Banca Valsabbina, 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 Valsabbina as Servicer will be similar to the experience shown in this Information Memorandum.

Servicing of the Portfolio

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

The Receivables comprised in the Second Initial Portfolio and in each Further Portfolio will be serviced by Banca Valsabbina in its capacity as Servicer starting from the relevant Transfer Date of the Second Initial Portfolio and such Further Portfolio pursuant to the Servicing Agreement. Previously, the Receivables comprised in the Second Initial Portfolio and each Further Portfolio have been always serviced by Banca Valsabbina in its capacity as owner of the relevant Receivables.

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.

Back-Up Servicer Facilitator

Pursuant to the terms of the Cash Allocation, Management and Payment Agreement, the Back-Up Servicer Facilitator has undertaken, in the event that the appointment of the Servicer is terminated, to reasonably assist and cooperate with the Issuer in order to identify an eligible Successor Servicer to be appointed by the Issuer (for further details, see the section entitled "*Description of the Transaction Documents - Cash Allocation, Management and Payment Agreement*" of this Information Memorandum).

It is not certain that a suitable Successor Servicer could be found to service the Portfolio in the event that (i) Banca Valsabbina becomes insolvent or its appointment as Servicer under the Servicing Agreement is otherwise terminated and (ii) the Back-Up Servicer Facilitator fails or is unable for any reasons to assist and cooperate with the Issuer in order to identify an eligible Successor Servicer. If such an alternative Servicer was to be found it is not certain whether it would service the Portfolio on the same terms as those provided for by the Servicing Agreement.

Rights of Set-off (*compensazione*) and Other Rights of the Debtors

Under general principles of Italian law, the borrowers are entitled to exercise rights of set-off in respect of amounts due under any mortgage loan against any amounts payable by the originator to the relevant borrower.

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 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 both the publication of the notice in the Official Gazette and 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 transfer of the First Initial Portfolio from Banca Valsabbina to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 13 July 2021, and (ii) published in the Official Gazette No. 84, Part II, of 17 July 2021.

Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any relevant Debtor 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 26 June 2021 and published in the Official Gazette of 30 June 2021 No. 154 and being applicable for the quarterly period from 1 July 2021 to 30 September 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 Warranty and Indemnity 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 Warranty and Indemnity 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 Warranty and Indemnity Agreement, the Originator has represented that all 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.

Preferred claims

According to a ruling of the Tribunal of Genoa dated 25 January 2001 and the relevant judgement of the Italian Supreme Court (*Corte di Cassazione*) dated 14 November 2003, issued with reference to Italian law decree No. 669 of 31 December 1996 and converted into law No. 30 of 28 February 1997, claims of any person having concluded preliminary agreements (*contratti preliminari*) with the relevant Mortgagor for the purchase of the Real Estate Assets which were registered in the relevant real estate registries (*Agenzia del Territorio – Servizio di Pubblicità Immobiliare*) prior to the registration of the relevant Mortgage or even after such registration, would be preferred to the claims of the creditors of the relevant Mortgage.

Concentration of roles in Banca Valsabbina

Under the terms of the Transaction Documents Banca Valsabbina 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 Valsabbina, 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 and the ratings assigned to the Senior 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 PORTFOLIO

Introduction

The Portfolio is comprised of the First Initial Portfolio, the Second Initial Portfolio and all the Further Portfolios purchased from time to time by the Issuer under the Transfer Agreement during the Revolving Period. The Portfolio consists of receivables arising out of commercial loans classified as performing by Banca Valsabbina as of the relevant Valuation Date.

The Receivables do not consist, in whole or in part, actually or potentially, of credit-linked notes, swaps or other derivatives instruments or synthetic securities.

The First Initial Portfolio

The information relating to the First Initial Portfolio contained in this Information Memorandum is, unless otherwise specified, a description of the First Initial Portfolio as at 30 June 2021 (the "**Initial Valuation Date**"). As at the date of this Information Memorandum, no material changes in respect of the First Initial Portfolio have occurred after the Initial Valuation Date.

The Receivables included in the First Initial 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.

The Loans

As at the Initial Valuation Date, the First Initial Portfolio comprised debt obligations owed by 1,586 Group of Debtors (which qualify as Small and Medium Enterprises) under 1,772 Loans, being:

(a) mortgage loans which qualify as:

  (i) "*mutui fondiari*" (medium-long term loans secured by mortgages on real estate, issued by a bank in accordance with Article 38 *et seq.* of the Consolidate Banking Act);

  (ii) "*mutui ipotecari*" under Italian law, other than the Fondiari Loans; and

(b) loans which qualify as "*mutui non ipotecari*" under Italian law.

All Loan Agreements are governed by Italian Law.

The First Initial Portfolio has been transferred to the Issuer pursuant to the terms of the Transfer Agreement, together with any ancillary rights of Banca Valsabbina to guarantees or security interests and any related rights, which have been granted to Banca Valsabbina to secure or ensure the payment and/or the recovery of any of the Receivables (the "**Collateral Securities**"). The Outstanding Balance of the First Initial Portfolio as at the Initial Valuation Date was equal to € 503,868,706.15.

The Second Initial Portfolio

The Second Initial Portfolio will be transferred to the Issuer pursuant to the terms of the Transfer Agreement, together with any Collateral Securities.

On the Incremental Instalment Request Date, the Issuer will publish, in accordance with Condition 16 (*Notices*), the Incremental Instalment Request containing certain further information relating to the Second Initial Portfolio.

Eligibility criteria for the Portfolio

All the Receivables comprised in the Portfolio will be selected on the basis of (a) certain common criteria listed in schedule 2 to the Transfer Agreement (the "**Common Criteria**"), and (b) certain further specific criteria listed in schedule 3 to the Transfer Agreement (the "**Specific Criteria**" and, together with the Common Criteria, the "**Criteria**").

Common Criteria

All the Receivables comprised in the First Initial Portfolio, in the Second Initial Portfolio and in any Further Portfolio purchased and to be purchased by the Issuer from Banca Valsabbina pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date (save as otherwise specified), met or

will meet the following Common Criteria:

(1) have been granted pursuant to loan agreements governed by Italian law and there are no obligations of further disbursement;

(2) have been granted by Banca Valsabbina as a lender or by Credito Veronese S.p.A.;

(3) do not arise from "fractionated loans";

(4) in respect of which the main debtors (also following an assumption (*accollo*) of the relevant commercial loan):

- are, as at the relevant Valuation Date:
  (1) entities with registered office in the Republic of Italy; or
  (2) natural persons which are resident in the Republic of Italy and entered the relevant loan within the context of their business and/or professional activity;
- are not, as at the relevant Valuation Date:
  (1) public entities or other similar entities, entities with public participation, banks or financial companies, ecclesiastical or religious bodies, institutions or organisations for assistance and charity or other no-profit entities; or
  (2) individuals (including the joint holders of the relevant loan) which have been or, as at the relevant Valuation Date, were employees or bank representatives (pursuant to Article 136 of the Consolidated Banking Act) of the Originator;

(5) are denominated in Euro and the relevant loan agreement do not contain provisions allowing conversion into any other currency;

(6) in respect of which the relevant loan agreements provide for repayment in monthly or two-monthly or quarterly or semi-annual or annual instalments;

(7) in respect of which the amount originally granted to the debtor pursuant to the relevant loan agreement is lower than or equal to Euro 10,000,000.00;

(8) in respect of which the outstanding principal pursuant to the relevant loan agreement:

- does not exceed Euro 7,000,000.00; and
- is not lower than Euro 100.00;

(9) in respect of which at least one instalment is past due and has been paid by the relevant debtor;

(10) have not been stipulated or entered into (as indicated in the relevant mortgage loan agreement) pursuant to any law or regulation which provides for:

- contributions or advantageous repayment terms of principal and/or interest (so-called "*mutui agevolati o convenzionati*"); or
- public financial contributions of any kind;
- other provisions of advantageous repayment terms or reductions of payment in favour of the relevant debtors, the mortgagors or any other guarantor in relation to principal and/or interest;

(11) provide for repayment of principal in quotas in accordance with the so-called "French" amortisation plan method, which means an amortisation plan method pursuant to which all instalments include a principal component calculated as at the date of the draw-down and that increase over the loan life time and a variable interest rate component, as calculated as at the date of granting of the loan or at the date of the latest agreement (if any) relating to the amortisation plan is reached;

(12) are not classified as "defaulted" (pursuant to Article 178, paragraph 1, of Regulation (EU) no. 575/2013;

(13) are loans in respect of which no instalment is due and unpaid for more than 30 days;

(14) in respect of which the relevant loan agreement provides for repayment by the relevant debtor by means of (a) a direct debit on a current account held by the relevant debtor and opened with Banca Valsabbina or (b) a pre-authorised direct debit (i.e. "*Sepa Direct Debit*") on a current account held by the relevant debtor with a credit institution other than Banca Valsabbina; and

(15) if secured by a mortgage, such mortgage shall be deemed to have "economic" first ranking: it means that with respect to such loans there are no other mortgages granted on the relative real estate assets in favour of third parties who have the same ranking or priority ranking as that of the mortgage granted to secure such loan or, if there are such mortgages, the related debt has already been extinguished (as per the documentation produced by the relative debtor) or the mortgage is in the process of being cancelled, having obtained from the debtor the relative consent to the cancellation of the previous mortgage;

(16) are not loans secured by receivables assignment to Gestore dei Servizi Energetici S.p.A..

Specific Criteria of the First Initial Portfolio

All the Receivables comprised in the First Initial Portfolio purchased by the Issuer from Banca Valsabbina pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date (save as otherwise specified), met the following Specific Criteria:

(a) have been granted between 27 December 2006 and 18 June 2021 (included);

(b) in respect of which the outstanding principal pursuant to the relevant loan agreement:

  (i) does not exceed Euro 6,099,545.48; and

  (ii) is not lower than Euro 766.21;

(c) are secured by mortgages or not secured by mortgages;

(d) in respect of which all the instalments have been duly paid or one Instalment is due and unpaid for no more than 26 days;

(e) have not been executed with the provision of further disbursements linked to the work in progress;

(f) in respect of which the interest rate is:

  (i) fixed; or

  (ii) indexed (as provided for in the relevant loan agreement);

(g) if granted by a confidi it would be the confidi "Cooperativa Artigiana di Garanzia di Brescia S.c.a.r.l.".

Are excluded from the assignment the receivables deriving from the loans of which the "*codice rapporto*" (i.e. the number code composed by "*codice forma tecnica*", "*codice filiale*" e "*numero identificativo rapporto*", as indicated in the notices relating to the relevant loan agreement sent by the Bank to each debtor) is one of the following:

0601000075096 -	0602100082083 -	0604300021959 -	0605300086098 -	0606400105120 -	0607500080588 -
0601000078774 -	0602100086426 -	0604300024185 -	0605600075395 -	0606500100677 -	0607500085405 -
0601000091885 -	0602100098514 -	0604300060934 -	0605600094151 -	0606600088166 -	0607500094041 -
0601000094166 -	0602100102799 -	0604300064259 -	0605700072681 -	0606600090200 -	0607600070079 -
0601300055241 -	0602200018869 -	0604300064261 -	0605700072691 -	0606600100736 -	0607600085094 -
0601300095212 -	0602200022882 -	0604300068137 -	0605700072694 -	0606600100836 -	0607600089605 -
0601300095236 -	0602200045568 -	0604300077006 -	0605700081805 -	0606700078738 -	0607600091014 -
0601300096928 -	0602200081075 -	0604300086177 -	0605700081849 -	0606700092984 -	0607700096034 -
0601500078490 -	0602200090804 -	0604300099005 -	0605700088534 -	0606700093345 -	0607700106730 -
0601500082998 -	0602200100679 -	0604500040028 -	0605800101588 -	0606700098212 -	0607800093048 -
0601500088201 -	0602200104624 -	0604500064389 -	0605900051936 -	0606700102815 -	0607800104867 -
0601500088615 -	0602200106174 -	0604500071869 -	0605900101278 -	0606700103662 -	0607900103094 -

0601500089078 - 0602300053030 - 0604500086636 - 0606000074902 - 0606800079883 - 0608000082059 -
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0601500094179 - 0602300099731 - 0604600054400 - 0606100062465 - 0606800090256 - 0608000097310 -
0601500098146 - 0602400085850 - 0604600055498 - 0606100070802 - 0606800098676 - 0608000101803 -
0601500099607 - 0602500090689 - 0604600074684 - 0606100071161 - 0607000072927 - 0608400098664 -
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0601800082822 - 0603300027830 - 0604900047000 - 0606200092119 - 0607200086524 - 2102500011944 -
0601800084646 - 0603300070967 - 0604900069667 - 0606200095440 - 0607200087735 - 2102600000438 -
0601800097461 - 0603300078278 - 0604900089717 - 0606200099616 - 0607200088205 - 2103100000236 -
0601800100025 - 0603300085250 - 0605000070514 - 0606300066383 - 0607200094263 - 2103600000649 -
0601900019988 - 0603300086526 - 0605000087808 - 0606300072254 - 0607200107133 - 2103600001889 -
0601900061612 - 0603600053076 - 0605100073770 - 0606300077160 - 0607300070252 - 2103800009835 -
0601900071921 - 0603600070486 - 0605200027132 - 0606300084255 - 0607300076824 - 2104100011693 -
0601900089148 - 0603700095300 - 0605200080490 - 0606300085233 - 0607300100457 - 2104300001823 -
0601900099861 - 0603700101498 - 0605200090149 - 0606300095294 - 0607400067541 - 2105300000341 -
0602100064495 - 0603900050607 - 0605200091860 - 0606300100254 - 0607400072636 - 2105700006509 -
0602100075455 - 0604000085282 - 0605200100393 - 0606300101838 - 0607400104792 - 2106200001890 -
0602100077653 - 0604100088511 - 0605300018576 - 0606300104520 - 0607500066910 - 2107100600154 -
2107100600440 - 2107200009904 - 2107400600177

Specific Criteria of the Second Initial Portfolio

All the Receivables comprised in the Second Initial Portfolio purchased by the Issuer from Banca Valsabbina pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date (save as otherwise specified), met the following Specific Criteria:

(a) have been granted between [___] and [___];

(b) in respect of which the outstanding principal pursuant to the relevant loan agreement:

  (i) does not exceed Euro [___]; and

  (ii) is not lower than Euro [___];

(c) are secured by mortgages or not secured by mortgages;

(d) in respect of which all the instalments have been duly paid or one Instalment is due and unpaid for no more than [___] days;

(e) have been granted before [___] 2021 and in relation to which the relevant debtor may not request further disbursements;

(f) in respect of which the interest rate is:

  (i) fixed; or

(ii) indexed (as provided for in the relevant loan agreement);

(g) if granted by a Confidi it would be the Confidi [___].

Are excluded from the assignment the receivables deriving from the loans of which the "*codice rapporto*" (i.e. the number code composed by "*codice forma tecnica*", "*codice filiale*" e "*numero identificativo rapporto*", as indicated in the notices relating to the relevant loan agreement sent by the Bank to each debtor) is one of the following:

[___]

Specific Criteria of Further Portfolios

All the Receivables comprised in any Further Portfolio purchased by the Issuer from Banca Valsabbina pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date (save as otherwise specified), met the following Specific Criteria:

(a) have been granted by Banca Valsabbina as sole lender;

(b) have been granted between [___] and [___];

(c) in respect of which the outstanding principal pursuant to the relevant loan agreement:

(i) does not exceed Euro [___]; and

(ii) is not lower than Euro [___];

(d) are secured by mortgages or not secured by mortgages;

(e) in respect of which all the instalments have been duly paid;

(f) have been granted before [___] and in relation to which the relevant debtor may not request further disbursements;

(g) in respect of which the interest rate is indexed (as provided for in the relevant loan agreement) and the change to a fixed rate is not provided for;

(h) have not been granted to Debtors indicated in section L - "*Attività Immobiliari*" (code 68) of the ATECO categories nor indicated in section F – "*Costruzioni*" of the code 41.1;

(i) if secured by mortgages the ratio between the granted amount and the loan to value would not exceed 60%;

(j) if granted by a Confidi it would be the Confidi [___];

(k) do not benefit from any payment suspension in respect of the relevant instalments.

Are excluded from the assignment the receivables deriving from the loans of which the "*codice rapporto*" (i.e. the number code composed by "*codice forma tecnica*", "*codice filiale*" e "*numero identificativo rapporto*", as indicated in the notices relating to the relevant loan agreement sent by the Bank to each debtor) is one of the following:

[___]

Registration and Publication of the Transfer

The transfer of the First Initial Portfolio from Banca Valsabbina to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 13 July 2021, and (ii) published in the Official Gazette No. 84, Part II, of 17 July 2021.

Other features of the Portfolio

Under the Warranty and Indemnity Agreement, in respect of the First Initial Portfolio the Originator has represented and warranted, and in respect of the Second Initial Portfolio and each Further Portfolio the Originator will represent and warrant, that:

(a) all Loan Agreements are denominated in Euro and do not contain provisions which allow for the conversion into another currency;

(b) as at the relevant Valuation Date and, the rates of interest applicable to the Loans as indicated in the List of Receivables are true and correct and, without prejudice to the provisions under the Usury Law, the criteria on the basis of which such rates are calculated are not subject to reductions or variations other than the ones connected to the floating rate of interest;

(c) as at the relevant Valuation Date and as at the relevant Transfer Date, each Receivable is fully and unconditionally owned and available directly to the Originator and, to the best of the Originator's knowledge, is not subject to any lien (*pignoramento*), seizure (*sequestro*) or other charge in favour of any third party (except any charge arising from the applicable mandatory law) or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer of Receivables under the Transfer Agreement (article 20(6) of the EU Securitisation Regulation), and is freely transferable to the Issuer. The Originator is the current beneficiary of the Collateral Securities;

(d) all the Loans provide for a repayment through constant instalments payable monthly, bi-monthly, quarterly, semi-annually or annually with a "French" amortisation plan method (meaning that the amortisation method pursuant to which all instalments include a principal component calculated as at the date of the draw-down and that increase over the loan life time and a variable interest rate component, as calculated as at the date of granting of the loan or at the date of the latest agreement (if any) relating to the amortisation plan is reached) (article 20 (8) and 20 (13) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

(e) the Receivables have been originated by the Originator or the original lender in the ordinary course of their business; the Originator has a more than 5 (five) year-expertise in originating exposures of a similar nature to the Receivables (article 20(10) EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

(f) as at the Valuation Date, the Receivables comprised in the Portfolio have been selected by the Originator in accordance with credit policies that are not less stringent than the credit policies applied by the Originator at the time of origination to similar exposures that are not assigned under the Securitisation (article 20(10) EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

(g) as at the relevant Valuation Date and as at the relevant Transfer Date, the Receivables comprised in each Portfolio contain obligations that are contractually binding and enforceable with full recourse to the Debtors and, where applicable, the Guarantors (article 20(8) EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

(h) as at the relevant Valuation Date and as at the relevant Transfer Date, each Portfolio does not comprise (i) any transferable securities, as defined in point (44) of Article 4(1) of Directive 2014/65/EU (article 20(8) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria), (ii) any securitisation positions, pursuant (article 20(9) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria), nor (iii) any derivatives (article 21(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

(i) as at the Valuation Date and as the Transfer Date, the Portfolio does not include Receivables qualified as exposure in default within the meaning of Article 178, paragraph 1, of Regulation (EU) no. 575/2013 or as exposures to a credit-impaired debtor or guarantor, who, to the best of the Originator's knowledge (article 20(11) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria):

(i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-

performing exposures within three years prior to the Transfer Date, except if: (A) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the Transfer Date; and (B) the information provided by the Originator to the Issuer in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1), of the EU Securitisation Regulation explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; or

(ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or in the absence of such public credit registry, in another credit registry available to the Originator or the original lender; or

(iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the Originator which have not been securitised.

(j) as at the relevant Valuation Date and as at the relevant Transfer Date, the Receivables are homogeneous in terms of asset type (article 20(8) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards), taking into account the specific characteristics to the cash flows of the asset type including their contractual, credit-risk and prepayment characteristics, given that:

(i) the Receivables have been originated by the Originator or by the Original Lender in accordance with loan disbursement policies which apply similar approaches to the assessment of credit risk associated with the Receivables;

(ii) the Receivables are and have been serviced by the Originator according to similar servicing procedures;

(iii) the Receivables arise from loans to small and medium enterprises (as defined under European Commission's recommendation 2003/361/CE dated 6 May 2003 and the Regulatory technical standards on the homogeneity of the underlying exposures in securitisation approved by the European Commission on 28 May 2019 (the "**Regulatory Technical Standards on Homogeneity**") and, therefore, shall fall within the asset types "*credit facilities, including loans and leases, granted to any type of enterprise or company*" set out under Article 1 (*Homogeneity of Underlying Exposures*), lett. (a), point (iv) of the Regulatory Technical Standards on Homogeneity; and

(iv) within such category "*credit facilities, including loans and leases, granted to any type of enterprise or company*", the Receivables satisfy:

(1) the homogeneity factor set out under Article 2 (*Homogeneity factors*), paragraph 3, letter (a), point (i) of the Regulatory Technical Standards on Homogeneity, since the Debtors are small and medium enterprises (as defined under European Commission's recommendation 2003/361/CE dated 6 May 2003 and the Regulatory Technical Standards on Homogeneity);

(2) the homogeneity factor set out under Article 2 (*Homogeneity factors*), paragraph 3, letter (b), point (ii) of the Regulatory Technical Standards on Homogeneity, since the Debtors have their registered office or residence (as the case may be) in the Republic of Italy.

Description of the First Initial Portfolio

TABLE 1 – PORTFOLIO SUMMARY

Summary

Number of Loans	1772	
Outstanding Balance	503,868,706.15	
Mortgage portfolio	79,015,835.58	15.68%
Non-Mortgage portfolio	424,852,870.57	84.32%
Floating rate Outstanding Balance	406,474,005.22	80.67%
Fixed rate Outstanding Balance	97,394,700.93	19.33%
Floating rate portfolio weighted average spread	2.15%	
Floating rate portfolio weighted average rate	2.12%	
Fixed rate portfolio weighted average rate	2.08%	
Weighted average seasoning (years)	1.07	
Weighted average residual life (years)	6.51	

TABLE 2 – BREAKDOWN BY CLASS OF OUTSTANDIG BALANCE

Breakdown by Class of Outstanding Balance

Class of Outstanding Balance	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0,000 - 20,000	65	3.67%	823,945.21	0.16%
02) 20,000 - 50,000	216	12.19%	7,684,891.54	1.53%
03) 50,000 - 75,000	294	16.59%	17,197,564.99	3.41%
04) 75,000 - 100,000	158	8.92%	13,552,924.87	2.69%
05) 100,000 - 300,000	517	29.18%	91,079,356.12	18.08%
06) 300,000 - 500,000	238	13.43%	87,529,491.32	17.37%
07) 500,000 – 1,000,000	173	9.76%	110,224,144.71	21.88%
08) 1,000,000 – 3,000,000	107	6.04%	156,721,484.18	31.10%
09) Over 3,000,000	4	0.23%	19,054,903.21	3.78%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 3 – BREAKDOWN BY CLASS OF ORIGINAL BALANCE

Breakdown by Class of Original Balance

Class of Original Balance	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0,000 - 20,000	56	3.16%	727,302.69	0.14%
02) 20,000 - 50,000	305	17.21%	11,942,494.44	2.37%
03) 50,000 - 75,000	204	11.51%	12,736,790.82	2.53%
04) 75,000 - 100,000	217	12.25%	19,313,484.81	3.83%
05) 100,000 - 300,000	524	29.57%	103,460,381.82	20.53%
06) 300,000 - 500,000	208	11.74%	84,233,342.72	16.72%
07) 500,000 – 1,000,000	167	9.42%	117,834,483.62	23.39%
08) 1,000,000 – 3,000,000	84	4.74%	128,384,135.55	25.48%
09) Over 3,000,000	7	0.40%	25,236,289.68	5.01%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 4 – BREAKDOWN BY TYPE OF DEBTOR (SAE CODE)

Breakdown by Type of Debtor (SAE Code)

SAE Code	*Number of Loans*	*%*	*Outstanding Balance*	*%*
430	1316	74.27%	435,045,742.12	86.34%
480	6	0.34%	1,268,493.17	0.25%
481	16	0.90%	814,125.43	0.16%
482	69	3.89%	6,666,049.27	1.32%
490	8	0.45%	3,010,385.16	0.60%
491	26	1.47%	9,984,176.87	1.98%
492	132	7.45%	19,398,261.71	3.85%
614	52	2.93%	2,864,038.47	0.57%
615	147	8.30%	24,817,433.95	4.93%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 5 – BREAKDOWN BY ATECO CLASSIFICATION

Breakdown by ATECO Classification

ATECO Sector	*Number of Loans*	*%*	*Outstanding Balance*	*%*
Accommodation and food service activities	154	8.69%	22,976,980.21	4.56%
Activities of households as employers; undifferentiated goods - and services - producing activities of households for own use	2	0.11%	77,042.19	0.02%
Administrative and support service activities	45	2.54%	9,367,498.28	1.86%
Agriculture, forestry and fishing	75	4.23%	32,794,643.41	6.51%
Arts, entertainment and recreation	23	1.30%	6,373,323.44	1.26%
Construction	170	9.59%	48,490,755.29	9.62%
Education	10	0.56%	1,922,482.86	0.38%
Electricity, gas, steam and air conditioning supply	5	0.28%	2,413,041.04	0.48%
Financial and insurance activities	8	0.45%	2,218,365.50	0.44%
Information and communication	63	3.56%	12,813,859.02	2.54%
Manufacturing	*463*	*26.13%*	*133,942,755.18*	*26.58%*
Mining and quarrying	*1*	*0.06%*	*300,542.46*	*0.06%*
Other services activities	37	2.09%	5,790,765.66	1.15%
Professional, scientific and technical activities	87	4.91%	29,468,344.45	5.85%
Public administration and defence; compulsory social security	22	1.24%	5,679,347.42	1.13%
Real estate activities	150	8.47%	79,623,774.62	15.80%
Transporting and storage	52	2.93%	8,648,666.15	1.72%
Water supply; sewerage; waste managment and remediation activities	10	0.56%	2,719,627.14	0.54%
Wholesale and retail trade; repair of motor vehicles and motorcycles	395	22.29%	98,246,891.83	19.50%

Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 6 – BREAKDOWN BY TYPE OF LOAN

Breakdown by Type of Loan

Type of Loan	*Number of Loans*	*%*	*Outstanding Balance*	*%*
Mortgage	173	9.76%	79,015,835.58	15.68%
Non Mortgage	1599	90.24%	424,852,870.57	84.32%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 7 – BREAKDOWN BY PAYMENT FREQUENCY

Breakdown by Payment Frequency

Payment Frequency	*Number of Loans*	*%*	*Outstanding Balance*	*%*
Annually	2	0.11%	911,351.52	0.18%
Bi-monthly	1	0.06%	215,390.84	0.04%
Monthly	1743	98.36%	481,462,887.88	95.55%
Quarterly	16	0.90%	16,430,908.43	3.26%
Semi Annually	10	0.56%	4,848,167.48	0.96%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 8 – BREAKDOWN BY INTEREST RATE TYPE

Breakdown by Interest Rate Type

Interest Rate Type	*Number of Loans*	*%*	*Outstanding Balance*	*%*
Fixed	452	25.51%	97,394,700.93	19.33%
Floating	1320	74.49%	406,474,005.22	80.67%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 9 – BREAKDOWN BY CLASS OF SPREAD (FLOATING RATE LOANS)

Breakdown by Class of Spread (Floating Rate Loans)

Class of Spread	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0%-1.00%	14	1.06%	10,381,040.85	2.55%
02) 1.00%-1.50%	122	9.24%	74,152,318.74	18.24%

03) 1.50%-2.00%	292	22.12%	122,239,608.30	30.07%
04) 2.00%-2.50%	325	24.62%	109,043,075.16	26.83%
05) 2.50%-3.00%	368	27.88%	65,962,430.22	16.23%
06) 3.00%-3.50%	115	8.71%	17,667,433.08	4.35%
07) 3.50%-4.00%	44	3.33%	5,160,240.40	1.27%
08) 4.00%-4.50%	13	0.98%	1,238,224.77	0.30%
09) 4.50%-5.00%	16	1.21%	438,876.49	0.11%
10) Over 5.00%	11	0.83%	190,757.21	0.05%
Total	**1320**	**100.00%**	**406,474,005.22**	**100.00%**

TABLE 10 – BREAKDOWN BY CLASS OF INTEREST RATE (FIXED RATE LOANS)

Breakdown by Class of Interest Rate (Fixed Rate Loans)

Class of Interest Rate	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0.50%-1.00%	4	0.88%	3,902,121.86	4.01%
02) 1.00%-1.50%	21	4.65%	18,203,217.08	18.69%
03) 1.50%-2.00%	52	11.50%	24,829,049.44	25.49%
04) 2.00%-2.50%	83	18.36%	20,134,907.90	20.67%
05) 2.50%-3.00%	271	59.96%	29,253,584.97	30.04%
06) 3.00%- 4.00%	11	2.43%	913,970.09	0.94%
07) 4.00%-5.00%	2	0.44%	25,372.14	0.03%
08) 5.00%-6.00%	4	0.88%	59,123.28	0.06%
09) 6.00%-7.00%	3	0.66%	46,942.95	0.05%
10) 7.00%-8.00%	1	0.22%	26,411.22	0.03%
Total	**452**	**100.00%**	**97,394,700.93**	**100.00%**

TABLE 11 – BREAKDOWN BY FUNDING YEAR

Breakdown by Funding Year

Funding Year	*Number of Loans*	*%*	*Outstanding Balance*	*%*
2006	1	0.06%	328,125.07	0.07%
2008	1	0.06%	1,641,321.18	0.33%
2009	3	0.17%	4,174,400.17	0.83%
2010	3	0.17%	1,671,833.80	0.33%
2011	4	0.23%	3,124,911.02	0.62%
2012	2	0.11%	772,763.24	0.15%
2013	7	0.40%	967,281.53	0.19%
2014	5	0.28%	534,286.44	0.11%
2015	6	0.34%	458,065.42	0.09%
2016	11	0.62%	2,950,391.23	0.59%
2017	23	1.30%	5,505,169.18	1.09%
2018	13	0.73%	1,364,213.93	0.27%
2019	127	7.17%	42,886,384.44	8.51%
2020	957	54.01%	272,808,948.05	54.14%
2021	609	34.37%	164,680,611.45	32.68%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 12 – BREAKDOWN BY ORIGINAL LIFE

Breakdown by Original Life

Original Life (years)	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0 - 2	14	0.79%	1,158,540.00	0.23%
02) 2 - 4	98	5.53%	15,884,335.09	3.15%
03) 4 - 6	1239	69.92%	319,438,421.16	63.40%
04) 6 - 8	153	8.63%	44,856,462.61	8.90%
05) 8 - 10	94	5.30%	39,415,997.48	7.82%
06) 10 - 12	70	3.95%	28,311,199.31	5.62%
07) 12 - 14	26	1.47%	15,822,777.60	3.14%
08) 14 - 16	40	2.26%	20,383,225.09	4.05%
09) 16 - 18	16	0.90%	3,475,234.00	0.69%
10) 18 - 20	5	0.28%	2,988,798.04	0.59%
11) 20 - 22	7	0.40%	3,221,812.23	0.64%
12) 22 - 24	4	0.23%	4,273,999.36	0.85%
13) 24 - 26	5	0.28%	4,478,673.90	0.89%
14) > 26	1	0.06%	159,230.28	0.03%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 13 – BREAKDOWN BY SEASONING

Breakdown by Seasoning

Seasoning (years)	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0 - 1	1304	73.59%	366,839,716.31	72.80%
02) 1 - 2	373	21.05%	108,047,017.78	21.44%
03) 2 - 3	25	1.41%	6,614,902.81	1.31%
04) 3 - 4	13	0.73%	3,327,210.63	0.66%
05) 4 - 5	20	1.13%	3,467,532.06	0.69%
06) 5 - 6	9	0.51%	2,182,218.52	0.43%
07) 6 - 7	5	0.28%	352,549.13	0.07%
08) 7 - 8	5	0.28%	1,119,728.74	0.22%
09) 8 - 9	4	0.23%	204,475.69	0.04%
10) 9 - 10	3	0.17%	1,905,158.47	0.38%
11) > 10	11	0.62%	9,808,196.01	1.95%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 14 – BREAKDOWN BY RESIDUAL LIFE

Breakdown by Residual Life

Residual LIfe (years)	*Number of Loans*	*%*	*Outstanding Balance*	*%*
01) 0 - 2	40	2.26%	3,546,824.69	0.70%
02) 2 - 4	228	12.87%	41,459,867.66	8.23%
03) 4 - 6	1204	67.95%	318,104,424.85	63.13%
04) 6 - 8	70	3.95%	28,192,347.51	5.60%
05) 8 - 10	129	7.28%	52,807,981.98	10.48%
06) 10 - 12	40	2.26%	29,126,414.68	5.78%
07) 12 - 14	21	1.19%	8,684,655.12	1.72%
08) 14 - 16	32	1.81%	18,803,636.75	3.73%
09) 16 - 18	1	0.06%	76,801.67	0.02%
10) 18 - 20	3	0.17%	1,899,743.31	0.38%
11) > 20	4	0.23%	1,166,007.93	0.23%
Total	**1772**	**100.00%**	**503,868,706.15**	**100.00%**

TABLE 15 – BREAKDOWN BY REGION OF BORROWER

Breakdown by Region of Borrower

Macro Region	*Region*	*Number of Loans*	*%*	*Outstanding Balance*	*%*
Northern Italy	Emilia-Romagna	169	9.54%	43,017,873.53	8.54%
Northern Italy	Friuli-Venezia Giulia	4	0.23%	3,624,273.08	0.72%
Northern Italy	Liguria	3	0.17%	1,400,679.44	0.28%
Northern Italy	Lombardia	1128	63.66%	341,945,521.07	67.86%
Northern Italy	Piemonte	49	2.77%	21,070,435.39	4.18%
Northern Italy	Trentino-Alto Adige	19	1.07%	3,377,194.63	0.67%
Northern Italy	Veneto	371	20.94%	74,568,372.67	14.80%
Central Italy	Abruzzo	3	0.17%	1,027,184.77	0.20%
Central Italy	Lazio	8	0.45%	6,178,438.23	1.23%
Central Italy	Toscana	3	0.17%	2,252,564.36	0.45%
Central Italy	Umbria	4	0.23%	1,724,890.41	0.34%
Southern Italy	Campania	6	0.34%	2,611,811.31	0.52%
Southern Italy	Puglia	3	0.17%	283,937.98	0.06%
Southern Italy	Sicilia	2	0.11%	785,529.28	0.16%
Total		**1772**	**100.00%**	**503,868,706.15**	**100.00%**

Capacity to produce funds

In light of the above and subject to the risks set out in the section entitled "*Risk Factors*", the Receivables should have characteristics that demonstrate capacity to produce funds to service any payments due under the Senior Notes.

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 First Initial 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) the compliance of the data and information in respect of the First Initial Portfolio, included in the loan-by-loan data tape prepared by the Servicer, with the Eligibility Criteria; and

(b) the accuracy of the tables set out in the section headed "*The Portfolio – Description of the First Initial Portfolio*" above.

BANCA VALSABBINA

1. Historical notes

Banca Valsabbina is the parent company of the "Banca Valsabbina Banking Group".

On the 5th of June, 1898, the Cassa Cooperativa di Credito Valsabbina, Società anonima cooperativa a responsabilità limitata e con capitale illimitato (anonymous limited liability cooperative company with unlimited capital) was incorporated.

Subsequently, by resolution of the extraordinary shareholders' meeting of the 26th of June 1949, the Bank was named Banca Cooperativa Valsabbina – Società cooperativa a responsabilità limitata (limited liability cooperative company). The current name of Banca Valsabbina, Società cooperativa per azioni (cooperative stock company) was introduced by a resolution of the extraordinary shareholders' meeting held on the 14th May 2005.

For years, the Bank has supported the growth of the economy of Valle Sabbia (BS). During the last fifty years, the network of branches has gradually spread towards Garda Lake, the city of Brescia and throughout its province, excluding Valle Camonica.

The expansion into the province of Trento dates back to year 2000. With the merger by incorporation of the ex Cassa Rurale di Storo (TN), resolved by a large majority by the respective shareholders' meetings, four branches were added to Banca Valsabbina's network.

Upon conclusion of the "2007-2009 Territorial Development Plan", the Bank network consisted of 54 branches and 4 treasury offices.

In 2010, the Bank carefully evaluated new possible growth opportunities through external lines, compatible with a development model and Banca Valsabbina's dimension. As part of these evaluations, it was established to purchase the majority share in Credito Veronese, at the time equating to 69.75% of the share capital, from the Cassa di Risparmio di Ferrara Group.

Banca Valsabbina acquired the control of Credito Veronese on the 26th of April 2011.

This was an important step in order to carry on the growth plan in the area bordering its traditional base, Brescia. On the 26th of April 2011, the Bank of Italy registered Banca Valsabbina in the List of Banking Groups under no. 5116.9 with communication no. 0478537/11 made on the third of June 2010.

In December 2012, in order to obtain relevant cost saving and improve efficiency, Credito Veronese has been merged by incorporation with Banca Valsabbina.

The Bank's Board of Directors approved, in April 2015, a review of the 2014-2016 Business Plan, made necessary by the change in the operating and legislative context for the banking system and in particular for co-operative banks.

In this context, the project for a gradual geographic expansion by internal lines takes on specific importance, by means of the opening of new branches, both east and west of Brescia, exporting the current business model of the Bank in this way into new and tangentially neighbouring areas.

In September 2016 the purchase of 7 branches from Hypo Alpe Adria Bank was announced, 2 in Brescia, Bergamo, Verona, Vicenza, Schio (VI) and Modena, together with an EUR 150 million performing loan portfolio.

In the last years, the network of branches has been rationalized through consolidations and new openings: the Bank opened a new branch in Milan in March 2017, followed by an opening in Padova in December 2017, and then Treviso (2018), Bologna (2018), Reggio Emilia (2019), Turin (2019), the second branch in Milan (2020) and Parma (2021).

Now Banca Valsabbina's network consists in 70 branches.

The 2019-2021 Strategic Plan aims at a further improvement of credit quality, commercial efficacy and operating efficiency, notwithstanding the Bank's commitment to finding innovative solutions targeted to its clients and territory.

The table below provides some data of the Bank's growth over time, with specific regards to recent years (figures stated in Euros):

Anno	Numero Soci	Numero Azioni	Patrimonio	Depositi	Impieghi
1980	1.194	884.283	5.876.842	51.008.393	28.564.727
1990	2.603	3.141.775	25.868.757	171.379.051	115.878.934
1995	3.423	3.208.519	31.803.701	324.129.826	226.945.694
2000	10.169	15.410.442	143.775.745	748.963.787	828.247.973
2005	19.087	25.566.905	265.211.273	1.772.486.503	1.623.412.367
2010	31.420	26.516.169	298.673.996	2.765.830.264	2.823.361.370
2011	34.171	35.534.212	382.149.016	2.689.599.248	2.771.138.891
2012	36.574	35.796.827	382.769.421	3.137.815.141	3.090.821.410
2013	38.194	35.796.827	381.614.316	3.184.574.114	2.982.169.938
2014	39.532	35.796.827	391.960.003	3.254.741.527	2.960.577.817
2015	40.129	35.796.827	387.867.703	3.124.905.760	2.780.430.973
2016	39.234	35.516.827	386.928.668	3.153.741.895	2.762.450.205
2017	38.519	35.516.827	381.969.184	3.160.758.070	2.946.099.906
2018	39.119	35.516.827	325.414.488	3.243.078.997	3.068.126.837
2019	39.719	35.516.827	346.237.476	3.829.808.065	3.136.303.668
2020	39.999	35.516.827	368.519.239	4.300.553.384	3.414.682.709

2. Group ownership and structure

2.1 Major shareholdings

Banca Valsabbina is the parent company of the Banca Valsabbina Banking Group, which since April 26, 2011 has been registered under no. 5116.9 on the List of Banking Groups and, as such, exercises powers of management and coordination and issues provisions to Group members for the execution of instructions given by the Supervisory Board.

Banca Valsabbina Group consists of Banca Valsabbina S.C.p.A. and a real estate debt collection company, as described below:

- **Valsabbina Real Estate S.r.l. con unico socio**: is the operative instrument supporting the Bank's debt collection activities, with the aim of better protecting credits connected with mortgages, acquiring assets provided as guarantee and subsequent re-listing on the market, thereby avoiding any negative speculation often seen in these kind of auctions.

Company names	Office	% investment share	% votes available
A. Exclusive subsidiaries			
1. Valsabbina Real Estate S.R.L.	Brescia	100.00%	100.00%

2.2 Main shareholders

At the date of 31 December 2020, Banca Valsabbina has about 39,999 shareholders. The Bank's shareholders are almost entirely clients and benefit from particularly advantageous conditions on products and services.

The appreciation for the Bank’s services and trust in its activities is shown by a significant increase in the share base over the last few years (there were 19,087 shareholders in 2005 and 39,719 in 2019).

Banca Valsabbina takes the form of a cooperative company and has characteristics typical of "popular banks" as established by the Consolidated Law on Banking. Therefore, no single shareholder can hold more than

1% of share capital. This prohibition does not apply to collective investment schemes in securities, for which the limits established by the regulation of each apply.

In accordance with Art. 30 of Italian Legislative Decree no. 385 of 1 September 1993 - the "Consolidated Law on Banking" and on the basis of the provisions of the company's articles of association, under Art. 25, each shareholder may express just one vote in the shareholders' meeting, regardless of the number of shares it holds.

As of the date of this document, no party has control of Banca Valsabbina and any shareholder agreement is in place between shareholders concerning the exercise of voting rights.

3. Organisational structure

3.1 The organisation chart and human resources

The bank's organisation chart as of the 31st of December 2020 is reported below with the trend of recent years:

Breakdown of staff according to classification						
	2020	**%**	**2019**	**%**	**2018**	**%**
Managers	10	1.45%	9	1.40%	7	1.17%
3rd e 4th livel executives	168	24.38%	151	23.41%	136	22.82%
1st e 2nd livel executives	183	26.56%	160	24.81%	121	20.30%
Remaining Staff	328	47.61%	325	50.39%	332	55.70%
of which						
professional apprentices	-	-	-	-	-	
supply	10	1.45%	11	1.71%	11	1.85%
TOTAL	**689**	**100.00%**	**645**	**100.00%**	**596**	**100.00%**

The chart below reports the members of the Board of Directors, the Board of Auditors and the General Management:

Board of Directors	Board of Auditors	Management
Chairman	***Chairman***	***General Manager***
Barbieri rag. Renato	Vivenzi dott. Giorgio Mauro	Fornari Tonino
Deputy Chairman	***Statutory Auditors***	***Joint General Manager***
Pelizzari rag. Alberto	Garzoni rag. Bruno	Bonetti rag. Marco
	Mazzari rag. Filippo	
Non-executive Chairman	Pandini avv. Nadia	
Soardi comm. rag. Ezio	Pozzi dott. Federico	
Directors	***Alternate Auditors***	
Baso dott. Adriano	Arpino dott. Riccardo	
Ebenestelli rag. Aldo	Dorici avv. Donatella	
Fiori rag. Eliana		
Fontanella dott. Angelo		
Gnecchi prof. Flavio		
Gnutti dott. Enrico		
Niboli Pier Andreino		
Veronesi dott. Luciano		

As at the end of 2020, the staff of Banca Valsabbina S.C.p.A. was composed of 689 employees, and therefore an increase of 44 resources over last year's headcount.

4. Income and equity trend

The 2020 economic figures highlight an increase in the Net interest income and in the Net commission, of respectively the 13.43% and 8.64%.

It is confirmed the strong capital adequacy as shown by the Tier 1 Capital Ratio and the Total Capital Ratio, respectively 15.92% and 17.11%.

The own funds amount, as of 31 December 2020, EUR 407,446,000 made up of EUR 379,101,000 of Common Equity Tier 1 (CET 1) and EUR 28,345,000 of Tier 2 Capital.

Main economic figures (in € '000s)	31/12/2020	31/12/2019	Delta %
Net interest income	83,200	73,348	13.43%
Net commission	39,084	35,977	8.64%
Dividends and proceeds from trading and other	30,156	16,359	84.34%
Total income	**152,440**	**125,684**	**21.29%**
Net result of financial operations	124,011	107,743	15.10%
Operating costs	- 89,891	- 81,466	10.34%
Period profit	24,339	20,303	19.88%

Equity indexes	2020	2019
Tier one Capital Ratio	15.92%	14.43%
Total Capital Ratio	17.11%	15.77%

5. Confirmations under the EU Securitisation Regulation

For the purpose of Articles 20(1), 20(10) and 21(8) of the EU Securitisation Regulation, Banca Valsabbina, in its capacity as Originator and Servicer, confirms that:

(i) it is a credit institution (as defined in Article 4, paragraph 1, point (1) of the 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 the CRR) in the Republic of Italy;

(ii) 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;

(iii) 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;

(iv) 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.

CREDIT AND COLLECTION POLICIES

1. The disbursement process

The loan disbursement process adopted by Banca Valsabbina, described below, takes place in the following stages:

- *Presentation of application and data acquisition*
- *Loan proceedings*
- *Resolution*
- *Disbursement*

1.1 Presentation of application and data acquisition

Generally speaking, it is the relationship managers (Branch Managers) who have the responsibility of instructing the loan file.

The effective purpose for which the loan is requested must be carefully ascertained and clearly shown in the loan proposal, as it is an element of primary importance and therefore essential to assessing the credit risk.

All information that may help identify the legal and/or economic connections of parties requesting the loan must be acquired.

Each loan application must be prepared complete with all suitable documentation on income, financial, technical and equity matters, according to the nature and level of complexity of the position and the entity of the risk, with the methods laid out in the specific reference legislation.

Following presentation of the loan application by a customer, the branch requests the documentation needed for proceedings to begin.

1.2 Loan proceedings

The documentation to be acquired may vary depending on whether the party concerned is already a customer of the Bank, in which case the information already available needs merely to be updated or supplemented, or a new customer.

The necessary procedures vary depending on the level analysing the loan application, which could be:

- Branch;
- Area manager;
- Loan Department;
- Upper levels (General Management, Loans Committee, Board of Directors).

External verifications are performed in order to assess the juridical status of the client, of the guarantors and of their respective goods; moreover, they are aimed to assess the corporate and sectorial history of the client and its guarantors.

Internal verifications are performed evaluating data coming from the historical analysis of client’s data and from the Credit Rating System.

The Electronic Loan Procedure (Pratica di Fido Elettronica) used for the collection of the necessary information identifies a checklist of necessary documents, which has to be followed by the branch operator.

Moreover, a qualitative questionnaire has to be filled in by the corporate clients, in order to transmit the bank qualitative information about the borrower.

1.3 Resolution

Below is the table identifying the basic competences of resolution levels for the various different bodies appointed to grant loans effective at the date of this document.

Autonomous

Powers of attorney concerning the granting of loans

(Figures given in € '000s)

BODIES MAKING THE DECISIONS	LOAN POWERS Maximum amount granted (range)
Loans Committee	1,200-3,200
General Management (Joint signature of the General Manager and Deputy General Manager)	For loans granted to customers who already have facilities and who belong to economic groups: 50% of the powers assigned to the General Manager, namely: 250-700
General Manager	500-1,400
Loans Department's Manager, Co-Manager, Deputy Manager	200-600
Loans Department Senior Analyst	120-360
Area Managers	120-250
Branch Managers (QD4)	30-70
Branch Managers (QD3-2-1)	30-35

Concerning methods established for determining the value of the property in the loan application, in April 2006 external independent expert appraisal (with an *in loco* inspection) was made compulsory for mortgage loans requested by private individuals (Small Business) or by legal entities above EUR 500,000.

Since July 2007 for loans below EUR 500,000 a desk appraisal performed by an affiliated professional is necessary (except for loans granted in relation to construction progress, which require external *in loco* appraisal since September 2008).

Since March 2012 the EUR 500,000 threshold was lowered to EUR 400,000.

Since September 2012 non-residential mortgage loans below EUR 400,000 require an external independent expert appraisal as well.

1.4 Disbursement

After the resolution according to which the loan is granted, the files will be transmitted to the Special Loans Sector.

During this stage, the applicable conditions and documentation available are further verified, with specific regards, for mortgage loans, to the property documentation, the technical appraisal and the notary documents for an additional control of the technical-legal aspects. The verification may result in a request for clarifications, further investigations, a review of the resolution and sometimes - in the most extreme cases - the revocation of the loan.

A public notary for mortgage loans is appointed for the task of providing the preliminary deed that will confirm the ownership of property by the borrower and that the same property is free from encumbrances. The insurance contract is usually signed at the same time as the loan is executed and in any case always prior to disbursement.

Once the contract has been executed and the required formalities have been completed in compliance with

the loan resolution, the amount is disbursed by the Special Loans Department to an account held by the borrower. Disbursement therefore takes place after completion of the formalities described above.

2. Loan management

2.1 Collection of instalments

The disbursment of the loan provides for the opening of a bank account in the name of the borrower at a branch of Banca Valsabbina and the individual installments will be paid by automatically debiting the bank account.

Payment of instalments can be made by Sepa Direct Debit too.

2.2 Monitoring and credit management procedures

2.2 1 Introduction

The Bank carefully monitors the loans in order to identify all positions showing negative elements and which may deteriorate over time, representing a potential loss.

Monitoring is the activity necessary for the detection and timely management of altered risk phenomena, through an aware, shared assessment of the critical issues detected, to avoid and/or limit situations of significant deterioration of the loans portfolio.

This activity takes place in the following stages:

- measurement of the level of risk;
- detection of abnormal positions;
- evaluation of the causes of anomalies and search for possible solutions.

In order to effectively monitor the loans, all existing legal and/or economic relations must be taken in consideration, along with the overall exposure of the individual borrower and any group of connected customers, as well as the technical forms used and guarantees in place.

The Branch Managers are responsible for ensuring the operative correctness of the accounts assigned to them in compliance with current provisions of law, operative regulations issued and autonomous powers of attorney granted within the bank.

In relation to the progressive critical issues assigned, the Loans Control Service assesses, requests and coordinates with the customer relations manager to determine the most appropriate activities aimed, in the short/medium-term, at overcoming difficulties and restoring loans to a performing status; by contrast, for lack of suitable economic-equity elements, it takes all action suitable to duly classifying the underlying loans to its own item and preparing the forms of protection necessary to better monitor the risk and effectively recover amounts outstanding.

With reference to the FCG Guarantee, the Bank continuously monitors the positions to promptly detect any negative event that may represent "risk events" that must be communicated to maintain the guarantee.

2.2.2 Risk assessment indexes

The Bank makes use of the Credit Rating System (C.R.S.), a management procedure provided by the outsourcer Cedacri, to assign a rating to each customer.

The primary objective of the application consists of the definition of a system of rating classes, aimed at assigning a probability of insolvency to each customer (PD – Probability of default), thereby enabling the bank to group its loans portfolio into homogeneous risk classes.

The term "Credit Rating System" (or CRS) is used to refer to an integrated system that evaluates the credit rating of the customer, fully analysing, in an integrated manner, all information useful to assessing this.

Customers are classified by means of the preventative identification of risk classes with the same probabilities of insolvency, on the basis of the following information:

- objective information concerning:

1. the customer's relationship with the bank;
2. the customer's performance towardsthe system (Bank of Italy CR, CRA: risk centre association);
3. the company financial statements.

- sector-related information.

The rating is of a predictive nature and the more the data and information recorded on file is complete, correct and timely, the more it is reliable: it can therefore be said that the purpose of the rating is not merely to "photograph" the probability of customer insolvency within a given time frame, but also that of monitoring the evolution over time, both on an individual level and in terms of the segment of origin.

CRS is not an Internal Rating Based Model in accordance with the credit risk regulatory framework.

3. Debt collection

Non-performing positions are managed by the Legal and Disputes Service, which is appointed to carry out all activities necessary to ensure an effective, timely collection of the loan both legally - to this end appointing external professionals and following the set-up and structure of the relevant procedures - and by means of out of court settlements - maintaining direct relations with the debtors that have been transferred to non-performing status.

The Legal Department consists of a Manager (a professionally qualified lawyer with ten years of legal experience, also outside the bank sector) and full-time lawyers (some qualified to work professionally).

The Legal department also provides consulting services to the Credit Control Service on specific with regards to the servicing of non-defaulted loans.

3.1 Allocation to non-performing account and general managerial aspects

The Regulator identifies as non-performing, all parties in a state of insolvency, even if not legally ascertained, or those in basically equivalent situations, regardless of any loss forecasts prepared by the business.

This is, therefore, regardless of whether or not any guarantees (collateral or personal) exist backing the loans. Allocation of a loan to non-performing status implies an assessment by the Bank of an overall customer financial position and cannot automatically ensue from a mere delay by the latter in paying the debt.

The most significant cases are given below:

- legally ascertained state of insolvency: bankruptcy, agreements with creditors, compulsory administrative liquidation, etc.;

- situations involving serious difficulties and such as to cause the Bank to take action to force collection.

Classification of loans as non-performing implies prior assessment of the customers' overall financial position, which must show both a specific state of default and a lack of solvency, such as to suggest the objective lasting impossibility of fulfilling the relevant obligations.

Transfer to non-performing status is arranged, in accordance with autonomous powers of attorney, by the Board of Directors, by the General Manager or by the Credit Control Service, depending on the amount.

Non-performing loans are legally managed by the Bank, which avails itself of a network of external lawyers or of debt collection agencies.

The accounting aspects of non-performing positions are managed, in accordance with and on the basis of the indications provided by the Legal Department, by the Bank's Administration, which takes care of all of the accounting activities required in the passage of a loan to the status of ‘non performing’..

The status of the individual collection procedures is promptly and directly reported to the Legal and Disputes Service, which guides, coordinates and controls collection activities; the above also takes place by means of a computer management software called ‘LaWeb’, implemented as from December 2010, and which enables constant dialogue, through a web interface, between the internal structure and external legal advisors.

The software is aimed at becoming increasingly the "single container" of each all information flows relating to the non-performing loans , containing, in a sort of electronic file that can be consulted by all parties involved in the process (Service employees, Service Manager, control departments, Management, staff of the Board of Directors, external lawyers, etc.), documents relating to correspondence, bank documentation and any guarantees acquired, mortgage surveys, chamber of commerce certificates, protests any commercial data, statements of account, property appraisals, legal deeds and provisions, which are gradually added by the employees and external lawyers.

To facilitate migration to a fully digitalised management of the process, as from September 2010 all new defaulted loan files have been scanned and made available on-line. Additionally, in May 2011, a massive scan was organised of the main documents of each dispute file existing as of that date.

3.2 General collection strategies and activities: (1) Out of court settlements

Out-of-court collection is aimed to achieve a settlement of the balance due by the debtor and guarantors, or rather the signing of a repayment plan to extinguish the loan. This approach is generally preferred for loans that are not backed by guarantees or assets that can be enforced, or which are backed by insufficient guarantees.

Where possible, the Bank privileges reaching agreements with debtors and/or guarantors, given the relatively lengthy terms of enforcement proceedings, the incidence of the costs and expenses involved in enforcement proceedings (even if covered by a careful legal expense limitation policy) and the risk of seeing the assets awarded at a price far below market value, with clear prejudice of collection forecasts.

When a debtor (or guarantor intending to free itself of its guarantee obligation) suggests such a transaction, the Bank analyses the proposal and chooses whether to accept or reject it.

The party proposing the resolutions is always the Legal Department, which carries out all investigations necessary aimed at verifying the value of the proposed settlement.

The assessment is carried out considering the amount and duration of the transaction proposed, the possibilities of obtaining collection from legal actions, the time necessary to conclude them and the incidence of legal expenses.

With reference to the positions guaranteed by the FCG Guarantee, the Bank starts the process of enforcement of such guarantee in accordance with *Fondo Centrale di Garanzia'*s rules.

3.3 General collection strategies and activities: (2) Legal collection (specifically, the collection of mortgage loans)

Should not out of court agreement be reached, the Bank will take all suitable legal action, including enforcement orders, or shall claim credits in bankruptcy proceedings or intervene in proceedings filed by third party creditors.

Legal collection consists of the forced realisation of assets and/or rights that the Bank already has or acquires following the exercise of pre-emption rights; legal claims are always assessed considering the relevant costs and benefits involved.

The different stages marking a compulsory collection procedure, with specific reference to loans brought by enforcement deed, such as, for example land or property mortgages, are highlighted below.

Order for payment

This consists of serving notice, through a Bailiff, of default, demanding compliance, resulting from an enforcement deed (generally payment of the amount demanded, inclusive of capital, interest and expenses including legal costs) within no fewer than ten days, with the warning that failure to comply will result in individual compulsory enforcement within ninety days of notice.

Property attachment

This represents the start of compulsory enforcement.

This is an injunction to the debtor, notified by a Bailiff, to abstain from any action aimed at removing the assets

subject to enforcement from the guarantee backing the loan. The debtor may avoid attachment by paying the bailiff the amount due plus expenses.

The proceedings, which are the responsibility of the Court, also establish a restriction on the debtor's asset, by request of the creditor; in other words, by this deed, the debtor forfeits his right to dispose of the asset that has been seized.

Attachment must take place at least ten days after notification of the order for payment, but within ninety days, at risk of inefficiency.

Entry on the registry

The attachment deed must be transcribed on the Property Registry; it therefore becomes enforceable against third parties, making it basically pointless for these, amongst other aspects, to register any additional mortgages on attached assets.

Filing of the sales application

By filing the sales application, which must take place from ten days to ninety days after the date on which the attachment is notified, the Enforcement Judge is asked to sell the seized assets.

Preparation of the mortgage survey documentation

The history of the property (change of ownership, mortgage entries and land registry data) for the last twenty years, must be documented by the Property Records and Land Registry Office with specific certification; this may be replaced by a notary's certificate in accordance with Italian Law no. 302/98. The census maps are also requested and filed, and, where the expropriation concerns lands, the certificate of intended purpose is also required.

The documentation must be filed with the Court Registry, which verifies that it is correct, within one hundred and twenty days (at risk of forfeiture) of the date on which the sales application is filed. At the same time or subsequently, the notice is served to creditors registered and to joint owners of undivided assets and the original notice is filed.

In July 2011, experimentation began of a partnership with the company Ribes of the Cedacri Group, concerning the supply of mortgage survey documentation for all proceedings involving courts other than the Court of Brescia, where the Bank uses a trusted notary with a view to limiting costs.

First appearance hearing

After filing the documentation, the Enforcement Judge schedules the hearing for a first appearance, at which it normally appoints the Court-Appointed Witness (CTU), who is in charge of preparing the estimate report.

Hearing for establishing the sales methods

After the CTU has filed his expert report, the Judge schedules a hearing of the parties and, if no irregularities and/or observations are seen on the expert report, orders the sale of the asset, schedules the date for the first auction and the method of sale (starting auction price and bidder requirements).

In accordance with current legislation, the sale may be delegated to a notary or other professional who prepares the sales order, schedules the public auctions, receives the amounts bad, provides the creditors and debtor with the compulsory notices and prepares the distribution plan.

Sales hearing

Should the first auction not be attended, subsequent auctions are held until the property is sold. Generally speaking, the starting price is dropped 25% from one auction to the next.

Hearing for approval of the distribution project and Distribution hearing

Once the distribution project has been prepared, the hearing is scheduled for its approval. Terms for obtaining the hearing approving the distribution project are approximately six/twelve months, although it may be further postponed if there are disputes as to the credit reasons presented by the proceeding party and/or those involved and on pre-emption rights. Should such disputes not be settled amicably, the Enforcement Judge

proceeds to issue an order.

If the creditor should act to collect a debt arising from a property loan, the successful third party bidder shall pay the balance of the price to the creditor directly, who, therefore, shall see the balance, up to the limits of the price granted, paid more quickly.

In the event of bankruptcy proceedings, the Enforcement Judge may accept a partial division in favour of privileged creditors with mortgage guarantees over the property sold.

Average terms for completion of property enforcement proceedings, promoted uninterruptedly, stand at around three years.

The duration of proceedings may depend not only on the speed of the Court, but also on the suspension of proceedings for the negotiation of settlements with the debtor, any bankruptcy of the party affected by the proceedings, the proposal to convert to attachment merely for the purpose of extending terms, the proposal of opposition by the enforced party or third parties or the establishment of divisional cases in the event of the compulsory sale of undivided shares.

Above all for properties for which the capacity with respect to the debt to be collected is in doubt, should time pass before legal proceedings are initiated, sometimes the preference is to intervene in any property expropriation proceedings that may be brought by third parties, in order to enforce its right to be satisfied ahead of other creditors.

3.4 Monitoring and closure of proceedings: Forecast losses and transfers to loss

The Legal and Disputes Service proposes a review of the doubtful outcomes and transfer to loss of positions to be classed as expenditure.

The following is considered when examining each procedure:

- the value of the property mortgaged in the Bank's favour, as can be seen from the technical documentation collected at the time of stipulating the loan, along with its type, intended purpose, location and possibility of realisation in enforcement;
- the overall debt exposure and legal risks of the position;
- the possibility of an economic recovery of the debtor, assessed according to the information available and, in particular with reference to any possible repayment plans with some of the joint-obliged parties.

Loans are generally written off in the following circumstances:

- if the main debtor is subject to bankruptcy proceedings;
- in the event of a settlement agreement, within the year in which the agreement is reached, for the part that has not been collected;
- in the event of legal collection, at the end of enforcement proceedings, when this has been entirely or partially unsuccessful, for the part that has not been collected.

3.5 Servicing activities

In addition to the abovementioned activities, Banca Valsabbina administers, collects and recovers the SME’s loans granted to its customers.

Furthermore, since 2016 Banca Valsabbina, in its capacity as servicer, has been carrying out the above-mentioned servicing activities in relation to SMEs loan receivables securitised in the securitisation transactions carried out by Valsabbina SPV 1 S.r.l. (2016), Valsabbina SME SPV S.r.l (2019), Valsabbina SME PLATFORM SPV S.r.l. (2020) and thus developing a deep expertise in the management of this type of receivables (in accordance with the requirements set out by Article 21(8) of Regulation (EU) 2017/2402).

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 see the section headed "*Description of the Transaction Documents - Servicing Agreement*".

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to Article 3 of the Securitisation Law, as a limited liability company (*società a responsabilità limitata*) with a sole quotaholder on 26 May 2021 under the name of Valsabbina SME 3 SPV S.r.l. and enrolled in the register of the *società veicolo* held by Bank of Italy pursuant to Article 4 of the Bank of Italy's Regulation dated 7 June 2017 No. 35823.4. The registered office of the Issuer is at Via V. Alfieri n. 1, 31015 Conegliano (Treviso), Italy. The fiscal code and enrolment number with the companies register of Treviso - Belluno is 05216160266. The Issuer's telephone number is +39 0438 360962.

The Issuer has no employees, operates under Italian law and under its by-laws it shall expire on 31 December 2100.

The authorised issued capital of the Issuer is Euro 10,000 fully paid up and fully owned by Stichting Denver.

Since the date of its incorporation, the Issuer has not commenced operations other than those incidental to its incorporation, authorising the issue of the Notes and the entering into the documents referred to in this Information Memorandum and matters which are incidental or ancillary to the foregoing.

To the best of its knowledge, the Issuer is not directly or indirectly owned or controlled, apart by its Sole Quotaholder. Italian company law combined with the holding structure of the Issuer, covenants made by the Issuer and its Sole Quotaholder in the Transaction Documents and the role of the Representative of the Noteholders are together intended to prevent any abuse of control of the Issuer.

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 securitisation transactions (*operazioni di cartolarizzazione*).

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in the Terms and Conditions (Condition 5.2 (*Further Securitisations*)).

So long as any of the Notes remain outstanding, the Issuer shall not, without the prior consent of the Representative of the Noteholders and as provided in the Quotaholder Agreement, incur any other indebtedness for borrowed monies (except in relation to any further securitisation carried out in accordance with the Terms and Conditions and the Transaction Documents) or engage in any business (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Terms and Conditions or the Intercreditor Agreement) or increase its capital.

The Issuer has covenanted to observe, *inter alia*, those restrictions set forth in Condition 5 (*Covenants*).

Management

The current Sole Director of the Issuer is Blade Management S.r.l., acting through its physical person designated Pierluigi Basso. The Sole Director was appointed in the deed of incorporation (*atto costitutivo*) of the Issuer on 26 May 2021. The business address of Blade Management S.r.l., in his capacity as Sole Director of the Issuer, is at Viale Italia No. 203, 31015 Conegliano (TV), Italy. The Sole Director does not perform outside the Issuer significant activities with respect to the Issuer.

Documents Available for Inspection

Copies of the following documents may be inspected during normal business hours at the registered office of each of the Issuer and of the Representative of the Noteholders:

(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 .

Capitalisation and Indebtedness Statement

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

Capital	Euro
Issued, authorised and fully paid up capital	10,000

Loan Capital	Euro
Class A Asset Backed Partly Paid Notes due July 2060	980,000,000
Class J Asset Backed Partly Paid Notes due July 2060	420,000,000
Total Loan Capital	**1,400,000,000**

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.

Financial statements

Since its date of incorporation the Issuer has not commenced operations and no statutory financial statements have been made up as at the date of this Information Memorandum . The Issuer's financial year end is 31 December of each calendar year. The first financial statements of the Issuer will be published with respect to the period ending on 31 December 2021.

BNP PARIBAS SECURITIES SERVICES

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

BNP Paribas Securities Services, Milan Branch shall act as Paying Agent and Account Bank pursuant to the Cash Allocation, Management and Payment Agreement.

The information contained herein relates to and has been obtained from BNP Paribas Securities Services, Milan Branch. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by 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 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.

BANCA FININT

Banca Finanziaria Internazionale S.p.A., *breviter* "BANCA FININT S.P.A.", a bank incorporated under the laws of Italy as a "*società per azioni*" with a sole shareholder (*società per azioni con socio unico*) incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies' register of Treviso-Belluno under no. 04040580963, VAT Group "Gruppo IVA FININT S.P.A." - VAT number 04977190265, with a share capital of Euro 71,817,500.00 (fully paid-up), registered in the Register of the Banks under number 5580 pursuant to Article 13 of the Consolidated Banking Act and in the Register of the Banking groups 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 and back-up servicer, back-up servicer facilitator, administrative services provider, calculation agent, cash manager and representative of the noteholders in several structured finance transactions.

In the context of the Securitisation, Banca Finint acts as Computation Agent, Representative of the Noteholders, Back-Up Servicer Facilitator and Corporate Servicer.

In respect of the provisions relating to the termination of the appointment of Banca Finint S.p.A. as Computation Agent, please see the section entitled "*Description of the Transaction Documents - Cash Allocation, Management and Payment Agreement*" paragraph "*Termination or resignation of the appointment of the Agents*".

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

USE OF PROCEEDS

The proceeds from the issue of the Notes, being equal to Euro 509,737,393.21, will be applied by the Issuer on the Issue Date to make the following payments:

(i) *First*, to credit the Retention Amount into the Expense Account,

(ii) *Second*, to credit Euro 5,038,687.06 into the Cash Reserve Account as Required Cash Reserve Amount;

(iii) *Third*, to credit Euro 800,000 into the Payments Account as Initial Expenses Amount;

(iv) *Fourth*, to pay to the Originator the Purchase Price of the First Initial Portfolio,

being understood that, after the payments set out in (i), (ii), (iii) and (iv) above, any remaining amount will be credited to the Payments 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 Representative of the Noteholders.

1. THE TRANSFER AGREEMENT

General

On 9 July 2021 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 Initial Portfolio. Pursuant to the Transfer Agreement:

(a) by 29 November 2021, the Originator will assign and transfer to the Issuer the Second Initial Portfolio, in accordance with the terms thereof;

(b) during the Revolving Period, the Originator may assign and transfer to the Issuer Further Portfolios, in accordance with the terms thereof.

The Receivables included in the First Initial Portfolio and to be included in the in the Second Initial Portfolio and the Further Portfolios (if any) have been and will be selected by the Originator on the basis of the Criteria (for further details, see the section entitled "*The 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 Initial Portfolio, the Second Initial Portfolio and each Further Portfolio is the aggregate of the individual purchase prices of all the Receivables comprised in such Portfolio (each an "**Individual Purchase Price**"). The Individual Purchase Price of each Receivable is equal to the Outstanding Principal as at the relevant Valuation Date, as indicated in Schedule 4 of the Transfer Agreement in respect of the First Initial Portfolio and in annex B to the relevant Offer in respect of the Second Initial Portfolio and any Further Portfolio.

First Initial Portfolio Purchase Price

The First Initial Portfolio Purchase Price is equal to Euro 503,868,706.15 and has been paid by the Issuer to the Originator on the Issue Date.

No interest has accrued on the First Initial Portfolio Purchase Price during the period between the date of the Transfer Agreement and the relevant date of payment.

Second Initial Portfolio Purchase Price

The Purchase Price of the Second Initial Portfolio will be funded through the Issuer Available Funds (also with the proceeds deriving from the Incremental Instalment) and will be paid by the Issuer to the Originator on the First Payment Date.

Further Portfolio Purchase Price

The Purchase Price of each Further Portfolio will be funded on the Payment Date immediately following the relevant Transfer Date through the Issuer Available Funds available for such purposes under the Priority of Payments, in any case up to the relevant Target Amount.

Purchase Conditions

Pursuant to the Transfer Agreement, the Issuer may purchase the Second Initial Portfolio and each Further Portfolio only if the Purchase Conditions set out in the Transfer Agreement and the Intercreditor Agreement will be satisfied as of the relevant Offer Date.

Purchase Termination Event

The occurrence of any of the Purchase Termination Events during the Revolving Period shall constitute a Purchase Termination Event.

Adjustment of the Purchase Price

The Transfer Agreement provides that:

(a) if, after the relevant Transfer Date, any of the loans included in the relevant Portfolio and transferred to the Issuer proves not to meet the Criteria, then the receivables relating to such loans will be deemed not to have been assigned and transferred to the Issuer pursuant to the Transfer Agreement; and

(b) if, after the Transfer Date, it transpires that any of the Loans meeting the Criteria has not been included in the relevant Portfolio and has not been transferred to the Issuer, then the Receivables relating to such Loans will be deemed to have been assigned and transferred to the Issuer pursuant to the Transfer Agreement and/or the relevant Offer.

The relevant Purchase Price shall be then adjusted in accordance with the provisions of the Transfer Agreement, provided that any amounts due and payable by the Issuer to the Originator as Adjustment Purchase Price will be paid out of the Issuer Available Funds, in accordance with the applicable Priority of Payments.

Undertakings of the Originator

The Transfer Agreement contains certain undertakings by the Originator in respect of the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out any activities with respect to the Receivables which may have an adverse effect on the Receivables and, in particular, not to assign or transfer (in whole or in part) the Receivables to any third party or to create any security interest, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables in the period of time between (i) in respect of the First Initial Portfolio, the date of proposal of the Transfer Agreement, and, in respect of the Second Initial Portfolio and any Further Portfolio, the date of proposal of the relevant Offer, by the Originator, and (ii) the date on which the relevant notice of sale is published in the Official Gazette and registered in the competent Companies Register. The Originator has also undertaken to refrain from any action which could cause the invalidity or a reduction in the amount of any of the Receivables and not to assign or transfer any of the Loan Agreements.

Under the Transfer Agreement the Originator has also undertaken to indemnify the Issuer in respect of the amounts to be paid by the Issuer for any claw-back actions (*azioni revocatorie*) of payments received by the Originator in respect of the Receivables prior to the relevant Transfer Date.

Subrogation

Under the Transfer Agreement the parties thereto have undertaken and agreed that, should a Debtor request the amendment of the terms and/or conditions of the relevant Loan, the Originator may accept such request by granting to the relevant Debtor a loan for the purpose of repayment in full of the original Loan. After the repayment in full of such Loan, the Originator will have the right to subrogate (i.e. replace) the Issuer in its rights in accordance with, *inter alia*, Article 1202 of the Italian Civil Code. The Originator may exercise such right provided that:

(a) it has not favoured, promoted or pressed for in any way the request to amend the terms and/or conditions of the relevant Loan raised by the relevant Debtor;

(b) the Debtor's request to amend the terms and/or conditions of the relevant Mortgage Loan has been formalised in writing, or the Debtor has submitted to the Originator a written statement issued by a bank different from the Originator showing the latter's intention to subrogate the Issuer in its rights in accordance with Article 1202 of the Italian Civil Code, as amended from time to time;

(c) the Receivable arising from the Loan in relation to which a Debtor has requested such amendment is not a non performing loan (*credito in sofferenza*) or a delinquent loan (*credito incagliato*) pursuant to the Servicing Agreement and the Credit and Collection Policies;

(d) the loan granted by it for the purpose of repaying the original Loan is granted at current market conditions; and

(e) the Issuer will receive from the relevant Debtor, for the purpose of repaying the original Loan, an amount equal to (i) the principal component of the relevant Loan and (ii) the interest accrued and not paid pursuant to such Loan, included any interest past due and not paid and any default interest.

Should the Originator intend to consent to any of such requests, and upon all the above conditions being satisfied, the Originator will promptly communicate in writing to the Issuer and the Servicer, if different from the Originator, the Receivable in relation to which the relevant Debtor has requested such amendment.

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 Brescia 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. **THE WARRANTY AND INDEMNITY AGREEMENT**

General

Pursuant to the Warranty and Indemnity Agreement entered into on 9 July 2021 between the Issuer and Banca Valsabbina, in its capacity as Originator, the Issuer has given certain representations and warranties in favour of the Originator in relation to itself, and Banca Valsabbina (a) has given certain representations and warranties in favour of the Issuer in relation to the Portfolio, and (b) has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

The Warranty and Indemnity Agreement contains representations and warranties by Banca Valsabbina in respect of the following categories:

(1) status and power to execute the relevant Transaction Documents;

(2) existence and legal ownership of the Receivables;

(3) transfer of the Receivables and Transaction Documents;

(4) Loan Agreements and Collateral Securities;

(5) Loans;

(6) compliance with Privacy Law;

(7) Collateral Securities and Insurance Policies;

(8) Real Estate Assets; and

(9) other representations and warranties (in compliance with the EU Securitisation Regulation and the EBA Guidelines on STS Criteria).

Representations and Warranties of the Originator

Under the Warranty and Indemnity Agreement Banca Valsabbina has represented and warranted, *inter alia*, as follows:

Existence and Legal Ownership of the Receivables:

- all the Receivables are valid and existing for the amount indicated in the relevant List of the Receivables (*Prospetto dei Crediti*);
- Banca Valsabbina has not assigned (whether absolutely or by way of security), participated, charged, transferred or otherwise disposed of any of the Loan Agreements, the Guarantees

and/or the Insurance Policies, or terminated, waived or amended any of the Loan Agreements, the Guarantees and/or the Insurance Policies or otherwise created or allowed creation or constitution of any further lien, pledge, encumbrance, security interest, arrangement or other right, claim or beneficial interest of any third party on any of the Loan Agreements, the Guarantees and/or the Insurance Policies other than those provided in the Transaction Documents to which it is a party;

Transfer of the Receivables and Transaction Documents:

- the transfer of the Receivables to the Issuer is in accordance with the Securitisation Law. The Receivables possess specific objective common elements such as to constitute a portfolio of homogenous monetary rights within the meaning and for the purposes of Securitisation Law, Bank of Italy Supervisory Regulations and the applicable law. The Criteria have been correctly applied in the selection of the Receivables;
- there are no clauses or provisions in the Loan Agreements, or in any other agreement, deed or document, pursuant to which Banca Valsabbina is prevented from transferring, assigning or otherwise disposing of the Receivables or of any of them;
- the transfer of the Receivables to the Issuer pursuant to the Transfer Agreement shall not impair or affect in any manner whatsoever the obligation of the relevant Debtors to pay the amounts outstanding in respect of any Receivables and the enforceability of the Mortgages and the Collateral Security;
- all the information supplied by Banca Valsabbina to the Issuer, the Arranger, and/or any other party of any of the Transaction Documents and/or the representative agents and consultants for the purpose or in connection with the Transaction Documents or the Securitisation, including, without limitation, with respect to the Loans, the Loan Agreements, the Receivables, the Real Estate Assets, the Collateral Security, as well as the application of the Criteria, is true, accurate and complete in every material respect and no material information available to Banca Valsabbina which may adversely impact on the Issuer has been omitted;

Loan Agreements and Collateral Securities:

- each Loan Agreement and each other agreement, Collateral Security, deed or document relating thereto is valid and effective and constitutes valid, legal and binding obligations of each party thereto enforceable in accordance with its terms;
- each of the Receivables and the Mortgages relating to the Mortgage Loans arises from agreements executed as public deeds (*atti pubblici*) drawn up by an Italian Notary Public or as private deeds subsequently notarised (*scritture private autenticate*);
- each Loan Agreement was entered into substantially in the same form as the standard form agreements used by Banca Valsabbina from time to time and in compliance with the lending and financial practices adopted by Banca Valsabbina from time to time, as described in the Credit and Collections Policies. After the execution of each Loan Agreement, the general conditions of such agreement were not substantially modified in respect of the standard form agreements used by the Originator;
- to the best knowledge of the Originator, each Loan Agreement, Collateral Security and other agreement, deed or document relating thereto has been executed and each Loan has been advanced in compliance with all applicable laws, rules and regulations, including, without limitation, all laws, rules and regulations relating to land credit ("*credito fondiario*" as defined in the Consolidated Banking Act), usury, compounding of interests personal data protection and disclosure at the time in force, as well as in accordance with the internal rules, including underwriting and origination guidelines and lending policies and procedures adopted from time to time by Banca Valsabbina. In particular, the Originator has executed all the forms of publicity, where applicable, provided by Article 116 of the Consolidated Banking Act and by the resolution issued on 4 March 2003 by the Comitato Interministeriale per il Credito ed il

Risparmio on the I.S.C. (*indicatore sintetico di costo*) and T.A.N. (*tasso annuo nominale*) and the relevant rate of interest and costs of the financing are clearly indicated in each Mortgage Loan;

- each Loan Agreement, Collateral Security and any other related agreement, deed or document was entered into and executed without any fraud (*frode*) or wilful misrepresentation (*dolo*) or undue influence by or on behalf of Banca Valsabbina or any of its directors (*amministratori*), managers (*dirigenti*), officers (*funzionari*) and/or employees (*impiegati*), which would entitle the relevant Debtor(s), Mortgagor(s) and/or other Guarantor(s) to claim against Banca Valsabbina for fraud or wilful misrepresentation or to repudiate any of the obligations under or in respect of the relevant Loan Agreement, Mortgage, Collateral Security or other agreement, deed or document relating thereto;

Loans:

- each Loan has been fully advanced, disbursed and drawn-down to or to the account of the relevant Debtor and there is no obligation on the part of Banca Valsabbina to advance or disburse further amounts in connection therewith;
- all the appraisals on Real Estate Assets (if any) have been made and signed by an appraiser duly qualified and enrolled with the relevant professional register; if such Loan has been granted on the basis of an appraisal made by an external appraiser to the Originator, such appraiser had, at any time, no direct or indirect interest in the relevant Real Estate Asset and the Loan Agreement; the compensation of such appraiser was not related or subject to the approval of the relevant Loan Agreement;
- all the Loans are performing (*in bonis*) according to the supervisory regulations of the Bank of Italy;
- as of the relevant Valuation Date no Loan fell within the definition of "non-performing exposures" under the Bank of Italy Supervisory Regulations or the Credit and Collections Policies; the scheduled amortisation plans disclosed to the Arranger are the up to date amortisation plans applied to the Debtors;
- the books, records, data and the documents relating to the Loan Agreements, the Receivables, all instalments and any other amounts paid or repaid thereunder have been maintained in all material respects complete, proper and up to date, and all such books, records, data and documents are kept by or are available to Banca Valsabbina. Furthermore, in relation to each Receivable, the Originator has files which contain (a) in master copy and in conformed copy form the Loan from which such Receivables, as the case may be, arise and, (ii) in relation to Loans secured by Collateral Securities, the Mortgage deeds, those deeds relating to Collateral Securities, any other probatory documents of the Receivable and the relevant judicial acts and acts of performance (*atti esecutivi*), if any;
- the List of the Receivables set out in Schedule 4 to the Transfer Agreement, in respect of the First Initial Portfolio, and in annex B to the relevant Offer, in respect of the Second Initial Portfolio and any Further Portfolio, is an accurate list of all of the Receivables comprised in such Portfolio and contains the indication of the Individual Purchase Price for each Receivable and the outstanding amount, as of the relevant Valuation Date, of each Loan out of which such Receivables arise and all information contained therein (including information on Mortgages and Real Estate Assets) is true and correct in all material respects;

Collateral Securities and Insurance Policies:

- each Collateral Security has been duly granted, created, registered, renewed (when necessary) and preserved, is valid and enforceable and has been duly and properly perfected, meets all requirements under all applicable laws or regulations and is not affected by any material defect whatsoever;
- each Collateral Security has been created simultaneously with the granting of the relevant

Loan. The "hardening" period (*periodo di consolidamento*) applicable to each Mortgage has expired and the relevant security interest created thereby is not capable of being challenged under any applicable laws and regulations whether by way of claw-back action or otherwise including, without limitation, pursuant to Article 67 of the Bankruptcy Law or Article 39 of the Consolidated Banking Act;

- Banca Valsabbina has not (whether in whole or in part) cancelled, released or reduced or consented to cancel, release or reduce any of the Mortgages except (i) to the extent such cancellation, release or reduction is in accordance with prudent and sound banking practice in Italy, and (ii) when requested by the relevant Debtor or Mortgagor in circumstances where such cancellation, release or reduction is required by any applicable laws or contractual provisions of the relevant Loan Agreement. No Loan Agreement contains provisions entitling the relevant Debtor(s) or Mortgagor(s) to any cancellation, release or reduction of the relevant Mortgage other than when and to the extent it is required under any applicable law and/or regulation;
- at least the 76% of the Mortgages is an "economic" first ranking priority mortgage (*ipoteca di primo grado economico*), meaning that the Mortgage is:
  - (i) a first ranking priority mortgage (*ipoteca di primo grado);* or
  - (ii) a mortgage which is not first ranking priority in relation to which the obligations granted by mortgages with higher rank have been repaid in full;
  - (iii) a mortgage granted on the same real estate asset on which a previous mortgage has been granted to secure a receivable transferred to the Issuer in accordance to the Warranty and Indemnity Agreement.
- each Mortgage is a security (*garanzia reale*) which secures the entire principal and interest amount (pursuant to Article 2855 of the Italian civil code) and any other collateral amount relating to the relevant Loan;
- Banca Valsabbina has not relieved or discharged any Debtor, Mortgagor or other Guarantor, has not entered into any agreement relating to composition, restructuring, rescheduling, which sets forth suspensions or *pactum de non petendum* for a certain time, or any subordination and/or waiver of rights of the Originator in relation to a Receivable, which are effective as of the Valuation Date and/or involve effects which may result in a subordination or waiver of rights, or subordinated its rights to claims of those of other creditors thereof, or waived any rights, except in relation to payments made in a corresponding amount in satisfaction of the relevant Receivables, save as set out in the List of the Receivables;
- each surety, pledge, collateral and other security interest constituting Collateral Security has been duly granted, created, perfected and maintained and is still valid and enforceable in accordance with the terms upon which it was granted and relied upon by Banca Valsabbina, meets all requirements under all applicable laws and regulations and is not affected by any material defect whatsoever;

Real Estate Assets:

- all of the Real Estate Assets were fully owned by the relevant Mortgagors, at the time the relevant Mortgages were registered;
- to the best of Banca Valsabbina's knowledge no claim has been made for adverse possession (including *usucapione*) in respect of any of the Real Estate Assets;
- to the best of Banca Valsabbina's knowledge there are no prejudicial registration, annotation (*iscrizioni o* trascrizioni *pregiudizievoli*) or third party claim in relation to any of the Real Estate Assets which may impair, affect or jeopardise in any manner whatsoever the relevant Mortgages, their enforceability and/or their ranking and/or any of the Issuer's related rights;
- to the best of Banca Valsabbina's knowledge there are no Real Estate Assets preliminary purchase agreements, or similar or analogous agreements, executed between Mortgagors and

third parties which have been registered with the competent land offices and registration offices;

- to the best of Banca Valsabbina's knowledge and belief, all the Real Estate Assets comply with all applicable laws and regulations concerning health and safety and environmental protection (*legislazione in materia di igiene, sicurezza e tutela ambientale*);
- to the best of Banca Valsabbina's knowledge and belief at the relevant Valuation Date the Real Estate Assets are not damaged and do not present any material defect, are in good condition and there are no pending or threatened proceedings;
- all the Real Estate Assets have been completed and are not under construction and the Debtors are not entitled to break down the relevant loan into instalments and fractionate the securing mortgage pursuant to Article 39 of the Consolidated Banking Act;
- risks of fire and explosion of the Real Estate Assets are covered by insurance policies for an amount at least equal to the value of the Real Estate Assets (as determined in the relevant appraisal), the premia for which have been fully and timely paid. The relevant indemnity may be settled upon Banca Valsabbina's prior authorisation;
- all the Real Estate Assets comply with all applicable planning and building laws and regulations (*legislazione edilizia, urbanistica e vincolistica*) or, otherwise, a valid petition of amnesty with reference to any existing irregularity had been duly filed with the competent authorities;
- all the Real Estate Assets are duly registered with the competent land offices and registration offices, in compliance with all applicable laws and regulations;
- all the Real Estate Assets comply with all applicable laws and regulations in matters of use (*destinazione d'uso*);
- each Real Estate Asset is located in Italy.

Other representations and warranties (in compliance with the EU Securitisation Regulation and the EBA Guidelines on STS Criteria)

- as of the relevant Valuation Date, each Receivable was fully and unconditionally owned by and available to Banca Valsabbina and was not subject to any lien (*pignoramento*), seizure (*sequestro*) or other charges in favour of any third party and was freely transferable to the Issuer;
- Banca Valsabbina has not assigned (whether absolutely or by way of security), participated, charged, transferred or otherwise disposed of any of the Loan Agreements, the Guarantees and/or the Insurance Policies, or terminated, waived or amended any of the Loan Agreements, the Guarantees and/or the Insurance Policies or otherwise created or allowed creation or constitution of any further lien, pledge, encumbrance, security interest, arrangement or other right, claim or beneficial interest of any third party on any of the Loan Agreements, the Guarantees and/or the Insurance Policies other than those provided in the Transaction Documents to which it is a party;
- the Receivables have been originated by the Originator or by the original lender in the course of their ordinary business; the Originator has more than 5 years of experience in the creation and subscription of similar exposures;
- as of the relevant Valuation Date and Transfer Date, the Receivables are based on legally binding obligations, fully enforceable against the Debtors and – if this is the case – against their guarantors;
- as of the relevant Valuation Date and Transfer Date, the Receivables are homogenous in respect of type of underlying assets.
- as of the relevant Valuation Date and Transfer Date, with reference to each Receivable, the relevant Debtor has made the payment for at least one instalment.

Each of the representations and warranties of the Originator under the Warranty and Indemnity Agreement have been made as of the Transfer Date of the First Initial Portfolio. However, such representations and warranties shall be deemed to be repeated and confirmed by the Originator (i) with reference to the First Initial Portfolio, on the Issue Date, (ii) with reference to the Second Initial Portfolio, on the First Payment Date, and (iii) with reference to each Further Portfolio, on the relevant Transfer Date (and on the Payment Date immediately following such Transfer Date), in each case with reference to the facts and circumstances then subsisting.

Limited Recourse Loan and Indemnities in favour of the Issuer

Pursuant to the Warranty and Indemnity Agreement, in the event of any misrepresentation or breach by Banca Valsabbina of any of its representations and warranties made under such agreement in relation to any Receivables included in the Portfolio (and to the extent such breach is not cured by Banca Valsabbina, within a period of 10 days from receipt of a written notice from the Issuer to that effect), Banca Valsabbina has undertaken to grant the Issuer, upon its first demand and within 10 Business Days from such demand, a Limited Recourse Loan in an amount equal to the sum of:

(a) the Outstanding Balance of the relevant Mortgage Loan as of the date on which the Limited Recourse Loan is granted; plus

(b) the costs and the expenses (including, but not limited to, legal fees and disbursements plus VAT, if applicable) incurred by the Issuer in respect of the relevant Receivable up to the date on which the Limited Recourse Loan is granted; plus

(c) the damages and the losses incurred by the Issuer as a consequence of any claim raised by any third party in respect of such Receivable until the date on which the Limited Recourse Loan is granted; plus

(d) an amount equal to the interest which would have accrued on the Outstanding Principal of the relevant Receivable (calculated at the rate of interest applicable to the Senior Notes according to the relevant Terms and Conditions) between the date on which the Limited Recourse Loan is granted and the date which falls on the last day of the relevant Collection Period (hereinafter, the "**Loan Value**").

The Limited Recourse Loan will constitute a non-interest bearing limited recourse advance made by Banca Valsabbina to the Issuer which shall be repayable by the Issuer to Banca Valsabbina only if and to the extent that the Receivable in respect of which the relevant Limited Recourse Loan is granted is collected or recovered by the Issuer.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its directors 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) any representations and/or warranties made by the Originator thereunder, being false, incomplete or incorrect;

(b) the failure by Banca Valsabbina to comply with any of its obligations under the Transaction Documents;

(c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against the Originator or right of termination by a Debtor and/or a Mortgagor and/or a Guarantor or the insolvency receiver of any Debtor or Mortgagor;

(d) the failure of the terms and conditions of any Loan on the Valuation Date to comply with the provision of Article 1283 or Article 1346 of the Italian Civil Code; or

(e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Loans up to the relevant Valuation Date.

Under the Warranty and Indemnity 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.

In the event of any Counterclaim being raised by a Debtor and/or a Mortgagor and/or a Guarantor or the insolvency receiver of any Debtor or Mortgagor in respect of any Receivable in the circumstances referred to in the Warranty and Indemnity Agreement including those referred to in the preceding paragraph under (c), (d) and (e) above, Banca Valsabbina shall give a notice thereof to the Issuer, specifying the amount of the Counterclaim and whether it is in Banca Valsabbina's view legally founded (hereinafter, the "**Counterclaim Accepted Amount**") or legally unfounded (hereinafter, the "**Counterclaim Disputed Amount**"). Following service of the notice, the Originator shall pay to the Issuer by transfer into the Payments Account an amount equal to the amount of the Counterclaim, together with interest accrued thereon from and including the date on which such amount should have been paid by the relevant Debtor (and/or Mortgagor and/or any Guarantor) to but excluding the date on which such amount is actually paid to the Issuer at an annual rate equal to the EURIBOR applicable during such period plus a margin of 2 per cent.. Any such payment made (i) to the extent it consists of a Counterclaim Accepted Amount, shall be deemed to constitute a payment on account of the indemnity obligation of the Originator and (ii) to the extent it consists of a Counterclaim Disputed Amount, shall be deemed to constitute a limited recourse advance made by the Originator to the Issuer which shall not accrue interest and which shall be repayable by the Issuer to the Originator if and to the extent that the amounts which are the subject of the relevant Counterclaim are actually paid to the Issuer by the relevant Debtor (and/or Mortgagor and/or any Guarantor).

Representations and Warranties of the Issuer

Under the Warranty and Indemnity 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 Warranty and Indemnity Agreement and the other Transaction Documents.

Limited Recourse

The Warranty and Indemnity Agreement provides that the obligations of the Issuer to make any payments thereunder, including the indemnity obligations of the Issuer shall be limited to the lesser of the nominal amount thereof and the Issuer Available Funds which may be applied by the Issuer in making such payment in accordance with the applicable Priority of Payments. The Originator acknowledges that the obligations of the Issuer contained in the Warranty and Indemnity Agreement will be limited to such sums as aforesaid and that it will have no further recourse to the Issuer in respect of such obligations.

Governing Law and Jurisdiction

The Warranty and Indemnity 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 Brescia shall have exclusive jurisdiction in relation to any disputes arising in respect of the Warranty and Indemnity Agreement (including a dispute relating to the existence, validity or termination of the Warranty and Indemnity Agreement or any non-contractual obligation arising out of or in connection with it).

3. **THE SERVICING AGREEMENT**

General

Pursuant to the Servicing Agreement entered into on 9 July 2021 between the Issuer and Banca Valsabbina, the Issuer has appointed Banca Valsabbina 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 daily 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 Valsabbina 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 Valsabbina shall also be responsible for ensuring that such operations comply with all applicable laws and the Information Memorandum pursuant to Article 2, paragraph 6 and 6-*bis* of the Securitisation Law.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Credit and Collections Policies, any activities related to the Management of the Defaulted Receivables, including activities in connection with the enforcement and recovery of the Defaulted Receivables.

Obligations of the Servicer

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

(a) to carry out the management, administration, collection and recovery of the Receivables, to manage the recovery of the Defaulted Receivables and to bring or participate in the relevant enforcement procedures in relation thereto in accordance with best professional skills;

(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 order to comply with the Servicing Agreement;

(d) not to authorise, other than in certain limited circumstances specified in the Servicing Agreement, any waiver in respect of any Receivables or other security interest, lien or privilege pursuant to or in connection with the Loan Agreements 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; and

(e) to ensure that the Usury Law will not be breached in carrying out its functions under the Servicing Agreement.

The activities to be carried out by the Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data. The Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement.

The Servicer has undertaken to use all due diligence to maintain all accounting records in respect of the Receivables and on the Defaulted Receivables and shall (i) supply all relevant information to the Issuer and the Corporate Servicer, and (ii) assist and cooperate with the Corporate Servicer to prepare the financial statements of the Issuer.

In the event of any material failure on the part of the Servicer to observe or perform any of its obligations under the Servicing Agreement, the Issuer and the Representative of the Noteholders shall be authorised to carry out all necessary activities to perform the relevant obligation in accordance with the terms thereunder. The Servicing Agreement provides that the Servicer will indemnify the Issuer from and against any cost and expenses incurred by them in connection with performance of the relevant obligation.

Pursuant to the terms of the Servicing Agreement, the Issuer has authorised the Servicer to execute settlement agreements or re-negotiate the terms of the Loan Agreements, to grant delay and assumptions (*accolli*) in relation to the payment obligations of the Debtors under the Loan Agreements, only in certain limited circumstances specified in the Servicing Agreement.

The Issuer and the Representative of the Noteholders have the right to inspect and take copies of the documentation and records relating to the Receivables in order to verify the performance by the Servicer of its obligations pursuant to the Servicing Agreement to the extent the Servicer has been

informed reasonably in advance of such inspection.

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

(a) the Credit and Collection Policies;

(b) the sound and prudent banking management *(sana e prudente gestione bancaria)* adopted by the Servicer in the management of its receivables;

(c) the EU Securitisation Regulation and the EBA Guidelines on STS Criteria;

(d) any laws and regulation applicable to the Receivables and/or the Servicer, including the Consolidated Banking Act, the Bank of Italy Supervisory Regulations, the Privacy Law and the Usury Law;

(e) the provisions of the Loans Agreements; and

(f) the instructions which may be given by the Issuer and, following a Trigger Notice, by the Representative of the Noteholders in compliance with any applicable laws and regulation.

The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement it will have no further recourse against the Issuer for any damages, losses, liabilities, costs or expenses incurred by the Servicer as a result of the performance of its obligations under the Servicing Agreement, except and to the extent that such damages are caused by the wilful default (*dolo*) or gross negligence (*colpa grave*) of the Issuer.

Renegotiations and Suspensions

Pursuant to the terms and conditions of the Servicing Agreement the Issuer has authorised the Servicer to enter into agreements in order to renegotiate, *inter alia:*

(a) the interest rate provided by the Loan Agreements, in respect of which the parties have agreed that from the Initial Valuation Date the Outstanding Principal of the Receivables whose interest rate can be renegotiated (as at the date on which the relevant renegotiation have been executed) will not exceed in any case the 13% of the Reference Portfolio;

(b) the amortisation schedule (*piano di ammortamento*), in respect of which the parties have agreed that from the Initial Valuation Date the Outstanding Principal of the Receivables whose amortisation schedule can be renegotiated (as at the date on which the relevant renegotiation have been executed) will not exceed in any case the 10% of the Reference Portfolio; and

(c) the early termination fee (*penale di estinzione anticipata*).

In addition, the Issuer has authorised Banca Valsabbina to agree with the Debtors the suspension of the payments of the Instalments due under the relevant Loan Agreement for a maximum period of 12 months and no more than once for each Receivables from the relevant Transfer Date, provided that the Outstanding Balance of the Receivables which can benefit of the suspension will not exceed 8% of the aggregate Outstanding Balance of the Collateral Portfolio as of the date of the suspension.

Reports of the Servicer

The Servicer has undertaken to prepare and deliver:

(a) to the Issuer, the Computation Agent, the Representative of the Noteholders, the Cash Manager, the Corporate Servicer and the Rating Agencies, on or prior to each Monthly Servicer's Report Date, the Monthly Servicer's Report (inserting all the dates and information provided for by Annex 1 to the Servicing Agreement);

(b) to the Issuer, the Computation Agent, the Representative of the Noteholders, the Account Bank, the Paying Agent, the Cash Manager, the Corporate Servicer and the Rating Agencies, on or prior to each Quarterly Servicer's Report Date, the Quarterly Servicer's Report (inserting all the dates and information provided for by Annex 2 to the Servicing Agreement); and

(c) to the Reporting Entity, on a quarterly basis by no later than the Transparency Report Date, the Transparency Loan Report setting out certain information in compliance with Article 7(1)(a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

The above reports shall set out detailed information in relation to, *inter alia*, the Collections in relation to the Receivables comprised in the Portfolio.

Servicing Fee

The Issuer will pay to Banca Valsabbina the following Servicing Fee, in accordance with the applicable Priority of Payments:

(a) for the supervision, administration, management and collection of the Receivables (excluding the activities of recovery and compliance under (b) and (c) below, respectively), on each Payment Date a fee equal to 0.01 per cent. *per annum* (plus VAT, if applicable) of the average of the Outstanding Balance of the Collateral Portfolio as of the start and the ending of the Collection Period immediately preceding the relevant Payment Date;

(b) for the supervision, administration, management and collection and recoveries of the Defaulted Receivables (excluding the activity of compliance under (c) below), on each Payment Date in respect of the Collection Period immediately preceding, a fee equal to 0.05 per cent. *per annum* (including VAT, if applicable) of the Collections made by the Servicer in respect of the Defaulted Receivables during the Collection Period immediately preceding the relevant Payment Date, net of any expenses in relation to such Collections; and

(c) for the activity of compliance (i.e. compliance with duties imposed by the applicable regulation and/or reporting and communication duties), on each Payment Date a fee equal to Euro 500 (plus VAT, if applicable).

The fees specified under paragraph (b) above are inclusive of any expenses (including, without limitation, the fees of external legal advisers) incurred by the Servicer in connection with the recovery of the Defaulted Receivables.

Termination of the appointment of the Servicer

The Servicer may not terminate its appointment before the Cancellation Date.

The Issuer may, at its sole discretion, terminate the Servicer's appointment and appoint a Successor Servicer if a Servicer Termination Event occurs. The Servicer Termination Events include, *inter alia*, the following events:

(a) an Insolvency Event occurs in respect of the Servicer;

(b) without prejudice to limb (d) below, a failure on the part of Banca Valsabbina to observe or perform any of its undertakings under any Transaction Documents to which it is party and such failure (i) could result into (upon discretion of the Representative of the Noteholders) a prejudice for the Issuer or the Noteholders, and (ii) is not remedied within 10 (ten) days after the receipt by the Servicer and the Representative of the Noteholders of a notice by the Issuer requiring the same to be remedied;

(c) any of the representations and warranties given by Banca Valsabbina under the Servicing Agreement and/or any other Transaction Document to which it is party proves to be false or misleading in any respect and this could be prejudicial (at the sole discretion of the Representative of the Noteholders) to the interests of the Issuer or the Noteholders;

(d) the Servicer fails to deposit or pay any amount due under the Servicing Agreement within 5 (five) Business Days from the day on which such amount is due (unless such failure is due to strikes, technical delays or other justified reason);

(e) it becomes illegal for the Servicer to perform any of its obligations under any of the Transaction Documents to which it is a party;

(f) a resolution providing for the voluntary winding up or cessation of activity is approved by the

competent body of the Servicer;

(g) the economic, financial and managing conditions of the Servicer deteriorate up to the point that, if the Servicer it is not replaced, there could be a downgrading of one or more Classes of Notes;

(h) the Servicer fails to maintain the legal requirements which are mandatory for its role under the Servicing Agreement in a securitisation transaction or other requirements which could be requested, in the future, by the Bank of Italy or any other relevant governmental or administrative authorities.

The Back-Up Servicer Facilitator

The Back-Up Servicer Facilitator has agreed under the Cash Allocation, Management and Payment Agreement to reasonably assist and cooperate with the Issuer in order to identify an eligible entity which available to be appointed as Successor Servicer under the Transaction Documents, in the event that the appointment of the Servicer is terminated in accordance with the terms and conditions of the Servicing Agreement.

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 Brescia 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).

4. THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT

General

Pursuant to the Cash Allocation, Management and Payment Agreement entered into on the Signing Date, the Computation Agent, the Account Bank, the Servicer, the Paying Agent, the Back-up Servicer Facilitator and the Cash Manager have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling, investment and cash management services in relation to monies and securities 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 Payments Account, the Cash Reserve Account and the Securities 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 Account Bank Eligible 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 Securities Account (if opened with the Account Bank).

In particular, the Account Bank, on each Account Bank Report Date shall deliver to the Issuer, the Representative of the Noteholders, the Cash Manager, the Corporate Servicer and the Computation Agent a copy of:

(a) the Account Bank Report setting out information concerning, *inter alia*, the transfers and the balances relating to the Eligible Accounts held with it during the relevant Collection Period, and

(b) the Securities Account Report setting out information concerning, *inter alia*, the transfers and the balances relating to the Securities Account held with it during the relevant Collection Period.

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

Cash Manager

The Cash Manager has agreed to provide the Issuer with certain cash management services in relation to the funds standing to the credit of the Eligible Accounts in the event that a Securities Account is opened by the Issuer. In such case, upon notification by the Account Bank that the cleared credit balance of any of the Eligible Accounts exceeds Euro 500,000, the Cash Manager shall, in the name and on behalf of the Issuer, select the Eligible Investments in which such credit balance (or most of it) will be invested and shall instruct the Account Bank accordingly (provided that: any such Eligible Investment has a maturity date falling not beyond the Eligible Investment Maturity Date and no deduction or withholding for or on account of any taxation in respect of such Eligible Investments is directly imposed and due by the Issuer). The Eligible Investments referred to above and related to the Collections to be distributed on the next Payment Date shall not be made in the period starting on the third Business Day preceding a Payment Date and ending on such Payment Date (both included).

Computation Agent

The Computation Agent has agreed to provide the Issuer with certain other calculation, monitoring and reporting services. The Computation Agent shall prepare on or prior to the Investors Report Date, the Investors Report setting out certain information with respect to the Notes. Following the service of a Trigger Notice by the Representative of the Noteholders, the Computation Agent shall, on behalf of the Issuer, calculate and prepare the Post Trigger 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 Payment. In addition, the Computation Agent shall prepare on each Calculation Date and deliver the Payments Report with respect to the relevant Collection Period. The Servicer shall monitor and supervise the Payments Report prepared by the Computation Agent.

The Back-Up Servicer Facilitator

The Back-Up Servicer Facilitator has agreed under the Cash Allocation, Management and Payment Agreement to reasonably assist and cooperate with the Issuer in order to identify an eligible entity which available to be appointed as Successor Servicer under the Transaction Documents, in the event that the appointment of the Servicer is terminated in accordance with the terms and conditions of the Servicing Agreement.

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, calculating the Rate of Interest, making payment to the Noteholders, 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.

Payments to Noteholders and Other Issuer Creditors

Under the Cash Allocation, Management and Payment Agreement, the Issuer will instruct the Account Bank to arrange for the transfer two Business Days prior to each Payment Date, of sufficient amounts, from the Eligible Accounts (other than the Payments Account) into the Payments Account as indicated by the Computation Agent and/or in the relevant Payments Report and, upon written instructions by the Issuer, the Account Bank shall make the payments in favour of the Paying Agent or the other Issuer's creditor and/or shall retain into the Payments Account the amounts indicated by the Computation Agent and/or specified in the relevant Payments Report. In particular:

(i) payments in favour of the Noteholders shall be made by transferring the full amount thereof to the Paying Agent to provide for such payments on such Payment Date; and

(ii) payments to the Other Issuer Creditors and any other third party creditors shall be made by the Account Bank on such Payment Date,

in each case to the extent that Issuer Available Funds are available for such purposes and in accordance with the applicable Priority of Payments. No payments may be made out of the Accounts which would thereby cause or result in such accounts becoming overdrawn.

Termination or resignation of the appointment of the Agents

The appointment of any of the Computation Agent, the Paying Agent, the Cash Manager, Back-Up Servicer Facilitator and the Account Bank may be terminated by the Issuer, subject to the prior written approval of the Representative of the Noteholders, upon three months written notice provided that the Issuer at all times maintains an agent carrying out the duties provided under the Cash Allocation, Management and Payment Agreement.

Each of the Computation Agent, the Paying Agent, the Cash Manager, Back-Up Servicer Facilitator and the Account Bank may resign from its appointment under the Cash Allocation, Management and Payment Agreement, upon giving not less than three months (or such shorter period as the Representative of the Noteholders may agree) prior written notice of termination to the Representative of the Noteholders, the Issuer and the other relevant parties thereto subject to and conditional upon, *inter alia*, a substitute Computation Agent, Paying Agent, Cash Manager, Back-Up Servicer Facilitator and Account Bank, as the case may be, being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, on substantially the same terms set out in the Cash Allocation, Management and Payment Agreement.

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 Brescia shall have exclusive jurisdiction in relation to any disputes arising in respect of the Cash Allocation, Management and Payment Agreement (including a dispute relating to the existence, validity or termination of the Cash Allocation, Management and Payment Agreement or any non-contractual obligation arising out of or in connection with it).

5. THE INTERCREDITOR AGREEMENT

General

On the Signing 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.

Priority of Payments

The Intercreditor Agreement also sets out, *inter alia*, the Priority of Payments to be applied by the Issuer in connection with the Securitisation.

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 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 Terms and Conditions, in relation to the management and administration of the Portfolio.

Purchase Conditions

Pursuant to the Transfer Agreement and the Intercreditor Agreement, the Issuer shall purchase the Second Initial Portfolio and each Further Portfolio only if the following Purchase Conditions will be

satisfied:

(1) all the Mortgage Loans in the Second Initial Portfolio or the relevant Further Portfolio are secured by a first economic ranking mortgage (*ipoteca di primo grado economico*) and the value of the relevant real estate asset (taken into account in determining the loan-to-value) is based on a full valuation carried out by an external appraiser;

(2) the current loan-to-value of each Mortgage Loan is equal to or lower than (i) 80% with reference to the Second Initial Portfolio or (ii) 60% with reference to any Further Portfolio;

(3) the Weighted Average Spread of the Second Initial Portfolio or the relevant Further Portfolio is equal to or higher than 1.8%.

The following conditions shall be satisfied in relation to the Aggregate Portfolio including the Second Initial Portfolio or the relevant Further Portfolio for which has been proposed the transfer:

(4) the Weighted Average Rate of the Portfolio shall be equal to or higher than 1.8%;

(5) at least 95% of the Receivables in respect of which is provided a floating rate interest are indexed to the three months Euribor;

(6) the Outstanding Balance of the Mortgage Portfolio shall not be higher than 25% of the Outstanding Balance of the Reference Portfolio;

(7) the Outstanding Balance of the Receivables comprised in the Non-Mortgage Portfolio which are covered by the FCG Guarantee shall not be lower than 85% of the Outstanding Balance of all the Receivables comprised in the Non-Mortgage Portfolio;

(8) the Weighted Average Guarantee of the Receivables comprised in the Aggregate Portfolio shall not be lower than 75%;

(9) the Outstanding Balance of the Receivables paying a monthly instalment shall not be lower than 90% of the Reference Portfolio;

(10) the Outstanding Balance of Receivables owed by the same Debtor or Group of Debtors shall not be higher than 1.0% of the Outstanding Balance of the Reference Portfolio;

(11) the Outstanding Balance of Receivables owed by the Top 20 Debtors or Group of Debtors shall not be higher than 12% of the Outstanding Balance of the Reference Portfolio;

(12) the number of Debtors or Group of Debtors in respect of Receivables included in the Aggregate Portfolio shall not be lower than 5,000;

(13) the Outstanding Balance of Receivables owed by Debtors indicated in section C - "*Attività Manifatturiere*" (Manufacturing Activities) of the ATECO categories shall not be higher than 40% of the Outstanding Balance of the Reference Portfolio;

(14) the Outstanding Balance of Receivables owed by Debtors indicated in section G - "*Commercio all'Ingrosso e al Dettaglio, Riparazione di Autoveicoli e Motocicli*" (Wholesale and Retail Trade, Repair of Motor vehicles and Motorcycles) of the ATECO categories shall not be higher than 25% of the Outstanding Balance of the Reference Portfolio;

(15) the Outstanding Balance of Receivables owed by Debtors indicated in section F - "Costruzioni" (Constructions) of the ATECO categories shall not be higher than 12% of the Outstanding Balance of the Reference Portfolio;

(16) the Outstanding Balance of Receivables owed by Debtors indicated in section L - "Attività Immobiliari" (Real Estate Activities) code 68.1 and 68.2 or in section F - "Costruzioni" (Constructions) code 41.1 of the ATECO categories shall not be higher than 12% of the Outstanding Balance of the Reference Portfolio;

(17) the Outstanding Balance of Receivables owed by Debtors belonging to each ATECO category excluding the category L and the categories mentioned above under (13) to (15), shall not be higher than 5% of the Outstanding Balance of the Reference Portfolio;

(18) the Outstanding Balance of the Receivables belonging to areas of economic activity defined by the first two figures of the 2007 ATECO code, as a percentage of the total amount of the Reference Portfolio, shall not be higher, respectively, than: a) 15% for the first area; b) 27% for the first two areas; c) 36% for the first three areas; d) 47% for the first five areas; e) 70% for the first ten areas;

(19) the Weighted Average Residual Life of the Aggregate Mortgage Portfolio shall not be higher than 12 years;

(20) the Weighted Average Residual Life of the Aggregate Non-Mortgage Portfolio shall not be higher than 5.5 years; and

(21) the Set Off Risk Exposure for all the Receivables included in the Aggregate Portfolio shall be lower than 13% of the Outstanding Balance of the Reference Portfolio.

The following two conditions shall be satisfied in relation to the Portfolio not including any Further Portfolio for which has been proposed the transfer:

(22) the Delinquency Ratio of the Portfolio as at the end of the immediately preceding Collection Period shall be lower than 6%; and

(23) if the Cumulative Gross Default Ratio calculated in relation to the Mortgage Portfolio as at the end of the Collection Period immediately preceding the Offer Date of the relevant Further Portfolio is higher than 2%, the relevant Further Portfolio shall include Non-Mortgage Loans only.

Purchase Termination Event

Upon the occurrence of any Purchase Termination Event, the Representative of the Noteholders shall serve a Purchase Termination Notice on the Issuer, the Originator and the Rating Agencies stating that a Purchase Termination Event has occurred.

After the service of a Purchase Termination Notice, the Revolving Period will be terminated, the Issuer shall refrain from purchasing any Further Portfolio and, unless the delivery of a Trigger Notice, the Pre-Enforcement Priority of Payments shall continue to be applied.

Disposal of the Portfolio upon Trigger Event

Following the service of a Trigger Notice and in accordance with the Terms and 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 Portfolio if:

(a) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the Senior Noteholders and amounts ranking in priority thereto or *pari passu* therewith or, if such amount would not be realised, a certificate issued by a reputable bank or financial institution or auditor stating that the purchase price for the Portfolio is adequate (based upon such bank's or financial institution's or auditor's evaluation of the Portfolio) has been obtained by the Issuer or by the Representative of the Noteholders;

(b) the relevant purchaser has obtained all the necessary approvals and authorisations;

(c) the relevant purchaser has produced:

  (i) a certificate signed by its legal representative stating that such purchaser is solvent, to be dated no more than 5 (five) Business Days before the date on which the Portfolio will be disposed;

  (ii) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register and dated no more than 5 (five) Business Days before the date on which the Portfolio will be disposed; and

  (iii) evidence of its solvency satisfactory to the Representative of the Noteholders.

In such 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 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.

Disposal of the Portfolio following the occurrence of a Tax Event

Following the occurrence of a Tax Event and in accordance with the Terms and 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 Portfolio or any part thereof to finance the early redemption of the relevant Notes under Condition 8.4 (*Redemption, Purchase and Cancellation – Redemption for Taxation*) if:

(a) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the holders of the Affected Classes or the Senior Noteholders, as the case may be, and amounts ranking in priority thereto or pari passu therewith;

(b) the relevant purchaser has obtained all the necessary approvals and authorisations;

(c) the relevant purchaser has produced:

  (i) a certificate signed by its legal representative stating that such purchaser is solvent, to be dated no more than 5 (five) Business Days before the date on which the Portfolio will be disposed;

  (ii) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than 5 (five) Business Days before the date on which the Portfolio will be disposed; and

  (iii) evidence of its solvency satisfactory to the Representative of the Noteholders; and

(d) the Rating Agencies have been notified in advance of such disposal.

In such 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 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 (in whole but not in part, as a block and at once) the Portfolio then outstanding on any Payment Date falling after the Quarterly Servicer's Report Date on which the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the Reference Portfolio. 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 Defaulted Receivables, the purchase price shall not be higher than their fair market value as at the date of repurchase, as determined by a third party arbitrator. 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.

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 needed by the Issuer to discharge in full all amounts owing to the Senior Noteholders and amounts ranking in priority thereto or *pari passu* therewith pursuant to the Priority of Payments.

Option to repurchase Individual Receivables

Under the Intercreditor Agreement, in order to maintain a good relationship 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 the option are not classifiable as "*deteriorati*" pursuant to the Bank of Italy Supervisory Regulations, the Adjustment Purchase Price provided for in case of erroneous inclusion of a receivable in the Portfolio, calculated, *mutatis mutandis*, in accordance with Article 4.2. (*Adeguamento del Corrispettivo nel caso di erronea inclusione di un credito*) of the Transfer Agreement;

(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 market value ("*valore di mercato*").

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

(a) in the event that the cumulative amount of the Outstanding Principal of all the Receivables transferred back to the Originator in such calendar year is higher than the 6% of the Reference Portfolio; and

(b) after the date in which the cumulative amount of the Outstanding Principal of all the Receivables transferred back to the Originator is higher than the 12% of the Reference Portfolio.

EU Securitisation Regulation

Under the Intercreditor Agreement, in order to satisfy the requirements provided for by Articles 20(1), 20(10) and 21(8) of the EU Securitisation Regulation, Banca Valsabbina, in its capacity as Originator and Servicer, has confirmed that:

(a) it is a credit institution (as defined in Article 4, paragraph 1, point (1) of the 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 the CRR) in the Republic of Italy;

(b) 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;

(c) 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;

(d) 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.

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 Brescia shall have exclusive jurisdiction in relation to any disputes arising in respect of the Intercreditor Agreement (including a dispute relating to the existence, validity or termination of the Intercreditor Agreement or

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

6. THE MANDATE AGREEMENT

General

On the Signing Date, the Issuer and the Representative of the Noteholders, have entered into the Mandate Agreement, pursuant to which, subject to a Trigger Notice being served or upon failure by the Issuer to exercise 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 non-monetary rights arising out of the Transaction Documents to which the Issuer is a party.

Governing Law and Jurisdiction

The Mandate 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 Brescia shall have exclusive jurisdiction in relation to any disputes arising in respect of the Mandate Agreement (including a dispute relating to the existence, validity or termination of the Mandate Agreement or any non-contractual obligation arising out of or in connection with it).

7. THE CORPORATE SERVICES AGREEMENT

General

On the Signing Date, 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 Brescia 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 QUOTAHOLDER AGREEMENT

General

On the Signing Date, the Issuer, the Originator, the Sole Quotaholder and the Representative of the Noteholders have entered into the Quotaholder Agreement. Pursuant to the Quotaholder Agreement, the Sole Quotaholder has given certain undertakings to the Representative of the Noteholders in relation to the management of the Issuer and the exercise of its rights as Sole Quotaholder of the Issuer.

The Sole Quotaholder has agreed not to dispose of, or charge or pledge, the quotas of the Issuer 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 Brescia 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).

9. THE STICHTING CORPORATE SERVICES AGREEMENT

General

On the Signing Date, the Issuer, the Quotaholder and the Stichting Corporate Services Provider entered into the Stichting Corporate Services Agreement.

Pursuant to the Quotaholder Corporate Services Agreement, the Stichting Corporate Services Agreement has agreed to provide the Quotaholder with certain administrative and corporate services.

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 the laws of Italy.

10. THE LETTER OF UNDERTAKINGS

General

On the Signing Date, the Issuer, the Originator and the Representative of the Noteholders have entered into the Letter of Undertakings.

Pursuant to the Letter of Undertakings, the Originator has undertaken to indemnify the Issuer in respect of certain tax charges which may be incurred by the Issuer at any time.

Governing Law and Jurisdiction

The Letter of Undertakings 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 Brescia shall have exclusive jurisdiction in relation to any disputes arising in respect of the Letter of Undertakings (including a dispute relating to the existence, validity or termination of the Letter of Undertakings or any non-contractual obligation arising out of or in connection with it).

THE ACCOUNTS

The Issuer shall at all times maintain the following accounts:

(a) a Euro denominated account, the "**Collection Account**" with IBAN: IT 53 C 03479 01600 000802511400, opened with the Account Bank for the deposit by the Servicer of all amounts received or recovered from the Debtors in accordance with the provisions of the Cash Allocation, Management and Payment Agreement;

(b) a Euro denominated account, the "**Payments Account**" with IBAN: IT 30 D 03479 01600 000802511401, opened with the Account Bank for the deposit of all amounts paid to the Issuer under any of the Transaction Documents (other than the Collections);

(c) a Euro denominated account, the "**Cash Reserve Account**" with IBAN: IT 07 E 03479 01600 000802511402, opened with the Account Bank for the deposit of the Required Cash Reserve Amount in accordance with the applicable Priority of Payments;

(d) a securities investment account, the "**Securities Account**", which may be opened by the Issuer with the Account Bank (or with any other Eligible Institution) in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with the monies standing to the credit of the Cash Eligible Accounts;

(e) a Euro denominated account, the "**Expense Account**" with IBAN: IT 57 P 03266 61620 000014102404, opened with Banca Finint, into which the Retention Amount shall be credited and out of which the Expenses will be paid during the Collection Period; and

(f) a Euro denominated account, the "**Quota Capital Account**" with IBAN: IT 34 A 03266 61620 000014100671, opened with Banca Finint for the deposit of the Issuer's quota capital.

The Collection Account, the Payments Account and the Cash Reserve Account are collectively referred to as the "**Cash Eligible Accounts**". The Cash Eligible Accounts and the Securities Account, are collectively referred to as "**Eligible Accounts**".

The Eligible Accounts, the Expense Account and the Quota Capital Account are collectively referred to as the "**Accounts**".

The Account Bank will be required at all times to be an Eligible Institution pursuant to the Cash Allocation, Management and Payment Agreement.

If the Account Bank ceases to be an Eligible Institution, such Account Bank shall promptly give notice of such event to the Issuer, the Corporate Servicer, the Computation Agent, the Servicer, the Rating Agencies and the Representative of the Noteholders and the Account Bank shall be required to procure, with the assistance and cooperation of the Issuer which shall take any reasonable step in this regard, within 45 calendar days that:

(i) another bank which is an Eligible Institution assume the role of Account Bank upon the terms of this Agreement and shall agree to become a party to the Intercreditor Agreement and of any other relevant Transaction Documents or, if not practicable, shall agree to act upon terms that shall not prejudice the interests of the Noteholders; and

(ii) the amounts or securities (as the case may be) standing to the credit of the relevant Eligible Accounts are transferred to the other new accounts opened by the Issuer with the new Account Bank.

The Issuer shall not make such transfers referred above if it receives a written confirmation from the Representative of the Noteholders, acting upon consultation with the Rating Agencies, that the then current rating of the Senior Notes should not be negatively affected.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Senior Notes (the "**Senior Notes Conditions**"). In these Senior Notes Conditions, references to the "holder" of a Senior Note or to the "Senior Noteholders" are to the ultimate owners of the Senior Notes, issued in bearer form and dematerialised and evidenced as book entries with Monte Titoli S.p.A. ("Monte Titoli") in accordance with the provisions of (i) Article 83-bis of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018.*

The € 980,000,000 Class A Asset Backed Partly Paid Notes due July 2060 (the "**Class A Notes**" or the "**Senior Notes**") and the € 420,000,000 Class J Asset Backed Partly Paid Notes due July 2060 (the "**Class J Notes**" or the "**Junior Notes**" and, together with the Senior Notes, the "**Notes**") have been issued by Valsabbina SME 3 SPV S.r.l. (the "**Issuer**") on 29 July 2021 to finance the purchase of a portfolio of receivables and related rights from Banca Valsabbina S.c.p.A. (the "**Originator**" or "**Banca Valsabbina**").

Partly Paid Notes

The Notes will be issued on a partly paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to these Senior Notes Conditions, the Subscription Agreements and the terms of the Transaction Documents, the Initial Instalment will be paid on the Issue Date by the Underwriters in partial payment for the Notes.

The principal source of payment of interest and of repayment of principal on the Notes will be the Collections made in respect of the Portfolio of Receivables arising out of certain mortgage and non-mortgage loan agreements purchased from time to time by the Issuer from the Originator.

The First Initial Portfolio

On 9 July 2021 the Issuer purchased the First Initial Portfolio from Banca Valsabbina the purchase price of which will be funded through the proceeds of the Initial Instalments on the Notes.

The Second Initial Portfolio

The Issuer has undertaken to purchase the Second Initial Portfolio in accordance with the provisions of the Transaction Documents. The Second Initial Portfolio will be purchased by the Issuer from the Originator using the Issuer Available Funds available for such purpose under the Priority of Payments, including the net proceeds of the Incremental Instalment (if any) which will be paid by the Noteholders on the Incremental Instalment Date, pursuant to the Subscription Agreements.

The Further Portfolios

During the Revolving Period the Issuer may purchase on a revolving basis Further Portfolios, in accordance with the provisions of the Transaction Documents. The Further Portfolios may be purchased by the Issuer using the Issuer Available Funds available for such purpose under the Priority of Payments.

STS Securitisation

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 Issue Date, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and may, after 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 Issue Date or at any point in time in the future. None of the Issuer, the Originator, the Reporting Entity, the Arranger, the Representative of the Noteholders or any other party to the Transaction Documents 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 in the future.

References to a Class of Notes

Any reference in these Senior Notes Conditions to a "**Class**" of Notes or a "**Class**" of holders of Notes shall be a reference to the Senior Notes or the Junior Notes, as the case may be, or to the respective holders thereof and any reference to any agreement or document shall be a reference to such agreement or

document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

1. INTRODUCTION

1.1 Definitions

Capitalised words and expressions in these Senior Notes Conditions shall, unless otherwise specified or unless the context otherwise requires, have the meanings set out in Condition 2 (*Interpretation and Definitions)*.

1.2 Senior Noteholders deemed to have notice of the Transaction Documents

The Senior 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 Senior Notes Conditions subject to the Transaction Documents

Certain provisions of these Senior Notes Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

1.4 Transaction Documents

1.4.1 *Transfer Agreement*

By the Transfer Agreement, the Originator has assigned and transferred to the Issuer all of its rights, title and interest in and to the First Initial Portfolio. In addition, the Originator (i) has undertaken to assign and transfer to the Issuer the Second Initial Portfolio by 29 November 2021, and (ii) may assign and transfer to the Issuer Further Portfolios during the Revolving Period and up to the end thereof, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

1.4.2 *Warranty and Indemnity Agreement*

By the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

1.4.3 *Servicing Agreement*

By the Servicing Agreement, the Servicer has agreed to administer service, collect and recover amounts in respect of the Portfolio on behalf of the Issuer. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (entity responsible for the collection of the assigned receivables and the cash and payment services) pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Information Memorandum pursuant to Article 2, paragraph 3(c) and Article 2, paragraph 6 *bis* of the Securitisation Law.

1.4.4 *Senior Notes Subscription Agreement*

By the Senior Notes Subscription Agreement, the Issuer has agreed to issue the Senior Notes and the Senior Notes Underwriter has agreed to subscribe for such Senior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca Finint, which has accepted, as Representative of the Noteholders.

1.4.5 *Junior Notes Subscription Agreement*

By the Junior Notes Subscription Agreement, the Issuer has agreed to issue the Junior Notes and the Junior Notes Underwriter has agreed to subscribe for such Junior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca Finint, which has accepted, as Representative of the Noteholders.

1.4.6 *Intercreditor Agreement*

By the Intercreditor Agreement, provision has been made as to, *inter alia*, (a) the application of the Issuer Available Funds in accordance with the Priority of Payments, (b) the limited recourse nature of the obligations of the Issuer, (c) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio, and (d) the circumstances in which the Issuer may dispose of the Portfolio.

1.4.7 *Cash Allocation, Management and Payment Agreement*

By the Cash Allocation, Management and Payment Agreement, the Agents have agreed to provide the Issuer with certain calculation, notification, reporting and agency services, together with account handling, investment and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payment Agreement contains also provisions for the payment of principal and interest in respect of the Notes.

1.4.8 *Mandate Agreement*

By the Mandate Agreement, the Representative of the Noteholders shall be authorised, subject to a Trigger Notice being served or upon failure by the Issuer to exercise its rights under the Transaction Documents, to exercise, 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.

1.4.9 *Quotaholder Agreement*

By the Quotaholder Agreement, the Sole Quotaholder has given certain undertakings to the other parties thereto in relation to the management of the Issuer and the exercise of its rights as Sole Quotaholder of the Issuer.

1.4.10 *Letter of Undertakings*

By the Letter of Undertakings, the Originator has undertaken to indemnify the Issuer in respect of certain tax charges which may at any time be incurred by the Issuer.

1.4.11 *Corporate Services Agreement*

By the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services, in compliance with any reporting requirements relating to the Receivables and with other requirements imposed on the Issuer.

1.4.12 *Master Definitions Agreement*

By the Master Definitions Agreement, the Issuer and the Other Issuer Creditors have agreed on the definitions of certain terms used in the Transaction Documents and the relevant principle of interpretation.

1.4.13 *Stichting Corporate Services Agreement*

By the Stichting Corporate Services Agreement, the Stichting Corporate Services Provider has agreed to provide the Quotaholder with certain administrative and corporate services.

1.5 **Transaction Documents available for inspection**

Copies of the Transaction Documents are available for inspection during normal business hours at the office of the Representative of the Noteholders, being, as at the Issue Date, Via V. Alfieri No. 1, 31015 Conegliano (Treviso), Italy.

1.6 **Rules of the Organisation of the Noteholders**

The Noteholders are deemed to have notice of, are bound by, and shall have the benefit of, *inter alia*, the terms of the Rules of the Organisation of the Noteholders which are attached to these Senior Notes Conditions as Exhibit 1 and which are deemed to form part of these Senior Notes Conditions.

The rights and powers of the Senior Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders.

1.7 **Representative of the Noteholders**

Each Senior Noteholder recognises that the Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and accepts to be bound by the terms of the Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

2. INTERPRETATION AND DEFINITIONS

2.1 **Interpretation**

In these Senior Notes Conditions, unless otherwise specified or unless the context otherwise requires:

(a) the exhibit hereto constitutes an integral and essential part of these Senior Notes 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 Senior Notes Conditions.

2.2 **Definitions**

Unless otherwise defined in these Senior Notes Conditions, capitalised words and expressions used in these Senior Notes Conditions have the following meanings and constructions:

"**Acceleration Event**" means the event triggered by one or more of the following:

(a) the Collateralisation Condition is not satisfied on the immediately preceding Payment Date or;

(b) a Purchase Termination Notice has been served by the Representative of the Noteholders or;

(c) the Issuer has terminated the appointment of Banca Valsabbina as Servicer following the occurrence of a Servicer Termination Event set forth in Clause 9.1 of the Servicing Agreement or;

(d) the Cumulative Gross Default Ratio exceeds 4% as of the end of the immediately preceding Collection Period.

"**Account**" means each of the Eligible Accounts, the Expense Account and the Quota Capital Account, opened by the Issuer, and "**Accounts**" means all of them.

"**Account Bank**" means BNP Paribas Securities Services, Milan Branch or any other entity acting as account bank pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

"**Account Bank Report**" means the monthly report setting out certain information with reference to each month, in respect of the amounts standing to the credit of each of the Eligible Accounts, the interest accrued thereon and taxes accrued and paid.

"Account Bank Report Date" means the tenth day of each month or, if such day is not a Business Day, the immediately following Business Day

"**Accounting Portfolio**" means, on any given date, the Receivables included in the Portfolio which have not been written-off on such date.

"**Accrued Interest**" means, as of any relevant date and in relation to any Receivable, the portion of the Interest Instalment falling due on the next Scheduled Instalment Date which has accrued as at that date.

"**Additional Screen Rate**" shall have the meaning ascribed to it in Condition 7 (*Interest*).

"**Adjustment Purchase Price**" means in relation to any Receivable transferred to the Issuer pursuant to the Transfer Agreement, but for which no purchase price was agreed upon transfer (in case of erroneous exclusion), an amount calculated in accordance with Clause 4.3 of the Transfer Agreement.

"**AIFM Regulation**" means the Regulation (EU) No. 231/2013 adopted on 19 December 2012 by the European Commission, as amended and supplemented from time to time.

"**Affected Class**" shall have the meaning ascribed to it in Condition 8 *(Redemption, Purchase and Cancellation)*.

"**Agency**" means the Revenue Agency – Regional Direction of Lombardy.

"**Agents**" means the Cash Manager, the Paying Agent, the Account Bank, the Back-Up Servicer Facilitator and the Computation Agent collectively, and "**Agent**" means each of them.

"**Aggregate Notes Formula Redemption Amount**" means, with respect to any Payment Date, the higher between (i) zero and (ii) an amount calculated in accordance with the following formula:

A + J - CP - R - E

Where:

A = the Principal Amount Outstanding of the Class A Notes on the day following the immediately preceding Payment Date;

J = the Principal Amount Outstanding of the Class J Notes on the day following the immediately preceding Payment Date;.

CP = the Collateral Portfolio Outstanding Principal on the last day of the immediately preceding Quarterly Collection Period;

R = the Cash Reserve Amount on the relevant Payment Date.

E= the Amortising Initial Expenses.

"**Amortised Initial Expenses**" means in respect of any Payment Date, an amount equal to the lower between (i) the number of Quarterly Collection Periods already elapsed, multiplied by the Initial Expenses Instalments and (ii) the Initial Expenses Amount.

"**Amortising Initial Expenses**" means in respect of any Payment Date, an amount equal to the difference (if positive) between the Initial Expenses Amount and the Amortised Initial Expenses.

"**Arranger**" means Banca Finint.

"***Avviso Comune***" means the common announcement for the suspension of debts of small and medium enterprises towards the finance sector subscribed on 3 August 2009 (as subsequently extended from time to time) by the Economy and Finance Ministry and the Italian Banking Association.

"Back-Up Servicer Facilitator" means Banca Finint and its permitted successors or transferees acting as back-up servicer facilitator pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

"**Banca Finint**" means Banca Finanziaria Internazionale S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, No.1, 31015 Conegliano (TV), Italy, share capital Euro 71,817,500.00 fully paid in, fiscal code and enrolment with the companies register of Treviso - Belluno under number 04040580963, VAT number No. 04977190265 and parent company of the Banca Finanziaria

Banking Group registered under No. 3266 with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**Banca Valsabbina**" means Banca Valsabbina S.C.p.A., a bank incorporated under the laws of the Republic of Italy, whose registered office is at Via Molino 4, 25078 Vestone (Brescia), Italy and headquarters in Via XXV Aprile 8, 25121 Brescia, Italy, share capital Euro 106,550,481, fiscal code No. 00283510170 and enrolment with the Companies Register of Brescia No. 00549950988, and parent company of the Banca Valsabbina Banking Group registered under No. 05116.9 with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act.

"**Bank of Italy Supervisory Regulations**" means the instructions and the circulars issued from time to time by the Bank of Italy and applicable to the Securitisation, the Servicer and/or the Issuer.

"**Base Rate**" means the interest rate that shall accrue on the Cash Eligible Accounts as per Article 3.4 of the Cash Allocation, Management and Payment Agreement.

"**BNP Paribas Securities Services**" means BNP Paribas Securities Services, *société en commandite par actions*, a company incorporated under the laws of France, having its registered office at 3 Rue d'Antin, 75002 Paris, France.

"**BNP Paribas Securities Services, Milan Branch**" means the Milan branch of BNP Paribas Securities Services, with offices at Piazza Lina Bo Bardi, No. 3, 20124 Milan, Italy.

"**Business Day**" means any day on which the Trans-European Automated Real Time Gross Settlement-Express Transfer System (TARGET2), or any successor thereto, is open.

"**Calculation Date**" means the fourth Business Day before the relevant Payment Date on which the Payments Report is due.

"**Call Option**" has the meaning given to such term in clause 5.1 of the Warranty and Indemnity Agreement.

"**Cancellation Date**" means the earlier of:

(a) the date on which the Notes have been redeemed in full,

(b) the Final Maturity Date; and

(c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer.

"**Cash Allocation, Management and Payment Agreement**" means the cash allocation, management and payment agreement executed on or about the Signing Date between, *inter alios*, the Issuer, the Computation Agent, the Account Bank, the Cash Manager, the Originator, the Servicer, the Back-Up Servicer Facilitator, the Representative of the Noteholders and the Paying Agent, 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 Eligible Accounts**" means the Collection Account, the Payments Account and the Cash Reserve Account and "**Cash Eligible Account**" means each of them.

"**Cash Manager**" means Finint Investments SGR or any other person acting as cash manager pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

"**Cash Manager Report**" means the report delivered by the Cash Manager on or prior the Cash Manager Report Date setting out certain information on the investments made.

"**Cash Manager Report Date**" means five Business Days before each Payment Date, if such day is not a Business Day, the immediately following Business Day.

"**Cash Reserve Account**" means the Euro denominated Account with IBAN IT 07 E 03479 01600 000802511402 established in the name of the Issuer with the Account Bank into which the Required Cash Reserve Amount shall be transferred on the Issue Date and thereafter on each Payment Date until any Principal Amount Outstanding under the Senior Notes is repaid in full.

"**Cash Reserve Amount**" means, on each Payment Date, the amount credited to the Cash Reserve Account.

"**Cash Reserve Increase Amount**" means in relation to the Incremental Instalment Date an amount equal to: the Cash Reserve Portfolio Ratio multiplied by the Outstanding Principal of the Collateral Portfolio (considering also the Second Initial Portfolio to be transferred on or upon the relevant Payment Date) reduced by the amount credited on the Cash Reserve Account as of the preceding Payment Date, being understood that should such amount be negative it shall be deemed to be equal to 0 (zero).

"**Cash Reserve Portfolio Ratio**" means 1%.

"**Class**" shall be a reference to a class of Notes, being the Class A or the Class J Notes and "**Classes**" shall be construed accordingly.

"**Class A Noteholder**" means the Holder of a Class A Note and "**Class A Noteholders**" means all of them.

"**Class A Notes**" means the € 980,000,000 Class A Asset Backed Partly-Paid Notes due July 2060.

"**Class A Notes Incremental Instalment**" means on the Calculation Date prior to the Incremental Instalment Date an amount equal to the difference between the Notes Incremental Instalment Amount and the Class J Notes Incremental Instalment.

"**Class A Notes Initial Instalment**" means Euro 356,816,175.25.

"**Class A Notes Redemption Amount**" means, as of the relevant Payment Date:

(a) in the event that no Acceleration Event has occurred, an amount equal to the lower of:

  (i) the Principal Amount Outstanding of the Class A Notes on the day following the Immediately preceding Payment Date; and

  (ii) the Aggregate Notes Formula Redemption Amount; or

(b) in the event that an Acceleration Event has occurred, the Principal Amount Outstanding in respect of the Class A Notes.

"**Class J Noteholder**" means the Holder of a Class J Note and "**Class J Noteholders**" means all of them.

"**Class J Notes**" means the € 420,000,000 Class J Asset Backed Notes due July 2060.

"**Class J Notes Incremental Instalment**" means on the Calculation Date prior to the Incremental Instalment Date an amount equal to the Notes Incremental Instalment Amount multiplied by the Junior Notes Ratio.

"**Class J Notes Initial Instalment**" means Euro 152,921,217.96.

"**Class J Notes Interest Amount**" means, the amount of interest payable on the Junior Notes on each Payment Date, which shall accrue during each Quarterly Collection Period and shall be calculated on each Calculation Date by reference to the residual Issuer Available Funds, if any,

after satisfaction of the items ranking in priority pursuant to the Priority of Payments on such Payment Date.

"**Class J Notes Redemption Amount**" means, as of the relevant Payment Date:

(a) in the event that no Acceleration Event has occurred, an amount equal to the lower of:

(i) the Principal Amount Outstanding of the Class J Notes on the day following the Immediately preceding Payment Date; and

(ii) the Aggregate Notes Formula Redemption Amount less the Class A Notes Redemption Amount; or

(b) in the event that an Acceleration Event has occurred, the Principal Amount Outstanding in respect of the Class J Notes.

"**Clearstream**" means Clearstream Banking, *société anonyme,* with registered office at 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

"**Collateral Portfolio**" means, on any given date, the aggregate of all Receivables owned by the Issuer which are not Defaulted Receivables as of that date, comprised in the Accounting Portfolio and, in respect of which no Limited Recourse Loan has been granted by Banca Valsabbina to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement.

"**Collateralisation Condition**" means the condition that will be deemed to be satisfied on any Payment Date if the sum of:

(a) the Outstanding Principal of the Collateral Portfolio as of the end of the immediately preceding Collection Period, including the Second Initial Portfolio or any Further Portfolio transferred to the Issuer on the immediately preceding Transfer Date;

(b) the Cash Reserve Amount credited to the Cash Reserve Account;

(c) the Principal Accumulation Amount credited to the Payments Account;

(d) the Amortising Initial Expenses,

is equal or higher than 95% of the Principal Amount Outstanding of the Notes on the relevant Payment Date (taking into account any repayment of principal made to the Noteholders on such Payment Date).

"**Collateral Portfolio Outstanding Principal**" means the sum of the Outstanding Principal of all the Receivables comprised in the Collateral Portfolio.

"**Collateral Securities**" means the Guarantees and the Mortgages, and "**Collateral Security**" means each of them.

"**Collected Insurance Premia**" means the Insurance Premia accrued and paid by each relevant Debtor during the relevant Quarterly Collection Period.

"**Collection Account**" means the Euro denominated Account with IBAN IT 53 C 03479 01600 000802511400 established in the name of the Issuer with the Account Bank for the deposit of all the Collections from time to time received or recovered in respect of the Portfolio by the Servicer in accordance with the provisions of the Servicing Agreement and the Cash Allocation, Management and Payment Agreement.

"**Collection Period**" means the Monthly Collection Period or a Quarterly Collection Period as the case may be.

"**Collections**" means all amounts received by the Servicer in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person in respect of the Receivables.

"**Common Criteria**" means the objective criteria for the selection of each Portfolio specified in annex 2 to the Transfer Agreement.

"**Computation Agent**" means Banca Finint or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time and any of its permitted successors or transferees.

"**Condition**" means a condition of the Senior Notes Conditions and/or the Junior Notes Conditions as the context may require.

"**CONSOB**" means *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 from time to time.

"**Conventions**" means, collectively, the Avviso Comune, the *Nuove Misure per il Credito alle Piccole e Medie Imprese* and the *Accordo per il Credito 2013*.

"**Corporate Servicer**" means Banca Finint or any other person acting as corporate servicer pursuant to the Corporate Services Agreement from time to time, and any of its permitted successors or transferees.

"**Corporate Services Agreement**" means the corporate services agreement executed on or about the Signing Date 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.

"**Counterclaim**" has the meaning set out in Clause 6.8 of the Warranty and Indemnity Agreement.

"**Counterclaim Accepted Amount**" has the meaning set out in Clause 6.8 of the Warranty and Indemnity Agreement.

"**Counterclaim Disputed Amount**" has the meaning set out in Clause 6.8 of the Warranty and Indemnity Agreement.

"**CRA Regulation**" means Regulation (UE) No. 1060/2009 as amended and supplemented from time to time.

"**CRD IV**" means the Directive 2013/36/UE adopted on 27 June 2013 by the European Parliament and the European Council which, repealed the so-called "Capital Requirements Directives" (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC) (as amended, the "**CRD**"), relating to, *inter alia*, exposures to transferred credit risk in the context of securitisation transactions.

"**Credit and Collections Policies**" means the procedures for the management, collection and recovery of Receivables attached as Schedule 4 to the Servicing Agreement.

"**CRR**" means the Regulation (UE) n. 575/2013 adopted on 27 June 2013 by the European Parliament and the European Council which repealed the CRD relating to, *inter alia*, exposures to transferred credit risk in the context of securitisation transactions, as amended and supplemented from time to time.

"**Criteria**" means, collectively, the Common Criteria and the Specific Criteria.

"**Cumulative Gross Default Ratio**" means at each Determination Date, the ratio between:

(a) the sum of the Outstanding Principal as at the Default Date of all the Receivables which have been classified as Defaulted Receivables from the Valuation Date up to such Determination Date; and

(b) the Reference Portfolio.

"**Cumulative Net Default Ratio**" means at each Determination Date, the ratio between:

(a) an amount equal to the difference between:

(i) the sum of the Outstanding Principal as at the Default Date of all the Receivables which have been classified as Defaulted Receivables from the Valuation Date up to such Determination Date; and

(ii) the sum of all the recoveries in respect of such Defaulted Receivables from the Default Date up to such Determination Date; and

(b) the Reference Portfolio.

"**DBRS**" means DBRS Ratings GmbH and any entity that is part of DBRS and any successor to the relevant rating activity.

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	**Moody's**	**S&P**	**Fitch**
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 Minimum Rating**" means:

(a) if a public long term rating by Fitch, a public long term rating by Moody's and a public long term rating by S&P in respect of the Eligible Investment or the Eligible Institution 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 ratings from such rating agencies (provided that (i) if such public long term rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below, and (ii) if more than one public long term 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 ratings shall be so disregarded);

(b) if the DBRS Minimum Rating cannot be determined under paragraph (a) above, but public long term 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 rating (provided that if such public long term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below);

(c) if the DBRS Minimum Rating cannot be determined under paragraphs (a) and (b) above, but public long term 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 rating (provided that if such public long term 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.

"**Debt Securities**" means, in relation to each Debtor:

(a) in the case of the assignment of a Further Portfolio comprising Receivables related to such Debtor has been proposed, the sum of the nominal value (as resulting on the Valuation Date of such Further Portfolio) of any debt securities issued by Banca Valsabbina and owned by such Debtor; or, in other cases,

(b) the lower of the sum of the nominal value (as resulting on each Valuation Date) of any debt securities issued by Banca Valsabbina and held by such Debtor.

"**Debtor**" means any Small and Medium Enterprise borrower and any other person or entity which entered into a Loan Agreement as principal debtor or guarantor which is liable for the payment or repayment of amounts due under a Loan Agreement, as the case may be, as a consequence of having granted any Guarantee to Banca Valsabbina or having assumed the borrower's obligation under an assumption (*accollo*), or otherwise and "**Debtors**" means all of them.

"**Decree No. 91**" means Italian Law Decree of 24 June 2014 No. 91, published on the Official Gazette on the same date and to be converted into Law within sixty days from its publication on the Official Gazette.

"**Decree No. 145**" means Italian Law Decree of 23 December 2013 No. 145 converted into law by Law No. 9 of 21 February 2014.

"**Decree No. 213**" means Italian Legislative Decree No. 213 of 24 June 1998, as amended and supplemented from time to time.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time and any related regulations.

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

"**Decree No. 350**" means Italian Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001, as amended and supplemented from time to time.

"**Decree No. 351**" means Italian Law Decree No. 351 of 25 September 2001, as amended and supplemented from time to time.

"**Decree No. 435**" means Italian Legislative Decree No. 435 of 21 November 1997, as amended and supplemented from time to time.

"**Decree No. 600**" means the Italian Presidential Decree No. 600 of 29 September 1973, as amended and supplemented from time to time.

"**Decree 600 Deduction**" means any withholding or deduction on account at the rate of 26% under Legislative D.P.R. No. 600 of 29 September 1973 as it is in force on the date of the Information Memorandum.

"**Default Date**" means the date on which a Receivable is classified as a Defaulted Receivable as indicated in the relevant Monthly Servicer's Report.

"**Defaulted Receivables**" means any Receivable arising from Loan Agreements having at least one Instalment due and unpaid for more than 360 days or which has been classified as being "*in sofferenza*" by the Servicer in accordance with the Bank of Italy Supervisory Regulations and the Collection Policies.

"**Delinquency Ratio**" means, with reference to each Quarterly Servicer Report Date, the ratio calculated by dividing: (a) the aggregate amount of the Outstanding Principal in relation to all the Receivables that are Delinquent Receivables as at the last day of the immediately preceding Quarterly Collection Period by (b) the aggregate Collateral Portfolio Outstanding Principal as at the last day of the immediately preceding Quarterly Collection Period.

"**Delinquent Instalment**" means an Instalment which remains unpaid by the Debtor in respect thereof for 31 days or more after the Scheduled Instalment Date.

"**Delinquent Receivables**" means any Receivable related to a Loan Agreement with respect to which there is at least one Delinquent Instalment and which are not classified as Defaulted Receivables.

"**Deposits**" means, in relation to each Debtor the higher amount between:

(a) in the case of the assignment of a Further Portfolio comprising Receivables related to such Debtor has been proposed, the balance (as resulting on the Valuation Date of such Further Portfolio) of any current accounts and deposit certificates opened with Banca Valsabbina by such Debtor; and

(b) all the amounts calculated as per point (a) above in the previous Valuation Dates.

"**Designated Repository**" means the securitisation repository where the information required by Article 7(1) is made available.

"**Determination Date**" means in respect of any Payment Date, the last day of the immediately preceding Quarterly Collection Period.

"**Dodd-Frank Act**" means the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted as a United States federal law in 2010, as from time to time amended and supplemented.

"**EBA Guidelines on STS Criteria**" means the guidelines on the criteria of simplicity, transparency and standardisation adopted by EBA on 12 December 2018 pursuant to the EU Securitisation Regulation and named "*Guidelines on the STS criteria for non-ABCP securitisation*".

"**Eligible Account**" means the Collection Account, the Payments Account, the Cash Reserve Account and the Securities Account and "**Eligible Accounts**" means all of them.

"**Eligible Institution**" means:

(a) any depository institution organised under the laws of any State which is a member of the European Union or of the United States; or

(b) any depository institution whose obligations under the Transaction Documents to which it is a party are guaranteed (on the basis of an unconditional, irrevocable, independent first demand guarantee) in compliance with DBRS and Moody's criteria by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America, having the following ratings (or such other rating being compliant with DBRS and Moody's published criteria applicable from time to time):

(i) with respect to Moody's: at least "Baa3" in respect of long-term or "P-3" in respect of short-term bank deposit ratings,

(ii) with respect to DBRS, at least BBB (low), considering:

(A) the greater of (a) the rating one notch below the insitution's Long-Term Critical obligations Rating ("COR") and (b) the long-term debt public rating; or

(B) if a COR is not currently maintained for the institution, the long-term debt public rating; or

(C) if there is no such public rating, a private rating supplied by DBRS; or

(D) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating.

"**Eligible Investments**" means:

(a) euro-denominated senior (unsubordinated) debt securities or other debt instruments but excluding for the avoidance of doubt credit linked notes; or

(b) repurchase transactions, to the extent that title to the securities underlying such repurchase transactions (in the period comprised between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer, between the Issuer and an Eligible Institution in respect of euro-denominated debt securities or other debt instruments but excluding for the avoidance of doubt credit linked notes; or

(c) account or deposit with a maturity date falling not later than the next succeeding Eligible Investments Maturity Date, held with an Eligible Institution; or

(d) securities lending transactions with the counterparty acting as borrower regulated under the Global Master Securities Agreements governed by English law provided that (i) the underlying securities comply with the requirements set out in paragraph (a) above, (ii) the counterparty acting as borrower of the Issuer acting as lender under the securities lending transaction is a credit institution (including, without limitation, the Account Bank) qualifying as an Eligible Institution, (iii) such securities lending transactions are immediately repayable on demand, disposable without penalty or loss or have a maturity date falling no later than the immediately following Eligible Investment Maturity Date and (iv) in case of downgrade of the relevant counterparty below the minimum ratings by Moody's or DBRS, the Issuer shall terminate in advance the securities lending transaction within 35 calendar days from the downgrade;

provided that, in all cases:

(i) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling on or before the next following Eligible Investments Maturity Date;

(ii) such investments provide a fixed principal amount at maturity (provided that such amount could be lower than the amount invested only in the case on which the rate of return of the relevant investment is equal or higher than the Base Rate); and

(iii) the debt securities or other debt instruments, or in the case of repurchase transactions, the debt securities or other debt instruments underlying the repurchase transactions, are issued by, or fully and unconditionally guaranteed on an unsubordinated basis by, an institution whose unsecured and unsubordinated debt obligations have at least the following ratings:

(1) with respect to Moody's ratings, either:

(A) "Baa3" in respect of long-term unsecured and unsubordinated debt or in the event of an investment which does not have a long-term rating,"P-3" in respect of short-term unsecured and unsubordinated debt

(B) instruments having such other lower rating being compliant with the Moody's published criteria applicable from time to time; and

(2) with respect to DBRS:

(A) with regard to investments having a maturity of less than, or equal to, 30 (thirty) calendar days, (a) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are rated at least "BBB (low)" in respect of long-term debt or "R-2 (middle)" in respect of short-term debt or (b) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the DBRS Minimum Rating of "BBB (low)" in respect of long-term debt; or

(B) with regard to investments having a maturity between 31 (thirty-one) calendar days and 90 (ninety) calendar days, (a) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are rated at least "A(low)" in respect of long-term debt or "R-1 (low)" in respect of short-term debt or (b) if the issuer or the guarantor (on the basis of an unconditional, irrevocable, independent first demand guarantee) of such investments are not rated by DBRS, the issuer or the guarantor of such investments has the DBRS Minimum Rating of "A (low)" in respect of long-term debt; or

(C) instruments having such other lower rating being compliant with the DBRS's published criteria applicable from time to time;

provided that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

"**Eligible Investments Maturity Date**" means, in relation to Collections to be distributed on a certain Payment Date, each day falling the second Business Day immediately preceding such Payment Date.

"**EMU**" means the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

"**ESMA**" means the European Securities and Market Authority.

"**ESTER**" means Euro Short Term Rate.

"**EU Insolvency Regulation**" means

(i) European Council Regulation (EC) No. 1346 of 29 May 2000 with reference to proceedings opened prior to 26 June 2017, and

(ii) European Council Regulation (EU) 848/2015, with reference to proceedings opened after 26 June 2017,

each as amended and supplemented from time to time.

"**EURIBOR**" shall have the meaning ascribed to it in Condition 7 (*Interest*).

"**Euro**", "**€**" and "**cents**" refer to the single currency introduced in the Member States of the European Union which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of the European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"**Euro-Zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by, *inter alia*, the Treaty on European Union (signed in Maastricht on 7 February 1992).

"**EU Securitisation Regulation**" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017.

"**Expense Account**" means the account with IBAN IT57 P 03266 61620 000014102404 established by the Issuer with Banca Finint, into which the Retention Amount shall be credited and out of which the Expenses will be paid during each Quarterly Collection Period.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation, and any other documented costs and expenses required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation to be paid *pro quota* in accordance with Article 5.5 of the Corporate Services Agreement.

"**Expert**" means an internationally recognised accountancy or a legal firm or a company with expertise in the recovery of claims, in each case selected by the Issuer.

"**ExtraMOT**" means the multilateral trading facility managed by Borsa Italiana S.p.A..

"**Extraordinary Resolution**" means a resolution passed at a Meeting of the relevant Noteholders, duly convened and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders, by a majority of not less than three quarters of the votes cast.

"**FCG Guarantee**" means the FCG's guarantee established by Italian law No. 662 of 23 December 1996.

"**FCG Guarantee Ratio**" means the FCG's guarantee coverage of each loan for which an FCG Guarantee has been established.

"**Final Maturity Date**" means the Payment Date falling on 28 July 2060.

"**Financial Laws Consolidated Act**" means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

"**Finint Investments SGR**" means Finanziaria Internazionale Investments SGR S.p.A. a company incorporated under the laws of Italy having its registered office at Via V. Alfieri No. 1, 31015 Conegliano (Treviso), Italy.

"**First Initial Portfolio**" means the first portfolio of Receivables purchased by the Issuer on 9 July 2021 pursuant to the terms and conditions of the Transfer Agreement.

"**First Initial Portfolio Purchase Price**" means the Purchase Price of the First Initial Portfolio, equal to the sum of the Individual Purchase Price of each Receivable comprised in such First Initial Portfolio for a total amount of Euro 503,868,706.15.

"**First Payment Date**" means the Payment Date falling on 29 November 2021.

"Fitch" means Fitch Ratings Ltd.

"**Fondiari Loans**" means the medium-long term Mortgage Loans granted by Banca Valsabbina in accordance with the provisions regulating fondiari loans set out in Articles 38 and subsequent of the Consolidated Banking Act and the relevant regulatory provisions and "**Fondiario Loan**" means each of them.

"**FSA**" means the government agency that regulates investment business in the United Kingdom as required by Financial Services and Markets Act issued in the United Kingdom.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**Further Portfolio**" means any portfolio of Receivables purchased by the Issuer, after the Second Initial Portfolio during the Revolving Period, pursuant to the Transfer Agreement and the other Transaction Documents.

"**Further Securitisation**" means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance the Condition 5.2 and the other Transaction Documents and "**Further Securitisations**" means all of them.

"**GDPR**" means Regulation (EU) 2016/679 of 27 April 2016.

"**Group of Debtors**" means Debtors belonging to the same economic group of companies.

"**Guarantee**" means any security (including the Mortgages), surety, indemnity, representation, retention of title provision or any other agreement or arrangement securing the payment of a Receivable (including, without limitation, the FCG Guarantee), given to the Originator as a guarantee for the repayment of such Receivable, including, without limitation, "*privilegi legali e convenzionali*" pursuant to Articles 44 and 46 of the Consolidated Banking Act.

"**Guarantor**" means any person, other than a Mortgagor, who has granted a Guarantee.

"**Holder**" of a Note means the beneficial owner of a Note.

"**Incremental Buffer**" means an amount equal to the difference between the nominal amount of the Notes and the Initial Instalment.

"**Incremental Instalment**" means the incremental instalment on the Notes to be paid by the Noteholders on the Incremental Instalment Date in accordance with the Conditions and the Subscription Agreements in order to fund the purchase of the Second Initial Portfolio and the Cash Reserve Increase Amount.

"**Incremental Instalment Date**" means the First Payment Date.

"**Incremental Instalment Request**" means the report prepared by the Issuer, with the cooperation of the Computation Agent, on the Incremental Instalment Request Date setting out certain (i) further information relating the Second Initial Portfolio and (ii) information relating to the Incremental Instalment.

"**Incremental Instalment Request Date**" means the Calculation Date falling in November 2021.

"**Incremental Target**" means an amount equal to the result of the following formula:

Incremental Buffer * (1- Cash Reserve Portfolio Ratio).

"**Individual Purchase Price**" means the price of each Receivable purchased by the Issuer pursuant to the Transfer Agreement, as indicated in Schedule 3 of the Transfer Agreement in respect of the First Initial Portfolio and in Schedule B of the relevant Offer in respect of the Second Initial Portfolio and any Further Portfolio, with the aggregate of the Individual Purchase Prices being equal to the relevant Purchase Price.

"**Information Memorandum**" means the information memorandum prepared pursuant to Article 2 of the Securitisation Law in connection with the issue of the Notes.

"**Initial Expenses Amount**" means an amount equal to Euro 800,000 being the sum of all the upfront expenses incurred by the Issuer in order to carry out the Securitisation.

"**Initial Expenses Instalment**" means an amount equal to Euro 66,666.67.

"**Initial Instalment**" means the initial instalment on the Notes to be paid by the Underwriters on the Issue Date in accordance with the Conditions and the Subscription Agreements in order to fund the purchase of the First Initial Portfolio and the Required Cash Reserve Amount.

"**Initial Interest Period**" means the period comprised between (i) the Issue Date (included) and (ii) the First Payment Date (excluded).

"**Initial Valuation Date**" means the Valuation Date of the First Initial Portfolio being 30 June 2021.

"**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, or is failing or is likely to fail pursuant to article 17 of Legislative Decree No. 180 of 16 November 2015 (if applicable), or has entered into a "*concordato*" with its creditors or other debt restructuring arrangements (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 (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being 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 respect to each Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"**Insurance Policy**" means an insurance policy taken out in relation to each Real Estate Asset having the Originator as beneficiary.

"**Insurance Premia**" means any amount to be paid as insurance premia under an Insurance Policy.

"**Intercreditor Agreement**" means the agreement executed on the Signing Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders), the Originator, the Servicer, the Account Bank, the Cash Manager, the Corporate Servicer, the Stichting Corporate Services Provider, the Sole Quotaholder, the Senior Notes Underwriter, the Junior Notes Underwriter, the Back-Up Servicer Facilitator, the Paying Agent and the Computation Agent, 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, with respect to the Initial Interest Period, the date falling two Business Days prior to the Issue Date and with respect to each subsequent Interest Period, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period.

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

"**Interest Payment Amount**" has the meaning given to it in Condition 7.3 (*Interest - Determination of Rates of Interest and Calculation of Interest Payments*).

"**Interest Period**" means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

"**Investors Report**" means the quarterly report issued by the Computation Agent on the Investors Report Date, setting out certain information with respect to the Senior Notes.

"**Investors Report Date**" means the third Business Day after each Payment Date.

"**IRAP**" means the regional tax on productive activities.

"**IRES**" means *imposta sul reddito delle società* applied on the corporate taxable income.

"**Issue Date**" means 29 July 2021.

"**Issue Price**" means the following percentages of the principal amount of the Notes at which the Notes will be issued:

Class *Issue Price*

Class A100 per cent;

Class J 100 per cent.

"**Issuer**" means Valsabbina SME 3 SPV S.r.l..

"**Issuer Available Funds**" means, in respect of any Payment Date, the aggregate amounts of:

(a) any Collection and all amounts received or recovered by the Issuer or on behalf of the Issuer in accordance with the terms of the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement and the Intercreditor Agreement, or from any party to the Transaction Documents during the Collection Period immediately preceding the relevant Payment Date (including but not limited to, for the avoidance of any doubt, all amounts (i) received from the sale, if any, of the Portfolio (in whole or in part) together with any proceeds deriving from the enforcement of the Issuer's Rights, and (ii) collected or recovered by the Issuer under Clause 4.2 of the Warranty and Indemnity Agreement (i.e. the limited recourse loan granted by Banca Valsabbina));

(b) all amounts of interest accrued and paid on the Collection Account, the Payments Account and the Cash Reserve Account (if any) during the Collection Period immediately preceding the relevant Payment Date;

(c) all amounts deriving from the Eligible Investments made under the terms of the Cash Allocation, Management and Payment Agreement due to be paid on the Eligible Investments Maturity Date immediately prior to the relevant Payment Date;

(d) any and all other amounts standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account following the payments required to be made from such accounts on the immediately preceding Payment Date;

(e) the Incremental Instalment to be paid by the Noteholders on the Incremental Instalment Date, in accordance with the Subscription Agreements.

"**Issuer Creditors**" means (i) the Noteholders; (ii) the Other Issuer Creditors; and (iii) any other third party creditors of the Issuer in respect of any taxes, costs, documented fees or expenses incurred by the Issuer in relation to the Securitisation and to the corporate existence and good standing of the Issuer according to the applicable laws and legislation.

"**Issuer's Rights**" mean the Issuer's rights under the Transaction Documents.

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

"**Italy**" means the Republic of Italy.

"**Junior Noteholder**" means the holder of a Junior Note and "**Junior Noteholders**" means all of them.

"**Junior Notes**" means the Class J Notes.

"**Junior Notes Conditions**" means the terms and conditions of the Junior Notes, 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.

"**Junior Notes Subscription Agreement**" means the subscription agreement in relation to the Junior Notes executed on or about the Issue Date between Banca Valsabbina, as underwriter, the Issuer 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.

"**Junior Notes Ratio**" means 30%.

"**Junior Notes Underwriter**" means Banca Valsabbina as underwriter for the Junior Notes under the Junior Notes Subscription Agreement.

"**Letter of Undertakings**" means the letter of undertakings entered into on the Signing Date between the Issuer, the Representative of the Noteholders and Banca Valsabbina, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Law 662**" means article 2, paragraph 100, letter A) of law No. 662 of 23 December 1996, which established the guarantee fund for the loans granted to small and medium enterprises, included the relevant enacting decrees and the regulations issued from time to time in relation to such guarantee fund and the transaction connected thereto.

"**Limited Recourse Loan**" means the limited recourse loan advanced by Banca Valsabbina to the Issuer pursuant to Clause 4.1 of the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Banca Valsabbina pursuant to the Warranty and Indemnity Agreement which is not cured within a period of 10 Business days, in an amount equal to the Loan Value.

"**List of the Receivables**" means the list of the Receivables attached under schedule 4 to the Transfer Agreement in respect of the Receivables included in the First Initial Portfolio, or under annex B to the relevant Offer, in respect of the Receivables included in the Second Initial Portfolio and in the Further Portfolios.

"**Loan**" means a commercial loan granted by Banca Valsabbina to a borrower, the receivables in respect of which have been transferred by Banca Valsabbina to the Issuer pursuant to the Transfer Agreement and "**Loans**" means all of them.

"Loan Agreements" means the commercial loan agreements pursuant to which the Loans have been granted and out of which the Receivables arise and **"Loan Agreement**" means each of them.

"**Loan Value**" means in respect of any Loan, (a) the Outstanding Balance of the relevant Loan as of the date on which the Limited Recourse Loan is granted, plus (b) the costs and expenses (including, but not limited to, legal fees and disbursements plus VAT, if applicable) incurred by the Issuer in respect of the relevant Receivable up to the date on which the Limited Recourse Loan is granted, plus (c) the damages and the losses incurred by the Issuer as a consequence of any claim raised by any third party in respect of such Receivable up to the date on which the Limited Recourse Loan is granted, plus (d) an amount equal to the interests which would have accrued on the Outstanding Principal of the relevant Receivable (calculated at the rate of interest applicable to the Senior Notes according to the relevant Terms and Conditions) between the date on which the Limited Recourse Loan is granted and the following (i) Payment Date immediately following the payment date pursuant to article 4.1 of the Warranty and Indemnity Agreement and (ii) the Payment Date following 18 months and 1 day from the Issue Date.

"**Management of the Defaulted Receivables**" means any activities related to the management of the Defaulted Receivables.

"**Mandate Agreement**" means the mandate agreement executed on the Signing Date between the Issuer 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.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors.

"**Meeting**" means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

"**Member State"** means, with reference to the European Union, a state that is party to treaties of the European Union (EU) and has thereby undertaken the privileges and obligations that EU membership entails.

"**Monte Titoli**" means Monte Titoli S.p.A., with registered office at Piazza Affari No. 6, 20123 Milan, Italy.

"**Monte Titoli Account Holders**" 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.

"**Monte Titoli Mandate Agreement**" means the agreement entered into before the Signing Date between the Issuer and Monte Titoli, whereby Monte Titoli agrees to provide the Issuer with certain depository and administration services in relation to 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.

"**Monthly Collection Period**" means each period of one month, commencing on (and including) the first calendar day of each month and ending respectively on (and including) the last calendar day of each month, and in the case of the first Monthly Collection Period, commencing on (and excluding) the Initial Valuation Date and ending on (and including) 31 July 2021.

"**Monthly Servicer's Report**" means the monthly report setting out certain information in relation to the performance of the Receivables and the Loans during the preceding Monthly Collection Period which shall be delivered by the Servicer on each Monthly Servicer's Report Date pursuant to the Servicing Agreement.

"**Monthly Servicer's Report Date**" means the fifteenth day of each month or, if such day is not a Business Day, the immediately following Business Day and, in the case of the first Monthly Servicer's Report Date, 16 August 2021.

"**Moody's**" means Moody's Investors Service España S.A..

"**Mortgage Loans**" means the Loans which are secured by a Mortgage, including the Fondiari Loans secured by a Mortgage, and "**Mortgage Loan**" means each of them.

"**Mortgage Portfolio**" means all the Receivables comprised in the Portfolio deriving from Mortgage Loans.

"**Mortgages**" means the mortgage securities (*ipoteche*) created on the Real Estate Assets pursuant to Italian law in order to secure claims in respect of the Mortgage Loans and "**Mortgage**" means each of them.

"**Mortgagor**" means any person, either a borrower or a third party, who has granted a Mortgage in favour of Banca Valsabbina to secure the Receivables deriving from any Mortgage Loans, and/or his/her successor in interest, and "**Mortgagors**" means all of them.

"**Most Senior Class of Noteholders**" means the holders of the Most Senior Class of Notes.

"**Most Senior Class of Notes**" means the Class of Notes outstanding which ranks highest with respect to the repayment of principal pursuant to Condition 4.3 *(Ranking)* and in accordance with the applicable Priority of Payments.

"**Non-Mortgage Loans**" means the Loans which are not included in the Mortgage Loans and "**Non-Mortgage Loan**" means each of them.

"**Non-Mortgage Portfolio**" means all the Receivables comprised in the Portfolio deriving from Non-Mortgage Loans.

"**Non-Performing Exposures**" means the "*sofferenze*", the "*inadempienze probabili"* and the "*esposizioni scadute e/o sconfinanti deteriorate"*, as classified in the Circular of the Bank of Italy No. 272 of 30 July 2008.

"**Noteholders**" means the Holders of the Senior Notes and the Junior Notes, collectively and "**Noteholder**" means any of them.

"**Notes**" means the Senior Notes and the Junior Notes, collectively, which will be issued by the Issuer pursuant to Articles 1 and 5 of the Securitisation Law.

"**Notes Incremental Instalment Amount**" means an amount equal to the sum of the Portfolio Incremental Instalment Amount and the Cash Reserve Increase Amount.

"**Offer**" means each "*Proposta di Cessione*" made by Banca Valsabbina to the Issuer for the sale of the Second Initial Portfolio and any Further Portfolio, in accordance with the Transfer Agreement.

"**Offer Date**" means the date which falls 7 (seven) Business Days before each Payment Date, on which the Originator delivers an Offer to the Issuer pursuant to the Transfer Agreement.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Option**" has the meaning given to such term in Article 5.1 of the Warranty and Indemnity Agreement.

"**Organisation of the Noteholders**" means the association of the Noteholders, organised pursuant to the Rules of the Organisation of the Noteholders.

"**Original Loan Amount**" means the amount advanced by Banca Valsabbina to the relevant Debtor in relation to each Loan agreement at the date of inception of such Loan Agreement.

"**Originator**" means Banca Valsabbina.

"**Other Issuer Creditors**" means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Paying Agent, the Cash Manager, the Back-Up Servicer Facilitator, the Senior Notes Underwriter, the Junior Notes Underwriter, the Sole Quotaholder, the Junior Notes Underwriter, the Account Bank, the Stichting Corporate Services Provider and any other Issuer creditor which, from time to time, will accede to the Intercreditor Agreement.

"**Outstanding Balance**" means, on any given date and in relation to any Receivable, the sum of the Outstanding Principal and the Interest Instalments due but unpaid as at that day and any outstanding penalties for accrued and unpaid Instalments with respect thereto.

"**Outstanding Credit**" means, on any given date and in relation to any Receivable, the sum of (i) all Principal Instalments due on any subsequent Scheduled Instalment Date and (ii) any Principal Instalments due but unpaid as at that date.

"**Outstanding Principal**" means, on any given date and in relation to any Receivable, the sum of (i) all the Principal Instalments due on any subsequent Scheduled Instalment Date and (ii) any Principal Instalments due but unpaid as at that date plus (iii) the Accrued Interest as at that date.

"**Paid-Up Amount**" means, on any date, with reference to a Note, the aggregate of the Initial Instalments and the Incremental Instalments paid-up on such Note up to such date.

"**Paying Agent**" means BNP Paribas Securities Services, Milan Branch or any other person acting as paying agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time, and any of its permitted successors or transferees.

"**Paying Agent Report**" means the report setting out certain information in respect of certain calculations to be made on the Notes pursuant to the Cash Allocation, Management and Payments Agreement.

"Payments Account" means the Euro denominated account established in the name of the Issuer with the Account Bank with IBAN IT 30 D 03479 01600 000802511401 out of which all the payments to, *inter alios*, the Noteholders will be made and into which all amounts due to the Issuer under the Transaction Documents will be credited (being understood that the Collections will be credited into the Collection Account pursuant to the provisions of the Servicing Agreement).

"**Payment Amount**" means any amount paid by Banca Valsabbina as Originator and/or Servicer pursuant to articles 6.4.2 (i.e. the interest amounts to be paid in case of renegotiation of the interest of the rate of interest), 6.4.3 (i.e. the interest amounts to be paid in case of renegotiation of the prepayment fees due by Debtors upon early repayment of the Loans) and 12.1 (i.e. the interest amounts to be paid as indemnity in respect of breaches of representations or obligations of the Servicer) of the Servicing Agreement, clause 4.1 (d) (i.e. the interest portion of the amounts to paid as Limited Recourse Loan) of the Warranty and Indemnity Agreement and clause 4.2.2 (i.e. the interest amounts to be paid as Adjustment Purchase Price) of the Transfer Agreement.

"**Payment Date**" means the 28th calendar day of January, April, July and October in each year or, if such day is not a Business Day, the immediately following Business Day, provided that the first Payment Date will fall on 29 November 2021.

"**Payments Report**" means the report setting out all the payments to be made on the following Payment Date under the relevant Priority of Payments which shall be delivered on each Calculation Date by the Computation Agent to the Issuer, the Representative of the Noteholders, the Servicer, the Account Bank, the Paying Agent, the Corporate Servicer and the Rating Agencies, pursuant to the Cash Allocation, Management and Payment Agreement.

"**Portfolio**" or "**Aggregate Portfolio**" means the aggregate of the First Initial Portfolio, the Second Initial Portfolio and any Further Portfolios purchased by the Issuer pursuant to the Transfer Agreement.

"**Portfolio Call Option**" means the option provided for by the Intercreditor Agreement pursuant to article 1331 of the Italian Civil Code, according to which the Originator may repurchase from the Issuer (a) the Portfolio on any Payment Date, or (b) one or more individual Receivables comprised in the Portfolio.

"**Portfolio Incremental Instalment Amount**" means an amount equal to the difference, if positive, between:

(a) the Purchase Price of the Second Initial Portfolio to be paid in accordance with the relevant Offer; and

(b) the Aggregate Notes Formula Redemption Amount.

"**Post-Enforcement Priority of Payments**" means the order of priority in which the Issuer Available Funds shall be applied following the delivery of a Trigger Notice in accordance with Condition 6.2 (*Priority of Payments - Post-Enforcement Priority of Payments*).

"**Post Trigger Report**" means the report setting out all the payments to be made under the Priority of Payments which shall be delivered, upon request of the Representative of the

Noteholders, by the Computation Agent after a Trigger Notice has been served to the Issuer, the Representative of the Noteholders, the Other Issuer Creditors and the Rating Agencies, pursuant to the Cash Allocation, Management and Payment Agreement.

"**Pre-Enforcement Priority of Payments**" means the order of priority in which the Issuer Available Funds shall be applied prior to the delivery of a Trigger Notice in accordance with Condition 6.1 (*Priority of Payments - Pre-Enforcement Priority of Payments*).

"**Principal Accumulation Amount**" means with reference to a Payment Date the outstanding balance of the Payments Account after having made all payments due as of such Payment Date in accordance with the Priority of Payments.

"**Principal Amount Outstanding**" means, with respect to any Note on any date, the Paid-Up Amount thereof 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, collectively, the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments.

"Privacy Law" means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali) as subsequently amended, modified or supplemented from time to time, with reference to the period starting on the entry into force of such law and ending on the repealing of such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, the "Personal Data Protection Code") and (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Personal Data Protection Code (together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali) as subsequently amended, modified or supplemented from time to time.

"**Privacy Legislation**" means the Privacy Law and the GDPR.

"**Property Value**" means the estimated value of each Real Estate Asset as stated in each Loan Agreement.

"**Purchase Conditions**" means the conditions provided under the Transfer Agreement and which shall be satisfied for the purchase of the Second Initial Portfolio and each Further Portfolio by the Issuer.

"**Purchase Price**" means the consideration payable by the Issuer to Banca Valsabbina in respect of the First Initial Portfolio, the Second Initial Portfolio and each Further Portfolio, as the case may be, pursuant to the Transfer Agreement.

"**Purchase Termination Event**" means any of the events provided for in Schedule 3 of the Intercreditor Agreement, the occurrence of which will prevent the Issuer from purchasing the Second Initial Portfolio and any Further Portfolio, in accordance with the Transaction Documents.

"**Purchase Termination Notice**" means the notice delivered by the Representative of the Noteholders to the Issuer and Banca Valsabbina stating that a Purchase Termination Event occurred.

"**Quarterly Collection Period**" means each period of three months, commencing on (and including) the first day of January, April, July and October of each year and ending respectively on (and including) 31 March, 30 June, 30 September and 31 December of each year, provided that the first Quarterly Collection Period has commenced on (and including) the Initial Valuation Date and will end on (and including) 31 October 2021, and the second Quarterly Collection

Period will commence on (and including) 1 November 2021 and ends on (and including) 31 December 2021.

"**Quarterly Servicer's Report**" means the quarterly report delivered by the Servicer on each Quarterly Servicer's Report Date and containing details of the performance of the Receivables and the Loans during the relevant Quarterly Collection Period prepared in accordance with Article 5.1 of the Servicing Agreement and delivered by the Servicer to the Issuer, the Corporate Servicer, the Computation Agent, the Representative of the Noteholders, the Paying Agent, the Account Bank and the Rating Agencies.

"**Quarterly Servicer's Report Date**" means the day falling 7 (seven) Business Days before the Payment Date.

"**Quota Capital Account**" means the account with IBAN IT34 A 03266 61620 000014100671 established by the Issuer with Banca Finint for the deposit of the Issuer's quota capital.

"**Quotaholder Agreement**" means the quotaholder agreement executed on the Signing Date between the Issuer, the Sole Quotaholder, the Originator and the Representative of the Noteholders, as from time to time modified according with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Rate of Interest**" shall have the meaning ascribed to it in Condition 7.2 (*Interest - Rate of Interest*).

"**Rated Notes**" means the Senior Notes.

"**Rating Agency**" means each DBRS and Moody's that has given a rating to the Senior Notes and "**Rating Agencies**" means all of them.

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

"**Receivables**" means each and every claim arising under and/or related to the Loan Agreements including but not limited to:

(a) the claims relating to:

  (i) all the amounts due as at the Valuation Date as Instalment or as other title pursuant to the Loan Agreements;

  (ii) principal due but not paid;

  (iii) agreed interests, interests by operation of law and defaulted interests accrued but not paid or that will accrue in relation to the Loans;

  (iv) the amounts due or that will accrue as reimbursement of costs (including legal and judicial amounts), liabilities, costs and indemnities in relation to the Loans, including penalties (if any);

  (v) any other amount due to the Originator or that will accrue in relation to the Loans, the Loan Agreements and Collateral Securities;

  (vi) pecuniary claims deriving from the enforcement of the Collateral Securities; and

  (vii) pecuniary claims and all the amounts recovered from any judicial proceeding;

(b) any other claim related to or connected with the Loans and the Loan Agreements, including the claims *vis-à-vis* the Debtors by way of compensation or indemnity;

(c) the claims of the Originator pursuant to or in connection with the Insurance Policies;

(d) all the rights and actions to which the Originator is entitled to pursuant to law or contract in relation to the Receivables, the Loans, the Collateral Securities, the Insurance Policies and/or any other deed related to or connected with the same, to the extent such rights and actions are transferrable pursuant to the Securitisation Law; end

(e) the claims of the Originator *vis-à-vis* third parties by way of compensation and deriving from third parties activities in relation to the receivables, the Loans, the Collateral Securities, the Insurance Policies or the related object.

"**Reference Banks**" means three (3) major banks in the Euro-Zone Inter-Bank market selected by the Paying Agent with the approval of the Representative of the Noteholders.

"**Reference Portfolio**" (*Portafoglio di Riferimento*) means the Outstanding Principal of the Collateral Portfolio as of the Valutation Date of the Second Initial Portfolio.

"**Regulated Market**" means a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC.

"**Regulation 13 August 2018**" means the regulation, regarding post-trading systems, issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented from time to time.

"**Regulation No. 11971**" means the regulation issued by CONSOB on 14 May 1999, as subsequently amended and supplemented from time to time.

"**Regulation S**" means regulation s of the Securities Act.

"**Regulatory Technical Standards**" means, (i) the regulatory technical standards adopted by EBA or ESMA, as the case may be, pursuant to the EU Securitisation Regulation and entered into force in the European Union, (ii) 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 (i) above.

"**Relevant Margin**" has the meaning given to it in Condition 7.2 (*Interest - Rate of Interest*).

"**Representative of the Noteholders**" means Banca Finint or any other entity acting as representative of the Noteholders pursuant to the Subscription Agreements, Terms and Conditions and Rules of the Organisation of the Noteholders from time to time, and any of its permitted successors or transferees.

"**Reporting Entity**" means Banca Valsabbina, or any other entity acting as reporting entity pursuant to the Intercreditor Agreement from time to time, and any of its permitted successors or transferees.

"**Required Cash Reserve Amount**" means, in relation to each relevant Payment Date, an amount equal to 1.41% of the Principal Amount Outstanding of the Senior Notes as of the preceding Payment Date (for the avoidance of doubt after the application of the relevant Priority of Payments); provided that:

(i) in any case, the Required Cash Reserve Amount shall not be lower than 4,900,000; and

(ii) on the earlier of (1) the Payment Date on which the Class A Notes have been redeemed in full or cancelled (also by applying the amounts standing to the credit of the Cash Reserve Account), and (2) the Payment Date following the service of a Trigger Notice;, the Required Cash Reserve Amount will be equal to 0 (zero).

"**Residual Life**" means, with reference to each Loan, the value, expressed in years, equal to the difference between the last Scheduled Instalment Date related to such Loan and the end of the immediately preceding Collection Period.

"**Retention Amount**" means an amount equal to € 30,000.

"**Revolving Period**" means the period beginning on the Issue Date and ending on the earlier of:

(a) the Payment Date falling in July 2023 (included); and

(b) the date of service of a Purchase Termination Notice.

"**Rules of the Organisation of the Noteholders**" means the Rules of the Organisation of Noteholders attached as Exhibit 1 to the Terms and Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereof.

"**Sanctions**" means any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, and/or the European Union and/or the French Republic and/or the Republic of Italy or other relevant sanctions authority.

"**Scheduled Instalment Date**" means any date on which payment of the relevant Instalment is due pursuant to each Loan Agreement.

"**Screen Rate**" shall have the meaning ascribed to it in Condition 7 (*Interest*).

"**Second Initial Portfolio**" means the portfolio of Receivables which will be purchased by the Issuer in November 2021, pursuant to the terms and conditions of the relevant Transfer Agreement.

"**Second Initial Portfolio Purchase Price**" means the Purchase Price of the Second Initial Portfolio, equal to the sum of the Individual Purchase Price of each Receivable comprised in such Second Initial Portfolio.

"**Securities Account**" means any securities account which, following the Issue Date, may be opened by the Issuer with the Account Bank (or with any other Eligible Institution) in accordance with the Cash Allocation, Management and Payment Agreement, for the deposit of the bonds, debentures or other kinds of notes or financial instruments purchased with the monies standing to the credit of the Cash Eligible Accounts.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Securitisation**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes.

"**Securitisation Law**" means Italian Law No. 130 of 30 April 1999, as amended and supplemented from time to time.

"**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.

"**Senior Noteholder**" means the holder of a Senior Note and "**Senior Noteholders**" means all of them.

"**Senior Notes**" means the Class A Notes.

"**Senior Notes Conditions**" means the terms and conditions of the Senior Notes, 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.

"Senior Notes Subscription Agreement" means the subscription agreement in relation to the Senior Notes executed on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Senior Notes Underwriter, 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.

"**Senior Notes Underwriter**" means Banca Valsabbina as underwriter for the Senior Notes under the Senior Notes Subscription Agreement.

"**Servicer**" means Banca Valsabbina or any other person acting as Servicer pursuant to the Servicing Agreement from time to time, and any of its permitted successors or transferees.

"**Servicer's Reports**" means the Monthly Servicer's Reports or the Quarterly Servicer's Reports as the case may be, and "**Servicer's Report**" means each of them.

"**Servicer Insolvency Event**" means an Insolvency Event relating to the Servicer.

"**Servicer Termination Event**" means any event referred to in Clause 9.1 of the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement entered into on 9 July 2021 between the Issuer and the 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.

"**Servicing Fee**" means the fee payable to the Servicer in accordance with clause 8 of the Servicing Agreement.

"**Set-off Amount**" means, in respect of each Debtor and each relevant Transfer Date of the Receivables owed by such Debtor, the lower of:

(a) the Outstanding Balance of the Receivables owed by such Debtor; and

(b) the difference, if positive, between the Deposits and Euro 100,000, plus the principal outstanding amount of the Debt Securities owned by such Debtor.

"**Set-off Risk Exposure**" means, at any given date, the aggregate of the Set-off Amount in respect of all Debtors of the Receivables included in the Aggregate Portfolio.

"**Signing Date**" means 27 July 2021.

"**Small and Medium Enterprises**" or "**SME**" means the enterprises falling into the definition of micro, small and medium-sized enterprises (SME) in accordance with the 2003/361/EC Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises and "**Small and Medium Enterprise**" means each of them.

"**Sole Director**" means any person appointed from time to time as sole director (*amministratore unico*) of the Issuer in accordance with the Issuer's statutory documents (*statuto*).

"**Sole Quotaholder**" means Stichting Denver.

"**Solvency II Directive**" means the Directive 2009/138/EU adopted on 25 November 2009 by the European Parliament and the Council, as amended and supplemented from time to time.

"**Solvency II Regulation**" means the Delegated Act adopted on 10 October 2014 by the European Commission, as amended and supplemented from time to time.

"**Specific Criteria**" means the objective criteria for the identification of the Receivables of each Portfolio specified in annex A to the Transfer Agreement.

"**Specified Office**" means with respect to the Paying Agent: BNP Paribas Securities Services, through its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan branch at Piazza Lina Bo Bardi No. 3, 20124 Milan, Italy.

"**Stichting Corporate Services Provider**" means Wilmington Trust SP Services (London) Limited or any other person acting as Stichting Corporate Services Provider pursuant to the

Stichting Corporate Services Agreement from time to time, and any of its permitted successors or transferees.

"**Stichting Corporate Services Agreement**" means the stichting corporate services agreement entered into on or about the Signing Date between the Issuer, the Quotaholder and the Stichting Corporate Services Provider, 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.

"**Subscription Agreements**" means the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement.

"Successor Servicer" means the entity appointed by the Issuer to replace the Servicer if a Servicer Termination Event occurs, or any other person acting in such capacity pursuant to the Servicing Agreement from time to time.

"**Supervisory Regulations for Financial Intermediaries**" means the "*Istruzioni di Vigilanza per gli Intermediari Finanziari iscritti nell'Elenco Speciale*" issued by the Bank of Italy by Circular No. 216 of 5 August 1996, as amended and supplemented from time to time.

"**Surveillance Report**" means the report prepared by the Rating Agencies related to the Senior Notes as required by the European Central Bank and/or the documentation of the European Central Bank on monetary policy instruments and procedures of the Eurosystem.

"**Suspension Period**" means, with reference to each relevant Debtor, the period during which the payment of the relevant Instalments has been suspended in accordance with the provisions of the Servicing Agreement.

"**Target Amount**" means the amount calculated as of the end of each Quarterly Collection Period as the aggregate of:

(a) the principal component of the Collections;

(b) the Outstanding Principal of the Defaulted Receivables classified as such during the immediately preceding Quarterly Collection Period;

(c) the Principal Accumulation Amount as of the immediately preceding Payment Date;

(d) the Initial Expenses Instalment; and

(e) only with reference to the Incremental Instalment Date, the Incremental Target.

"**Tax Event**" shall have the meaning ascribed to it in Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*).

"**Terms and Conditions**" means the Senior Notes Conditions and/or the Junior Notes Conditions as the context may require.

"**Top 20 Debtors**" means the first 20 Debtors with the higher Outstanding Principal of the Receivables.

"**Transaction Documents**" means:

(1) the Transfer Agreement and the relevant Transfer Deeds,

(2) the Warranty and Indemnity Agreement,

(3) the Servicing Agreement,

(4) the Corporate Services Agreement,

(5) the Cash Allocation, Management and Payment Agreement,

(6) the Monte Titoli Mandate Agreement,

(7) the Intercreditor Agreement,

(8) the Mandate Agreement,

(9) the Letter of Undertakings,

(10) the Quotaholder Agreement,

(11) the Master Definitions Agreement,

(12) the Senior Notes Subscription Agreement,

(13) the Junior Notes Subscription Agreement,

(14) the Stichting Corporate Services Agreement,

(15) the Information Memorandum,

(16) the Terms and Conditions, and

(17) any other deed, act, document or agreement executed in the context of the Securitisation or identified by the relevant parties as a "*Transaction Document*" in the context of the Securitisation.

"**Transfer Acceptance**" means the acceptance by the Issuer of each Offer relating to the Second Initial Portfolio or a Further Portfolio, made pursuant to the Transfer Agreement.

"**Transfer Agreement**" means the transfer agreement entered into on 9 July 2021 between the Issuer and the Originator, 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.

"**Transfer Date**" means 9 July 2021 in relation to the First Initial Portfolio and, in relation to the Second Initial Portfolio and each Further Portfolio, the date on which Banca Valsabbina has received the Transfer Acceptance of the relevant Offer from the Issuer in accordance with the Transfer Agreement.

"**Transfer Deeds**" means each Offer and the relevant Transfer Acceptance thereto entered into by the Issuer and the Originator for the purpose of transferring the Second Initial Portfolio or a Further Portfolio in accordance with the Transfer Agreement.

"**Transparency Investor Report**" means the report to be prepared by the Computation Agent pursuant to the Cash Allocation, Management and Payments Agreement, setting out the information required by Article (7)(1) letters (e), (f) and (g) of the EU Securitisation Regulation and the Regulatory Technical Standards and to be delivered to the Reporting Entity on the Transparency Report Date with respect to the information under (7)(1)(e) and without undue delay with respect to the information under (7)(1) letters (f) and (g).

"**Transparency Loan Report"** means the report to be prepared by the Servicer pursuant to the Servicing Agreement and delivered to the Reporting Entity on a quarterly basis, setting out the information required by Article 7(1)(a) of the EU Securitisation Regulation and the Regulatory Technical Standards.

"**Transparency Report Date**" means the day falling the 15th calendar day of February, May, August and November or, if such day is not a Business Day, the immediately following Business Day, provided that the first Transparency Report Date will fall on 15 December 2021.

"**Trigger Event**" means any of the events described in Condition 13 (*Trigger Events*).

"**Trigger Notice**" means the notice delivered by the Representative of the Noteholders following a Trigger Event pursuant to Condition 13.2 (*Trigger Notice*).

"**Underwriters**" means the Senior Notes Underwriter and the Junior Notes Underwriter.

"**Usury Law Decree**" means Law Decree No. 394 of 29 December 2000 (amending, deeming, and supplementing the Usury Law) converted in Law No. 24 of 28 February 2001.

"**Usury Law**" means collectively Italian Law No. 108 of 7 March 1996, as modified and amended and Italian Law No. 24 of 28 February 2001, which has converted into law the Usury Law Decree.

"**Valsabbina SME 3 SPV**" means Valsabbina SME 3 SPV S.r.l., a limited liability company with a sole quotaholder incorporated under the laws of the Republic of Italy, whose registered office is at Via V. Alfieri No. 1, 31015 Conegliano (TV), Italy, Fiscal Code and enrolment with the Companies Register of Treviso-Belluno No. 05216160266 and having as its sole corporate object the realisation of securitisation transactions pursuant to Article 3 of the Securitisation Law.

"**Valuation Date**" means (i) 30 June 2021 at 23:59 Italian time for the First Initial Portfolio, (ii) 31 October 2021 at 23:59 Italian time for the Second Initial Portfolio, and (iii) the last day of the relevant Collection Period at 23:59 Italian time for each Further Portfolio.

"Volcker Rule" means the provision under the Dodd-Frank Act which restricts the ability of banking entities to sponsor or invest in private equity or hedge funds or to engage in certain proprietary trading activities involving securities, derivatives, commodity futures, and options on those instruments for their own account.

"**Warranty and Indemnity Agreement**" means the warranty and indemnity agreement entered into on 9 July 2021 between Banca Valsabbina and the Issuer, as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereof.

"**Weighted Average Guarantee**" means, in respect of the Non-Mortgage Portfolio which is covered by the FCG Guarantee, the average of the FCG Guarantee Ratio of each Loan comprised in the Aggregate Portfolio (weighted by the Outstanding Principal of each loan).

"**Weighted Average Rate**" means, in respect of the Aggregate Portfolio, the average of the interest rate payable on each Loan comprised in the Aggregate Portfolio (weighted by the Outstanding Principal of each loan).

"**Weighted Average Residual Life**" means, in respect of the Aggregate Portfolio, the average of the Residual Life of each Loan comprised in the Aggregate Portfolio (weighted by the Outstanding Principal of each loan).

"**Weighted Average Spread**" means, in respect of the Aggregate Portfolio paying a floating rate, the average of the margin over the relevant index payable on each Loan (weighted by the Outstanding Principal of each loan).

3. FORM, DENOMINATION AND TITLE

3.1 Form

The Senior Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Senior Notes will be wholly and exclusively deposited with Monte Titoli, in accordance with Article 83-*bis* of the Financial Laws Consolidated Act and Regulation 13 August 2018.

3.2 Title

The Senior Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Senior 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. No physical document of title will be issued in respect of the Notes.

3.3 **Denomination**

The Senior Notes are issued in the denomination of Euro 100,000.

3.4 Partly Paid Notes

3.4.1 *Partly paid Notes*

The Notes will be issued on a partly-paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to these Conditions and the terms of the Subscription Agreements, on the Issue Date the Senior Notes Underwriter and the Junior Notes Underwriter will pay the relevant Initial Instalment of the subscription price of the Notes.

3.4.2 *Incremental Instalment payment*

Subject to and in accordance with the provisions of the Transaction Documents and the Subscription Agreements, on the Incremental Instalment Date, the Issuer, should the Issuer Available Funds not be sufficient (in full or in part) for such purpose, will use the net proceeds of the payment of the Incremental Instalment made by the Noteholders in respect of the Notes as Issuer Available Funds to be applied, in accordance with the Pre-Enforcement Priority of Payment, in order to fund the Purchase Price of the Second Initial Portfolio from Banca Valsabbina and to pay the Cash Reserve Increase Amount into the Cash Reserve Account, *provided that* no Trigger Event or Purchase Termination Event has occurred or arisen and is continuing. No other further instalment will be paid on the Notes thereafter.

The payment of the Incremental Instalment shall be made in Euros to the Payments Account, *pro rata* on the basis of the Principal Amount Outstanding of the Notes at the time held by the relevant Noteholder and in accordance with the Incremental Instalment Request. Subject to Condition 3.5 (*Crystalization of the Notes*) below, upon payment of the relevant Incremental Instalments by the Noteholders, the Paid-Up Amount of the Notes will be increased accordingly.

Pursuant to the Subscription Agreements, the aggregate amount of the Incremental Instalment will not be higher than the difference between (i) the Nominal Amount of the Notes, and (ii) the then current Paid-Up Amount of the Notes.

Under the Subscription Agreements, the Noteholders have agreed the terms and conditions for the payment and subscription of the Incremental Instalment.

3.5 Crystallization of the Notes

If the Incremental Instalment is not paid on the Incremental Instalment Date, the lower amount paid up by the Noteholders in respect of the Notes until such date shall crystallize and, as a consequence, the amount of the Notes which is not paid-up by the Noteholders up to such date shall be cancelled, and no further amounts shall be due by the Noteholders in respect of the Notes.

4. **STATUS, PRIORITY AND SEGREGATION**

4.1 **Status**

The Senior Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Senior Notes is limited to the amounts received or recovered by the Issuer in respect of the Portfolio and the Issuer's Rights, and is subject to payment of the amounts required under the applicable Priority of Payments to be paid in priority to or *pari passu* with the Senior Notes. By holding Notes, the Senior Noteholders acknowledge that the limited recourse nature of the Senior Notes produces the effects of a *contratto aleatorio* under Italian law and are deemed to accept the consequences thereof, including (but not limited to) the provisions of Article 1469 of the Italian Civil Code.

4.2 **Segregation**

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 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 in the context of any Further Securitisation). 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.

4.3 **Ranking**

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

4.4 **Conflict of interests**

The Intercreditor Agreement and the Rules of the Organisation of the Noteholders 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. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between interests of

(a) different Classes of Noteholders, then the Representative of the Noteholders is required to have regard to the interests of the Most Senior Class of Noteholders only;

(b) the Noteholders and of the Other Issuer Creditors, the Representative of the Noteholders will have regard solely to the interests of the Noteholders.

4.5 **Amendments to the Transaction Documents**

Any Transaction Document may only be modified with the consent of each party to such document and in accordance with the Intercreditor Agreement and any relevant provisions of the Rules of the Organisation of the Noteholders.

The Terms and Conditions may only be modified with the consent of the Issuer and the Representative of the Noteholders and in accordance with any relevant provisions of the Intercreditor Agreement and the Rules of the Organisation of the Noteholders.

5. **COVENANTS**

5.1 **Covenants by the Issuer**

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders, or as provided in or contemplated by any of the Transaction Documents:

5.1.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with any Further Securitisation and to the extent that such Security Interest is created over assets which form part of the segregated assets of such Further Securitisation), or sell, lend, part with or otherwise dispose of, all or any part of the Portfolio or any of its other assets; or

5.1.2 *Restrictions on activities*

(a) engage in any activity whatsoever which is not incidental to or necessary in connection with any Further Securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

(b) have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or

(c) at any time approve or agree or consent to any act or thing whatsoever which may

be materially prejudicial to the interests of the Noteholders under the Transaction Documents, or 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

(d) become the owner of any real estate asset, including in the context of a foreclosure proceeding over a Real Estate Asset; or

5.1.3 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or increase its capital, save as required by the applicable law; or

5.1.4 *De-registrations*

ask for de-registration from the register of the *Società Veicolo* held by Bank of Italy, for so long as any other applicable law or regulation requires an issuer of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered therein; or

5.1.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for any indebtedness to be incurred in relation to any Further Securitisation) or give any guarantee in respect of indebtedness or of any obligation of any person; or

5.1.6 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

5.1.7 *No variation or waiver*

(a) permit any of the Transaction Documents to which it is party to be amended, terminated or discharged if such amendment, termination or discharge may materially prejudice the interest of the Noteholders; or

(b) exercise any power of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is party which may materially prejudice the interest of the Noteholders; or

(c) permit any party to any of the Transaction Documents to which it is party to be released from such obligations, if such release may materially prejudice the interest of the Noteholders; or

5.1.8 *Bank accounts*

open or have an interest in any bank account other than the Accounts and any bank account opened in the context of any Further Securitisation; or

5.1.9 *Statutory documents*

amend, supplement or otherwise modify its *statuto* in any manner which is prejudicial to the interest of the Noteholders, except where such amendment, supplement or modification is required (i) by compulsory provisions of Italian law or by the competent regulatory authorities or (ii) in connection with a change of the Issuer's registered office; or

5.1.10 *Centre of main 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

5.1.11 *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

5.1.12 *Corporate formalities*

cease to comply with all corporate formalities necessary to ensure its corporate existence and good standing.

5.1.13 *Derivatives*

enter into derivative contracts save as expressly permitted by Article 21(2) of the EU Securitisation Regulation.

5.2 **Further Securitisations**

5.2.1 *Further Securitisation*

Nothing in these Senior Notes Conditions or the Transaction Documents shall prevent or restrict the Issuer from carrying out any one or more other securitisation transactions pursuant to the Securitisation Law (each a "**Further Securitisation**") or, without limiting the generality of the foregoing, implementing, entering into, making or executing any document, deed or agreement in connection with any Further Securitisation, provided that the Issuer confirms in writing to the Representative of the Noteholders - or the Representative of the Noteholders (which, for such purpose, may rely on the advice of any certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker or other expert) is otherwise satisfied - that*:*

(a) the transaction documents entered into in the context of the Further Securitisation constitute valid, legally binding and enforceable obligations of the parties thereto under the relevant governing law;

(b) in the context of the Further Securitisation the Sole Quotaholder gives undertakings in relation to the management of the Issuer, the exercise of its rights as quotaholder or the disposal of the quotas of the Issuer which are the same as or, in the sole discretion of the Representative of the Noteholders, equivalent to the undertakings provided for in the Quotaholder Agreement;

(c) all the participants to the Further Securitisation and the holders of the notes issued in the context of such Further Securitisation will accept non-petition provisions and limited recourse provisions in every material respect equivalent to those provided in Condition 9 (*Non Petition and Limited Recourse*) below;

(d) the security deeds or agreements entered into in connection with such Further Securitisation do not comprise (or extend over) any of the Receivables or any of the Issuer's Rights;

(e) the notes to be issued in the context of such Further Securitisation:

(i) are not cross-collateralised or cross-defaulted with the Notes or any note issued by the Issuer in the context of any Further Securitisation; and

(ii) include provisions which are the same as, or (in the sole discretion of the Representative of the Noteholders) equivalent to, this Condition 5 (*Covenants*); and

(f) the Rating Agencies have been prior notified of any such Further Securitisation.

5.2.2 *Confirmation to the Representative of the Noteholders*

In giving any confirmation on the foregoing, the Representative of the Noteholders may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (as may itself consent thereto on behalf of the Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient or appropriate (in its reasonable discretion) in the interests of the Noteholders and

may rely on any written confirmation from the Issuer or as to the matters contained therein. For the avoidance of doubt, the provisions contained in Article 28 of the Rules of the Organisation of the Noteholders (*Exoneration of the Representative of the Noteholders*) will also apply (where appropriate) to the Representative of the Noteholders when acting under this Condition 5 (*Covenants*).

6. PRIORITY OF PAYMENTS

6.1 Pre-Enforcement Priority of Payments

Prior to the service of a Trigger Notice pursuant to Condition 13 (*Trigger Events*), a redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *First*,

(a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

(b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

(a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;

(b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator and the Servicer (but excluding any amount to be paid under item *Tenth* below); and

(c) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

(iii) *Third*, to pay all amounts of interest due and payable on the Class A Notes on such Payment Date (to the Class A Noteholders *pari passu* and *pro rata* according to the amounts then due);

(iv) *Fourth*, to pay the Required Cash Reserve Amount into the Cash Reserve Account;

(v) *Fifth*, on the Incremental Instalment Date, if applicable, to pay the Cash Reserve Increase Amount (if any) into the Cash Reserve Account;

(vi) *Sixth*, during the Revolving Period (i) to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or the relevant Further Portfolio purchased in accordance with the provisions of the Transfer Agreement at the Transfer Date immediately after the end of the Collection Period, (ii) to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio under (i) above and unpaid on the previous Payment Dates, and (iii) to credit to the Payments Account the difference, if positive, between the Aggregate Notes Formula Redemption Amount and the amounts set out under (i) and (ii) above, as Principal Accumulation Amount;

(vii) *Seventh*, following the end of the Revolving Period, to pay to the Originator any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio under (v) (i) and (v)

(ii) above and unpaid on the previous Payment Dates;

(viii) *Eighth*, following the end of the Revolving Period, to pay the Class A Notes Redemption Amount (to the Class A Noteholders *pro rata* according to the amounts then due);

(ix) *Ninth,* to pay all amounts due and payable as Adjustment Purchase Price;

(x) *Tenth,* to pay to the Servicer any amounts due and payable pursuant to Clause 8.1(b) of the Servicing Agreement (i.e. fees due to the Servicer in respect of the activities carried out in relation to the Defaulted Receivables);

(xi) *Eleventh,* to pay (*pro rata*) to Banca Valsabbina and the Other Issuer Creditors any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Pre-Enforcement Priority of Payments;

(xii) *Twelfth*, to pay the Class J Notes Interest Amount due and payable on such Payment Date (to the Junior Noteholders *pro rata* according to the amounts then due);

(xiii) *Thirteenth*, subject to the Senior Notes having been redeemed in full, to pay the Class J Notes Redemption Amount and any other amount due in respect of the Class J Notes (to the Junior Noteholders *pro rata* according to the amounts then due).

The Issuer shall, if necessary, make the payments set out under items *First* (i)(a) and *Second* (ii)(c) above also during the following Interest Period using the amounts standing to the credit of any Eligible Account.

6.2 **Post-Enforcement Priority of Payments**

Following the service of a Trigger Notice pursuant to Condition 13 (*Trigger Events*), a redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

(i) *First*,

(a) to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any Expenses (to the extent that amounts standing to the credit of the Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

(b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

(a) the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;

(b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Stichting Corporate Services Provider, the Back-Up Servicer Facilitator and the Servicer (but excluding any amount to be paid under item *Sixth* below); and

(c) (if the Trigger Event is not an Insolvency Event) any other documented costs, fees and expenses due to persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;

(iii) *Third*, to pay all amounts of interest due and payable on the Class A Notes on such Payment

Date (to the Class A Noteholders *pari passu* and *pro rata* according to the amounts then due);

(iv) *Fourth*, to pay in full any Principal Amount Outstanding in respect of the Class A Notes (to the Class A Noteholders pro rata according to the amounts then due);

(v) *Fifth*, to pay to the Originator (i) all amounts due and payable as Adjustment Purchase Price, and (ii) any amount due as Purchase Price for the Second Initial Portfolio or any Further Portfolio and unpaid on the previous Payment Dates;

(vi) *Sixth*, to pay to the Servicer any amounts due and payable pursuant to Clause 8.1(b) of the Servicing Agreement (i.e. fees due to the Servicer in respect of the activities carried out in relation to the Defaulted Receivables);

(vii) *Seventh*, to pay (*pro rata*) to Banca Valsabbina and the Other Issuer Creditors any amounts due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Post-Enforcement Priority of Payments;

(viii) *Eighth,* to pay the Class J Notes Interest Amount due and payable on such Payment Date (to the Junior Noteholders *pro rata* according to the amounts then due);

(ix) *Ninth,* subject to the Senior Notes having been redeemed in full, to pay the Class J Notes Redemption Amount and any other amount due in respect of the Class J Notes (to the Junior Noteholders *pro rata* according to the amounts then due).

The Issuer shall, if necessary, make the payments set out under items *First* (i)(a) and *Second* (ii)(c) above also during the following Interest Period using the amounts standing to the credit of any Eligible Account.

7. INTEREST

7.1 Payment Dates and Interest Periods

The Senior Notes will bear interest on their Principal Amount Outstanding from (and including) the Issue Date.

Interest in respect of the Senior Notes will accrue on a daily basis and will be payable in quarterly in arrears in Euro on each Payment Date in respect of the Interest Period ending immediately prior thereto in accordance with the applicable Priority of Payments.

The First Payment Date falls in November 2021 in respect of the Initial Interest Period.

Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 360 day year.

7.2 Rate of Interest

The rate of interest payable from time to time in respect of the Senior Notes (the "**Rate of Interest**") will be determined by the Paying Agent on each Interest Determination Date.

The Rate of Interest applicable to the Senior Notes for each Interest Period and the Initial Interest Period, from the Issue Date and up to and including the Final Maturity Date shall be the aggregate of:

7.2.1 the Relevant Margin (as defined below); and

7.2.2 the following rate (the "**EURIBOR**"):

(a) the Euro-Zone Inter-Bank offered rate for three month Euro deposits which appears:

(i) on Bloomberg Page EUR003M; or

(ii) such other page as may replace the relevant Bloomberg Page on that service for the purpose of displaying such information; or

(iii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is

approved by the Representative of the Noteholders) as may replace the relevant Bloomberg Page,

at or about 11.00 a.m. (Brussels time) on the Interest Determination Date (the "**Screen Rate**" or, in the case of the Initial Interest Period, the "**Additional Screen Rate**"); or

(b) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Paying Agent at its request by each of the Reference Banks as the rate at which deposits in Euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro-Zone Inter-Bank market at or about 11.00 a.m. (Brussels time) on that date; or

(c) if, on any Interest Determination Date, the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable and if only two of the Reference Banks provide such offered quotations to the Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations; or

(d) if, on any Interest Determination Date, the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable and if only one of the Reference Banks provides the Paying Agent with such an offered quotation, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period which one of sub-paragraph (a) or (b) above shall have been applied to.

"**Relevant Margin**" means, in respect of the Class A Notes, a margin of 0.5 per cent. *per annum*.

In case sub-paragraphs from (a) to (d) of Condition 7.2.2 above do not apply, the Representative of the Noteholders may request to the Issuer to agree to amend the EURIBOR and make such other related or consequential amendments as are necessary or advisable in order to facilitate such change.

In any event the Rate of Interest (equal to the EURIBOR plus the Relevant Margin) shall not be higher than 4%.

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 Relevant Margin results in a negative rate, the applicable Rate of Interest shall be deemed to be zero.

7.3 **Determination of Rates of Interest and Calculation of Interest Payments**

The Issuer shall, on each Interest Determination Date, determine (or cause the Paying Agent to determine) and notify (or cause the Paying Agent to notify) to the Representative of the Noteholders:

(i) 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; and

(ii) the Euro amount (the "**Interest Payment Amount**") payable as interest on the Senior Notes in respect of such Interest Period. The Interest Payment Amount payable in respect of any Interest Period in respect of the Senior Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of the relevant Class of Senior Notes on the Payment Date (or, in the case of the Initial Interest Period, the Issue Date), at the commencement of such Interest Period (after deducting therefrom any payment of principal due and paid on that 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); and

(iii) the Payment Date in respect of the Interest Payment Amount on the Senior Notes.

7.4 **Publication of the Rate of Interest and the Interest Payment Amount**

The Paying Agent will cause the Rate of Interest, the Relevant Margin and the Interest Payment Amount applicable to the Senior Notes for each Interest Period and the Payment Date in respect of such Interest Payment Amount to be notified promptly after determination (and in any event not later than the first day of each relevant Interest Period) to the Issuer, the Servicer, the Representative of the Noteholders, the Account Bank, the Computation Agent, the Cash Manager, the Corporate Servicer, Monte Titoli (for further distribution to Euroclear and Clearstream) and Borsa Italiana S.p.A. and will cause the same to be published in accordance with Condition 16 (*Notices*) on or as soon as possible after the relevant Interest Determination Date.

7.5 **Determination or calculation by the Representative of the Noteholders**

If the Paying Agent does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Payment Amount for the Senior Notes in accordance with the foregoing provisions of this Condition 7 (*Interest*), the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall:

(a) determine the Rate of Interest for the Senior Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

(b) calculate the Interest Payment Amount for the Senior Notes in the manner specified in Condition 7.3 (*Interest – Determination of Rates of Interest and Calculation of Interest Payments*) above, and any such determination and/or calculation shall be deemed to have been made by the Paying Agent.

The Representative of the Noteholders shall not be liable for failure in determining the Rate of Interest and/or calculate the Interest Payment Amount for the Senior Notes save in case of gross negligence (*colpa grave*) or wilful default (*dolo*).

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 Reference Banks (or any of them), the Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default, gross negligence, bad faith or manifest error) be binding on the Reference Banks, the Paying Agent, the Computation Agent, the Issuer, the Account Bank, the Representative of the Noteholders and all Senior Noteholders and (in such absence as aforesaid) no liability to the Senior Noteholders shall attach to the Reference Banks, the Paying Agent, the Computation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

7.7 **Reference Banks and Paying Agent**

The Issuer shall ensure that, also in accordance with the Cash Allocation, Management and Payment Agreement, so long as any of the Senior Notes remain outstanding, there shall at all times be three Reference Banks and a Paying Agent. In the event of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Representative of the Noteholders to act as such in its place. The Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Paying Agent is appointed a notice will be published in accordance with Condition 16 (*Notices*).

7.8 **Fallback Provisions**

The Representative of the Noteholders, with the consent of the Noteholders, may request the Issuer to agree to amend the EURIBOR as referred to in Condition 7.2 (*Rate of Interest*) above (any such amended rate, an "**Alternative Base Rate**"), if any of the following events has occurred:

(i) a material disruption to EURIBOR, an adverse change in the methodology of calculating EURIBOR or EURIBOR ceasing to exist or to be published; or

(ii) the insolvency or cessation of business of the EURIBOR administrator (in circumstances where no successor EURIBOR administrator has been appointed); or

(iii) a public statement by the EURIBOR administrator that it will cease publishing EURIBOR permanently or indefinitely (in circumstances where no successor EURIBOR administrator has been appointed that will continue publication of EURIBOR or will be changed in an adverse manner); or

(iv) a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner; or

(v) a public statement by the supervisor of the EURIBOR administrator which means that EURIBOR may no longer be used or that its use is subject to restrictions or adverse consequences; or

(vi) a public announcement of the permanent or indefinite discontinuity of EURIBOR as it applies to the Class A Notes and the Class J Notes; or

(vii) the reasonable expectation of the Issuer (which may rely on any written notice from the Paying Agent) that any of the events specified in sub-paragraphs (i), (ii), (iii), (iv), (v) or (vi) will occur or exist within six months of the proposed effective date of such Base Rate Modification,

provided that such Alternative Base Rate is:

(a) a base rate published, endorsed, approved or recognised by the European Central Bank, any regulator in Italy or the EU (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or

(b) the ESTER (or any rate which is derived from, based upon or otherwise similar to the foregoing); or

(c) a base rate utilised in a material number of publicly-listed new issues of Euro denominated asset backed floating rate notes prior to the effective date of such interest rate modification; or

(e) such other base rate as the Representative of the Noteholders reasonably determines.

Should the Paying Agent not be able to calculate the Rate of Interest because of the occurrence on any Base Rate Modification Event, it will promptly inform the Issuer, by way of a written notice.

7.9 Unpaid Interest with respect to the Senior Notes

Unpaid interest on the Senior Notes shall accrue no interest.

8. REDEMPTION, PURCHASE AND CANCELLATION

8.1 Final Maturity Date

8.1.1 Unless previously redeemed in full or cancelled in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*), the Senior Notes are due to be repaid in full at their Principal Amount Outstanding (together with interest accrued thereon) on the Final Maturity Date.

8.1.2 The Issuer may not redeem the Senior Notes in whole or in part prior to the Final Maturity Date except as provided below in Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional*

Redemption) and 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), but without prejudice to Condition 13 (*Trigger Events*).

8.2 **Mandatory Redemption**

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on each Payment Date thereafter, in each case if and to the extent that, on such dates, there are sufficient Issuer Available Funds which may be applied towards redemption of the Notes, in accordance with the applicable Priority of Payments set out in Condition 6 (*Priority of Payments*).

8.3 **Optional Redemption**

8.3.1 Unless previously redeemed in full, on any Payment Date falling after the Quarterly Servicer's Report Date on which the Outstanding Principal of the Portfolio is equal to or less than 10% of the Reference Portfolio, the Issuer, having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*), may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding, together with interest accrued thereon, up to the date fixed for redemption, in accordance with this Condition 8.3 (*Optional Redemption*), provided that:

(a) no Trigger Event has occurred prior to or upon such date; and

(b) 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) to discharge all of its outstanding liabilities in respect of the Senior Notes and any amount required to be paid under the Post-Enforcement Priority of Payments in priority to or pari passu with the Senior Notes.

8.3.2 The Issuer may obtain the necessary funds in order to effect the above optional redemption of the Notes, in accordance with this Condition 8.3, through the sale of the Portfolio subject to the terms and conditions of the Intercreditor Agreement. The relevant sale proceeds shall form part of the Issuer Available Funds.

8.4 **Redemption for Taxation**

8.4.1 If the Issuer at any time satisfies the Representative of the Noteholders, immediately prior to giving the notice referred to below, that on the next Payment Date:

(a) the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on any Class of Notes (the "**Affected Class**"), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction) (hereinafter, the "**Tax Event**"); and

(b) the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities in respect of the Affected Class and any amount required to be paid, according to the Post-Enforcement Priority of Payments in priority to or *pari passu* with the Notes of the Affected Class;

then the Issuer may, on any such Payment Date at its option having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*) hereof, redeem the Notes of the Affected Class (if the Affected Class is the Senior Notes, in whole but not in part or, if the Affected Class is the Junior Notes, in whole or in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date, in accordance with this Condition 8.4.

In addition, following the occurrence of a Tax Event, 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 Portfolio, or any part thereof, to finance the early redemption of the Notes in accordance with this Condition 8.4 (*Redemption, Purchase and Cancellation – Redemption for Taxation*), subject to the terms and conditions of the Intercreditor Agreement.

8.5 **Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding**

8.5.1 On each Calculation Date, the Issuer shall procure that the Computation Agent determines:

(i) the amount of the Issuer Available Funds;

(ii) the principal payment (if any) due on the Senior Notes on the next following Payment Date; and

(iii) the Principal Amount Outstanding of the Senior Notes on the next following Payment Date (after deducting any principal payment due to be made on such Payment Date).

8.5.2 Each determination by (or on behalf of) the Issuer of the Issuer Available Funds, any principal payment on the Senior Notes and the Principal Amount Outstanding of the Senior Notes shall in each case (in the absence of wilful default, gross negligence, bad faith or manifest error) be final and binding on all persons.

8.5.3 The Issuer will, on each Calculation Date, cause the determination of a principal payment on the Senior Notes (if any) and Principal Amount Outstanding of the Senior Notes to be notified by the Computation Agent (through the Payments Report) to the Representative of the Noteholders, the Rating Agencies, the Corporate Servicer, the Stichting Corporate Services Provider, the Account Bank, the Paying Agent, Borsa Italiana S.p.A., Monte Titoli, the Cash Manager and, in copy, the Servicer. The Issuer will cause notice of each determination of a principal payment on the Senior Notes and of Principal Amount Outstanding of the Senior Notes to be given to Monte Titoli and in accordance with Condition 16 (*Notices*).

8.5.4 The principal amount redeemable in respect of each Note shall be a *pro rata* share of the aggregate amount determined in accordance with Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*) to be available for redemption of the Notes of the same Class as such Note on such date, calculated with reference to the ratio between (A) the then Principal Amount Outstanding of such Note and (B) the then Principal Amount Outstanding of all the Notes of the same Class (rounded down to the nearest cent), provided always that no such Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

8.5.5 If no principal payment on the Senior Notes or Principal Amount Outstanding of the Senior Notes is determined by or on behalf of the Issuer in accordance with the preceding provisions of this Condition 8.5 (*Redemption, Purchase and Cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*), such principal payment on the Senior Notes and Principal Amount Outstanding of the Senior Notes shall be determined by the Representative of the Noteholders in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*) and each such determination or calculation shall be deemed to have been made by the Issuer.

8.5.6 In the event of the Computation Agent not receiving or receiving with delay (such a delay not enabling the Computation Agent to prepare the Payments Report in time for applying the Pre-Enforcement Priority of Payments on the relevant Payment Date) the information (in whole or in part) of any amount necessary for it to prepare the Payments Report in respect of any Calculation Date, but has evidence that the amounts standing to the credit of the Accounts (excluding the Quota Capital Account) are sufficient to pay the interests on the Senior Notes and any other amount ranking in priority thereto pursuant to the Pre-Enforcement Priority of Payments, the Computation Agent shall:

(a) promptly inform the Issuer and the Representative of the Noteholders;

(b) nonetheless prepare a Payments Report on or prior to the relevant Calculation Date based on the assumption that:

(i) the amounts to be retained into the Expense Account and the fees due and payable on the next following Payment Date pursuant to item *Second* of the Pre-Enforcement Priority of Payments, shall be equal to the amount specified in the last available Payment Report; and

(ii) no payments will be made on any item of the Pre-Enforcement Priority of Payments different from the interests on the Senior Notes and any other amount ranking in priority thereto (and, therefore, for the avoidance of doubt, no principal will be due and payable on the Senior Notes on such Payment Date)

being understood (for the avoidance of any doubt) that, if the principal due under the Notes set out in such Payments Report results equal to zero, such circumstance shall not constitute in any event a Trigger Event.

It remains understood and agreed that any amount that will not be used and applied in accordance with the Pre-Enforcement Priority of Payments on each Payment Date shall remain credited onto the Payments Accounts and shall be considered as Issuer Available Funds and applied on the immediately following Payment Date.

The Computation Agent shall not be liable for any liability suffered or incurred by any party or any Other Issuer Creditors as a result of such assumption, being understood that should such assumptions be communicated to the Computation Agent to be wrong by the Party in charge to determine them, then the Computation Agent on the immediately following Calculation Date shall prepare a Payments Report which shall consider any incorrect assumed amounts with the purpose to set-off such amounts with any amounts due and payable on the next following Payment Date.

8.6 **Notice of redemption**

Any notice of redemption, including those as set out in Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) and 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), must be given in accordance with Condition 16 (*Notices*) and shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Senior Notes in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*).

8.7 **No purchase by Issuer**

The Issuer is not permitted to purchase any of the Notes.

8.8 **Cancellation**

8.8.1 The Notes shall be cancelled on the Cancellation Date, being the earlier of:

(a) the date on which the Notes have been redeemed in full;

(b) the Final Maturity Date; and

(c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer,

at which date any amount outstanding, whether in respect of interest, principal and/or other amounts in respect of the Notes, shall be finally and definitively cancelled.

8.8.2 Upon cancellation the Notes may not be resold or re-issued.

9. **NON PETITION AND LIMITED RECOURSE**

9.1 **Non Petition**

The Representative of the Noteholders only 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. In particular no Noteholder:

(a) is 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;

(c) shall be entitled, both before and following the delivery of a Trigger Notice until the date falling two years and one day after the date on which all the Notes and any other notes issued in the context of any other securitisation carried out by the Issuer 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, both before and following the delivery of a Trigger Notice, 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 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, by operation of law or otherwise, any claim against, or recourse to, the Issuer's other assets or its contributed capital;

(b) sums payable to each Noteholder 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 applicable Priority of Payments in priority to or *pari passu* with such sums payable to such Noteholder; and

(c) upon the Representative of the Noteholders giving notice in accordance with Condition 16 (*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 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 **Payments through Monte Titoli, Euroclear and Clearstream**

Payment of principal and interest in respect of the Senior Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose Monte Titoli accounts are credited with such Senior Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of such Senior Notes or through Euroclear and Clearstream to the

accounts with Euroclear and Clearstream of the beneficial owners of such Senior Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

10.2 **Payments subject to tax laws**

Payments of principal and interest in respect of the Senior Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

10.3 **Variation of Paying Agent**

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 another paying agent. The Issuer will cause at least 30 days' prior notice of any replacement of the Paying Agent to be given to the Noteholders in accordance with Condition 16 (*Notices*) and to the Rating Agencies.

11. **TAXATION**

All payments in respect of the Senior Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction (as recently amended) or any other withholding or deduction required to be made by applicable law. Neither the Issuer nor any other person shall be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

12. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Senior Notes shall be prescribed and shall 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**

13.1 **Trigger Events**

The occurrence of any of the following events shall constitute a Trigger Event:

(a) *Non-payment*: The Issuer defaults in the payment of:

(i) (1) the amount of interest accrued on the Most Senior Class of Notes; or

(2) the amount of principal due and payable on the Most Senior Class of Notes (as set out in the relevant Payments Report)

and such default is not remedied within a period of five Business Days from the due date thereof; or

(ii) any amount due to the Other Issuer Creditors under items First and Second of the Priority of Payments and such default is not remedied within a period of five Business Days from the due date thereof; or

(b) *Breach of other obligations*: The Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation specified in (a) above) which is in the Representative of the Noteholders' sole and absolute opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders having given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or

(c) *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 days

after the Representative of the Noteholders has served notice requiring remedy; or

(d) *Insolvency of the Issuer*: An Insolvency Event occurs in respect of the Issuer; or

(e) *Unlawfulness*: It is or will become unlawful (in any respect deemed to be material by the Representative of the Noteholders) 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.

13.2 **Trigger Notice**

Upon the occurrence of a Trigger Event, the Representative of the Noteholders:

(a) in the case of a Trigger Event under Condition 13.1 (a) or (e) above, shall; and/or

(b) in the case of a Trigger Event under Condition 13.1 (b) or (c) above, shall, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders; and/or

(c) in the case of a Trigger Event under Condition 13.1 (d) above, may at its sole discretion or shall, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders,

serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Notes will be due and payable at their Principal Amount Outstanding and the Issuer Available Funds shall be applied in accordance with Condition 6.2 (*Priority of Payments – Post-Enforcement Priority of Payments*).

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.

14. ACTIONS FOLLOWING THE SERVICE OF A TRIGGER NOTICE

14.1 Actions of the Representative of the Noteholders

At any time after a Trigger Notice has been served, the Representative of the Noteholders may or shall, if so requested or authorised by an Extraordinary Resolution of the Most Senior Class of Noteholders, take such steps and/or institute such proceedings against the Issuer as it may think fit to ensure repayment of the Senior Notes and payment of accrued interest thereon in accordance with the Priority of Payments set out in Condition 6.2 (*Priority of Payments - Post-Enforcement Priority of Payments*).

14.2 Notifications, determinations and liability of the Representative of the Noteholders

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 13 (*Trigger Events*) or this Condition 14 (*Actions following the service of a Trigger Notice*) by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all Senior Noteholders and (in such absence as aforesaid) no liability to the Senior Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretion hereunder.

14.3 Actions against the Issuer

No Noteholder shall be entitled to proceed directly against the Issuer save as provided in these Senior Notes Conditions and the Rules of the Organisation of the Noteholders.

14.4 **Limited claims against the Issuer**

If the Representative of the Noteholders takes action to ensure the Noteholders' rights in respect of the Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Senior Notes under the Terms and Conditions and the Intercreditor Agreement, if the remaining proceeds of such action (the Representative of the Noteholders having taken action to ensure the Noteholders' rights in respect of the entire Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Senior Notes and all other claims ranking *pari passu* therewith, then the Senior Noteholders' claims against the Issuer will be limited to their *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to the Senior Noteholders will be discharged in full and any amount in respect of principal, interest or other amounts due under the Senior Notes will be finally and definitively cancelled.

14.5 **Disposal of the Portfolio**

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 in these Terms and Conditions or the other Transaction Documents 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.

15. **THE REPRESENTATIVE OF THE NOTEHOLDERS**

15.1 **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.

15.2 **Appointment of the Representative of the Noteholders**

Pursuant to the Rules of the Organisation of the Noteholders, for so long as any Senior Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders who has been appointed by the initial holder of the Senior Notes at the time of the issue of the Senior Notes, subject to and in accordance with the provisions of the Senior Notes Subscription Agreement. Each Senior Noteholder is deemed to accept such appointment.

16. **NOTICES**

16.1 **Notices**

Any notice regarding the Senior 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, in relation to the Senior Notes 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 Senior 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 publication is made in one of the manners referred to above.

16.2 **Alternative methods of notice**

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Senior Notes are then listed and provided that notice of such other method is given to the Senior Noteholders in such manner as the Representative of the Noteholders shall require and in accordance with the rules of

the stock exchange on which the Senior Notes are then listed.

17. GOVERNING LAW AND JURISDICTION

17.1 Governing law of the Notes

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.

17.2 Governing law of the Transaction Documents

All the Transaction Documents and all non-contractual obligations arising in any way whatsoever out of or in connection with them, are governed by, and shall be construed in accordance with Italian Law.

17.3 Jurisdiction

Any dispute arising from the interpretation and execution of these Conditions or from the legal relationships established by these Notes and these Conditions will be submitted to the exclusive jurisdiction of the Courts of Brescia.

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 Valsabbina SME 3 SPV S.r.l. and subscription for the € 980,000,000 Class A Asset Backed Partly Paid Notes due July 2060 and the € 420,000,000 Class J Asset Backed Partly Paid Notes due July 2060 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.

1.3 *Integral part of the Notes*

These Rules are deemed to be an integral part of each Note issued by the Issuer.

2 Definitions and interpretations

2.1 *Interpretation*

2.1.1 Unless otherwise provided in these Rules, any capitalised term shall have the meaning attributed to it in the Terms and 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 of any Class;

(b) change any date fixed for the payment of principal or interest in respect of the Notes of any Class;

(c) reduce or cancel the amount of principal or interest payable on any date in respect of the Notes of any Class (other than any reduction or cancellation permitted under the Terms and Conditions) or alter the method of calculating the amount of any payment in respect of the Notes of any Class 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 any Class of Notes;

(f) alter the priority of payments affecting the payment of interest and/or the repayment of principal in respect of any of the Senior Notes;

(g) effect the exchange, conversion or substitution of the Notes of any Class 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.

"**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.

"**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.

"**Terms and Conditions**" means the Senior Notes Conditions and/or the Junior Notes Conditions, 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.

"**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 13 August 2018, 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.

The Representative of the Noteholders shall convene a Meeting at any time it is requested to do so in writing by (a) the Issuer, or (b) Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of all the Notes outstanding for the Class in respect of which the Meeting is to be convened.

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*

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.

Every Meeting may be held where there are Voters located at different places (located in the European Union) connected via audio-conference or video-conference, provided that:

(a) 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;

(b) the person drawing up the minutes may hear well the meeting events being the subject matter of the minutes;

(c) 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;

(d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or video-conference equipment; and

(e) for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes will be.

6 Notice of Meeting and Documents Available for Inspections

6.1 *Notice of meeting*

At least 10 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 Paying 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 (located in the European Union) 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 relevant Class or Classes of 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 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 costitutivo*) 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 for the Class in respect of which the Meeting is convened; 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 two thirds of the Principal Amount Outstanding of the Notes outstanding for the Class in respect of which the Meeting is convened; 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 three quarters of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is

convened; 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 for the Class in respect of which the Meeting is convened.

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 not less than three quarters of the votes cast.

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 days and no later than 42 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 Article 9, Articles 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 director(s) 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 relevant Class or Classes of 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 face amount 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 Paying 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

Save as provided by Article 18 and subject to the provisions of Article 19, 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; and

(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.

18 Extraordinary Resolutions

The Meeting, subject to Article 19, 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 any Class of Notes;

(d) save as provided by Article 29, approve any amendments of the provisions of (i) these Rules, (ii) the Terms and 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 Terms and Conditions or any other Transaction Document;

(f) grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and 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);

(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;

(i) appoint and remove the Representative of the Noteholders;

(j) authorise or object to individual actions or remedies of Noteholders under Article 23; and

(k) approve any other relevant matter (that should be expressly approved by the Noteholders) pursuant to the Intercreditor Agreement and any other Transaction Document.

19 Relationship between Classes and conflict of interests

19.1 *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 (to the extent that there are Notes outstanding in any of such other Class).

19.2 *Extraordinary Resolution other than in respect of a Basic Terms Modification or Ordinary Resolution*

No Extraordinary Resolution of any Class of Notes to approve any matter other than a Basic Terms Modification

or a matter to be approved by an Ordinary Resolution shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes ranking at that time senior to such Class with respect to the repayment of the principal pursuant to Condition 4.3 and in accordance with the applicable Priority of Payments (to the extent that there are Notes outstanding ranking senior to such Class), save as provided in Article 19.5 (*Resolution of the Junior Noteholders*) below.

19.3 *Binding nature of the Resolutions*

Any Resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting and, except in the case of Meeting relating to a Basic Terms Modification, any Resolution passed at a meeting of the then Most Senior Class of Noteholders duly convened and held as aforesaid shall also be binding upon all the other Class of Noteholders. In each such case, all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly.

19.4 *Conflict between Classes*

If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interest of

(a) different Classes of Noteholders, then the Representative of the Noteholders is required to have regard to the interests of the Most Senior Class of Noteholders only;

(b) the Noteholders and of the Other Issuer Creditors, the Representative of the Noteholders will have regard solely to the interests of the Noteholders.

19.5 *Resolution of the Junior Noteholders*

For the avoidance of doubt, amendments or modifications which do not affect the payment of interest and/or the repayment of principal in respect of any of the Senior Notes and/or any other interest or rights of the Senior Noteholders may be passed at a Meeting of the Junior Noteholders without any sanction being required by the holders of the Senior Notes.

19.6 *Joint Meetings*

Subject to the provisions of these Rules and the Terms and Conditions, if the Representative of the Noteholders considers it is not detrimental to the holders of any relevant Class of Notes, joint meetings of the Senior Noteholders and of the Junior Noteholders may be held to consider the same Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto.

19.7 *Separate and combined Meetings of the Noteholders*

Subject to the aforesaid provisions of this Article 19, the following provisions shall apply 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 opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of the 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 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 the other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any Resolution.

19.8 *Notice of Resolution*

Within 5 Business Days after the conclusion of each Meeting, the Issuer shall give notice, in accordance with Condition 16 (*Notices*), of the result of the votes on each resolution put to the Meeting. Such notice shall also be sent by the Issuer (or its agents) to the Paying Agent and the Representative of the Noteholders.

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 of the relevant Class or Classes 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 or an Ordinary Resolution, in respect of matters to be determined by Ordinary Resolution.

23 Individual Actions and Remedies

23.1 *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. 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.

23.2 *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 23.

23.3 *Breach of Condition 9*

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.

23.4 *Exclusive power of the Representative of the Noteholders*

Save as provided in this Article 23, 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.

24 Further Regulations

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE NOTEHOLDERS

25 Appointment, Removal and Remuneration

25.1 *Appointment*

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 25, except for the appointment of the first Representative of the Noteholders which will be Banca Finint.

25.2 *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.

25.3 *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.

25.4 *Duration of appointment*

Unless the Representative of the Noteholders is removed by Extraordinary Resolution pursuant to Title II above or it resigns in accordance with Article 27, it shall remain in office until full repayment or cancellation of all the Notes.

25.5 *Removal*

The Representative of the Noteholders may be removed by Extraordinary Resolution of the Most Senior Class of Noteholders at any time.

25.6 *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 25.2, 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.

25.7 *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 initial 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.

26 Duties and Powers of the Representative of the Noteholders

26.1 *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.

26.2 *Meetings and implementation of Resolutions*

Subject to Article 28.9 (*Illegality*), 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.

26.3 *Delegation*

26.3.1 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.

26.3.2 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.

26.3.3 The Representative of the Noteholders shall not, other than in the normal course of its business, be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate (*culpa in eligendo*).

26.3.4 As soon as reasonably practicable, the Representative of the Noteholders shall give notice to the Issuer 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.

26.4 *Judicial proceedings*

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders, *inter alia*, in any judicial proceedings.

27 Resignation of the Representative of the Noteholders

27.1 *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.

27.2 *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 Most Senior Class of 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 25.

28 Exoneration of the Representative of the Noteholders

28.1 *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.

28.2 *Other limitations*

Without limiting the generality of Article 28.1, 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 Terms and 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 Portfolio; and

(5) any accounts, books, records or files maintained by the Issuer, the Servicer, and the Paying Agent or any other person in respect of the 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 have no responsibility to procure that the Rating Agencies or any other credit or rating assessment institution or any other subject maintain the rating of the Senior Notes;

(vii) 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;

(viii) 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 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;

(ix) 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;

(x) shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;

(xi) 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;

(xii) 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;

(xiii) shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;

(xiv) shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;

(xv) shall not be responsible for (except as otherwise provided in the Terms and Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Portfolio and the Notes;

(xvi) 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; and

(xvii) save as expressly provided in the Transaction Documents, shall not be under any obligation to give

notice to any person in relation to the execution of these Rules or any other Transaction Document or any transaction contemplated hereby or thereby.

28.3 *Discretion*

28.3.1 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;

(iv) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents;

28.3.2 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.

28.3.3 The Representative of the Noteholders may, prior to taking any action (as well as prior to deciding not to take any action) in the execution and exercise of its powers and authorities and discretions under the Conditions, these Rules and the Transaction Documents, request in writing the Noteholders to determine in its sole discretion acting in good faith, whether any such action (or decision not to take any such action) would be prejudicial to, or have a negative impact on, the interests of the Noteholders. Upon determination by the Noteholders that any such action (or decision not to take any such action) of the Representative of the Noteholders would be materially prejudicial to, or have a material negative impact on, the interests of the Noteholders, the Representative of the Noteholders shall comply with the written instructions received by the Noteholders. On the contrary, in case the Noteholders will consider any such action (or decision not to take any such action) as no materially prejudicial to, or with no material negative impact on their interests, then the Representative of the Noteholders will act in accordance with the Conditions, these Rules and the provisions of the Intercreditor Agreement.

28.4 *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 or by a Rating Agency. 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.

28.5 *Ownership of the Notes*

28.5.1 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 83-*sexies* of the Financial Law Consolidated Act, which certificates are conclusive proof of the statements attested to therein.

28.5.2 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.

28.6 *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 13 August 2018, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

28.7 *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.

28.8 *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 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.

28.9 *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.

29 Amendments to the Transaction Documents

29.1 *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 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 Most Senior Class of Noteholders.

29.2 *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.

30 Indemnity

30.1 *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 Noteholders, 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.

30.2 *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

31 Powers

It is hereby acknowledged that, upon the occurrence of a Trigger Event, pursuant to the Mandate 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 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 Mandate 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 JURISDICTION

32 Governing law and Jurisdiction

32.1 *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.

32.2 *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 Brescia.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

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 and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

As at the date of this Information Memorandum, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for: (a) regulations issued by the Bank of Italy concerning*, inter alia,* the accounting treatment of securitisation transactions for special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of companies which carry out collection and recovery activities in the context of a securitisation transaction; (b) the Circular No. 8/E issued by *Agenzia delle Entrate* on 6 February 2003 on the tax treatment of the issuers (see paragraph "*Tax Treatment of the Issuer*" in the section headed "*Risk Factors*"); (c) the Decree of the Italian Ministry of Treasury dated 14 December 2006 No. 310 on the covered bonds, as provided by Article 7-*bis* of the Securitisation Law; (d) the Decree of the Italian Ministry of Economy and Finance No. 29 of 17 February 2009 on the terms for the registration of the financial intermediaries in the registers held by the Bank of Italy pursuant to Article 106 of the Consolidated Banking Act and the Legislative Decree 13 August 2010 No. 141 which has, *inter alia*, entirely replaced, as from 19 September 2010, Title V of the Consolidated Banking Act, even though the implementing regulations with respect to the amended provisions on the registration of financial intermediaries have not yet been issued by the Bank of Italy; (e) the Law Decree No. 145 of 23 December 2013 converted into law by Law No. 9 of 21 February 2014 (the **Decree No. 145**) (for key feature of Decree No. 145, please see the next paragraph "*The Law Decree No. 145 of 23 December 2013*"); (f) the Law Decree No. 91 of 24 June 2014 (the **Decree No. 91**) (for key feature of Decree No. 91, please see the next paragraph "*The Law Decree No. 91 of 24 June 2014*"), which amended the Securitisation Law, (g) Law No. 96 of 21 June 2017 (*Decreto Crescita*) and (h) Law No. 145 of 30 December 2018 (*Legge Finanziaria 2019*), which further amended the Securitisation Law.

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 .

The Law Decree No. 145 of 23 December 2013

General

The following paragraphs set out an overview of the key features of the amendments to the Securitisation Law introduced by Decree No. 145 which are relevant to securitisations transactions.

Transaction accounts

Decree No. 145 has provided for the main key features to open in the context of each securitisation transaction bank accounts:

(a) in the name of the SPV to be held with the account bank or the servicer (the "**SPV Accounts**"), for the deposit of the collections of the receivables and any other amounts paid or belonging to the SPV under the securitisation (pursuant to the relevant transaction documents).

(b) in the name of the servicer (or any sub-servicer) (the "**Servicer Accounts**") to be held with any bank, for the deposit of the collections of the securitised receivables.

Such provisions have been amended and supplemented by Decree No. 91, as described in paragraphs below "SPV accounts" and "Servicer accounts".

Assignment pursuant to Factoring Law

Decree No. 145 has simplified the assignments under the Securitisation Law of receivables falling within the scope of the Italian Factoring Law, these being the receivables arising out of contracts entered into by the relevant assignor in the course of its business.

More in particular, it has been provided that the transfer of above-mentioned type of receivables, which do not need to be identifiable as a pool *(in blocco)*, can be perfected also applying certain provisions of the Italian Factoring Law.

In addition, Decree No. 145 has established that if the transaction parties choose not to use the Italian Factoring Law as described above, then the relevant notice of assignment to be published in the Italian Official Gazette will need to set out only the details of the assignor, the assignee (i.e. the SPV) and the date of the relevant assignment.

Limitation to the set-off rights of the assigned debtors

Decree No. 145 has provided that, with effect from the date of the Publication and Registration (or of the purchase price payment, as the case may be, as described in the preceding paragraph entitled *"Assignment pursuant to Factoring Law"*), 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 the 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 Bankruptcy Law. However, nothing was said under the Securitisation Law in relation to the claw-back action pursuant to Article 65 of the Bankruptcy Law, being the claw-back in respect of any prepayments. Decree No. 145 has established an express exemption also in respect of such claw-back action under Article 65 of the Bankruptcy Law.

Simplified procedures for assignment of receivables owed by public entities

Decree No. 145 has simplified the procedure for the assignments of receivables owed by public entities in the context of securitisations governed by the Securitisation Law.

In fact, the assignments of receivables owed by public entities are subject to certain special perfection formalities which, prior to Decree No. 145, applied also to securitisations governed by the Securitisation Law. Such formalities include the need to execute the relevant receivables' transfer agreement in notarised form and to have the assignment notified to the relevant public entity through a court bailiff (and, in some cases, be formally accepted by such public entity).

The assignments of receivables owed by public entities made under the Securitisation Law securitisations will now be subject only to the formalities contemplated by the Securitisation Law (i.e. the Publication and Registration (or of the purchase price payment, as the case may be) and no other formalities, including those described above, shall apply.

It has also been established that if the SPV appoints as Servicer of the receivables an entity other the seller, then the relevant assigned public debtors shall be notified of such appointment through a notice on the Italian Official Gazette and a registered letter with return receipt.

Securitisation of Bonds

Decree No. 145 has clarified that, in addition to monetary receivables, also bonds, similar securities and financial drafts *(cambiali finanziarie)* are capable of being securitised under the Securitisation Law (with the exception of bonds representing company equity, exchangeable, hybrids and convertible bonds). Decree No. 145 has also established that the above-mentioned securities may be, not only purchased, but also directly subscribed, by the relevant SPV.

Sole investor

Decree No. 145 has clarified that where the notes issued by the SPV are subscribed by qualified investors, the underwriter can also be a sole investor.

Assignment of receivables arising from overdraft facilities

Decree No. 145 has expressly regulated the assignability of receivables arising from overdraft facilities under securitisation transactions. In particular, according to Decree No. 145, the assignment of all the receivables arising from the agreements relating to such overdraft facilities, including all the relevant future receivables, may now be made enforceable simply through the formalities provided for by the Securitisation Law (i.e. the Publication and Registration (or of the purchase price payment, as the case may be).

Asset management companies (SGR) allowed to act as servicers

Decree No. 145 has clarified that in case of securitisations contemplating the assignment of receivables to investment funds in accordance with Article 7, paragraph 2-*bis*, of the Securitisation Law, the relevant asset management companies will be entitled to act as servicer of the transaction.

The Law Decree No. 91 of 24 June 2014

General

The following paragraphs set out an overview of the key features of the amendments to the Securitisation Law introduced by Decree No. 91 which are relevant to securitisations transactions.

Financings granted by SPVs

Decree No. 91 has allowed SPVs to grant financings to entities different form individuals and microenterprises (as defined by Article 2, paragraph 1, of the Annex to the European Commission recommendation of 6 May 2003) in the context of securitisation transactions, provided that the following conditions are met:

(i) the borrower is identified by a bank or financial intermediary registered in the general register held by the Bank of Italy pursuant to Articles 106 of the Consolidated Banking Act;

(ii) the notes issued under the securitisation transaction are to be subscribed for by qualified investors pursuant to Article 100 of the Financial Laws Consolidated Act; and

(iii) the above bank/financial intermediary retains a significant economic interest in the transaction, in accordance with the rules laid down in the implementation provisions of the Bank of Italy.

Morevoer, Decree No. 91 has established that from the date (to be certain at law) in which the loan is drawn (in whole or in part), no action is permitted on the receivables and on any sums paid by the assigned debtors other than in satisfaction of the rights of the noteholders and to cover the other costs of the securitisation.

In the context of such securitisation transactions of receivables arising out of financings granted by SPVs, the servicer of the securitisation is to be responsible to verify the correctness of the transaction and the relevant compliance with the applicable legislation.

Extension of segregation effects

Decree No. 91 has also extended the segregation effects provided for under Article 3, paragraph 2, of the Securitisation Law.

In particular, it has been specified that the receivables relating to each transaction (meaning both (i) the receivables towards the assigned debtors and (ii) any other claims owed to the SPVs in the context of the transaction), as well as (iii) any relevant collections and (iv) financial assets purchased through the proceeds of the receivables form separate assets from the assets of the SPV and those relating to other transactions.

On each such assets no actions are permitted by creditors other than the holders of the notes issued to finance the purchase of the same receivables.

SPV accounts

Decree No. 91 has amended the provisions in relation to the SPV Accounts, for the deposit of the collections of the receivables and any other amounts paid or belonging to the SPV under the securitisation (pursuant to the relevant transaction documents).

In particular, the sums standing to the credit of the SPV Accounts (i) are capable of being seized and attached only by the relevant noteholders; and (ii) can be used exclusively to satisfying the claims of such noteholders,

hedging counterparty and to pay the relevant transaction's costs.

Moreover, in the event that the bank holding the SPV Account becomes subject to any proceedings under Title IV of the Consolidated Banking Act or any insolvency proceedings, the sums deposited on such accounts also pending such proceedings (i) are not subject to suspension of payments and (ii) will be immediately and fully returned to the relevant SPV without the need for the filing of any petition in the relevant proceeding and outside any distribution plan.

Servicer accounts

Decree No. 91 has also amended the provisions in relation to the Servicer Accounts, for the deposit of the collections of the securitised receivables.

The sums standing to the credit of the Servicer Accounts are capable of being seized and attached by the creditors of the relevant servicer (or sub-servicer, as the case may be) only within the limits of the amounts exceeding the sums collected and due to the SPV.

In the event that the relevant servicer (or sub-servicer, as the case may be) become subject to any insolvency proceedings, the sums deposited on such accounts also pending the insolvency proceedings, for an amount equal to the amounts pertaining to the SPV, will be immediately and fully returned to the relevant SPV without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

ABS Notes as eligible assets to cover technical provisions of insurance companies

Decree No. 91 has also broadened the scope of Article 5, paragraph 2-*bis*, of the Securitisation Law, providing that the notes issued in the context of securitisation transactions, and not only those issued in the context of securitisations carried out by way of subscription or purchase of bonds and similar securities (so-called "mini-bonds") or commercial papers by the SPVs, even if not intended to be traded on a regulated market or through multilateral trading facilities and even with no credit rating by third parties, may be accepted as cover for technical provisions of insurance companies under Article 38, Legislative Decree no. 209 of 7 September 2005, as subsequently amended.

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.

The assignment

The assignment of the receivables under the Securitisation Law is governed by Article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by Article 4 of the Securitisation Law, is that the assignment can be perfected against the assignor, the debtors in respect of the receivables and third party creditors by way of publication of the relevant notice in the Official Gazette of the Republic of Italy and registration in the Companies Register, so avoiding the need for notification to be served on each debtor.

On the date of publication of the notice in the Official Gazette of the Republic of Italy and registration in the Companies Register, the assignment becomes enforceable against:

(i) the debtors in respect of the receivables and any creditors of the assignor who have not commenced enforcement proceedings in respect of the relevant receivables prior to the date of publication of the notice and registration in the Companies Register, provided that following the registration of the assignment in the Companies Register and the publication of the notice in the Official Gazette, the

claw-back provisions set forth in Article 67 of the Italian Bankruptcy Law will not apply to payments made by any debtor to the purchasing company in respect of the portfolio to which the registration of the assignment and the publication of the notice thereof relate;

(ii) the liquidator or other bankruptcy official of the debtors in respect of the receivables (so that any payments made by such a debtor to the purchasing company may not be subject to any claw-back action pursuant to Article 65 and Article 67 of the Italian Bankruptcy Law); and

(iii) other permitted assignees of the assignor who have not perfected their assignment prior to the date of publication in the Official Gazette and of registration in the Companies Register.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

With effect from the date of publication of the notice of the assignment in the Official Gazette of the Republic of Italy and registration in the Companies Register, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction.

The transfer of the First Initial Portfolio from Banca Valsabbina to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 12 July 2019 and (ii) published in the Official Gazette No. 82, Part II, of 13 July 2019.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under Article 67 of Royal Decree number 267 of 16 March 1942 but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of Article 67 applies, within six months of the securitisation transaction. It is uncertain whether such limitation on claw-back would be applicable if the relevant insolvency procedure or claw-back action were not governed by the law of the Republic of Italy.

The Issuer

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.

Foreclosure proceedings

Mortgages may be "voluntary" (*ipoteche volontarie*), where granted by a borrower or a third party guarantor by way of a deed, or "judicial" (*ipoteche giudiziali*), where registered in the appropriate land registry (*Agenzia del Territorio – Servizio di Pubblicità Immobiliare*) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

A mortgage lender (whose debt is secured by a mortgage, whether "voluntary" or "judicial") may commence foreclosure proceedings by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the loan agreement, as the case may be.

Not earlier than 10 days and no later than 90 days from the date on which notice of the *atto di precetto* is served, the mortgage lender may request the attachment of the mortgaged property. The property will be attached by a court order, which must then be filed with the appropriate land registry. The court will, upon request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interests of the mortgage lender. If the mortgage lender does not make such request, the debtor will automatically become

the custodian of such property.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender. Not earlier than 10 days and no later than 90 days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property. The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the debtor to the attachment.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral certificates, which usually take some time to obtain.

Within 30 days of deposit of the required documentation, the court shall set a hearing in order to examine any challenge filed by the debtor and to plan the sale of the mortgaged property. The Italian code of civil procedure, as recently amended, provides that the court shall make every effort to sell the mortgaged property by acquiring sealed bids (*vendita senza incanto*) rather than proceeding by an auction (*vendita con incanto*). Should the bidding procedure not be successful, the mortgaged property shall be sold with an auction.

If the court decides to proceed with an auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property. The court will then order the sale by auction. The court determines on the basis of the expert's appraisal the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offers are made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the foreclosure proceedings and any expenses for the cancellation of the mortgages, will be applied towards satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the foreclosure proceedings).

Pursuant to Article 2855 of the Italian Civil Code the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the foreclosure proceedings are taken and in the two preceding calendar years and (ii) the interest accrued at the legal rate (currently 0.5 per cent.) until the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the foreclosure proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of foreclosure proceedings, from the court order or injunction of payment to the final sharing out, is between six and seven years. In the medium-sized Central and Northern Italian cities it can be significantly less whereas in major cities or in Southern Italy the duration of the procedure can significantly exceed the average. Law No. 302 of 3 August 1998 (as amended by Law No. 80 of 14 May 2005 and by Law No. 263 of 28 December 2005) has been issued for the purpose of shortening the duration of the foreclosure proceedings by allowing the mortgage lender to substitute the cadastral certificates referred to above with certificates obtained from public notaries and by allowing public notaries and certain lawyers and accountants to conduct various activities which were before exclusively within the powers of the courts.

***Mutui fondiari* foreclosure proceedings**

At least 82% of the First Initial Portfolio is comprised of Mortgage Loans qualifying as *mutui fondiari*.

Foreclosure proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by Article 38 (and following) of the Consolidated Banking Act in which several exceptions to the rules applying to foreclosure proceedings in general are provided for.

In particular, mortgages securing the loans are not capable of being challenged under actions for revocation pursuant to Article 67 of the Italian Bankruptcy Law if they were registered at least 10 days prior to the publication of the decision declaring the bankruptcy of the debtor, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue foreclosure proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondiario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to Article 58 of the Consolidated Banking Act, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutui fondiari* loan.

Attachment of Debtor's Credits

Attachment proceedings may be commenced also on due and payable credits of a borrower (such as bank accounts, salary etc.) or on a borrower's movable property which is located on a third party's premises.

Prepayment fees and subrogation under Decree No. 7 (i.e. *Decreto Bersani*) and the Consolidated Banking Act

General

Italian Law Decree No. 7 of 31 January 2007 ("**Decree No. 7**"), converted into law No. 40 of 2 April 2007, has introduced certain provisions aimed at, *inter alia,* protecting consumers and promoting competitiveness in the banking sector. Decree No. 7 sets out also provisions affecting mortgage loans granted to individuals for the purpose of purchasing or restructuring real estate assets for residential use (*uso abitativo*) or carrying out its own business or professional activity (*attività economica o professionale*), as it is the case for certain securitised Loans. Such provisions deal also with (i) prepayment fees due by borrowers upon early repayment of the loan, (ii) prepayment of the loan by way of voluntary subrogation of the debtor *(surrogazione per volontà del debitore)* and (iii) simplification of the cancellation process of mortgages.

Pursuant to Italian Legislative Decree No. 141 of 13 August 2010 and Italian Legislative Decree No. 218 of 14 December 2010, the provisions of Decree No. 7 concerning prepayment of the loans and voluntary subrogation of the debtor have been repealed and are now regulated by Articles 120-*ter* and 120-*quater* of the Consolidated Banking Act.

The key features of the above mentioned provisions are set out in the following paragraphs.

Prepayment fee

In relation to the prepayment fees due by the borrowers upon the early or partial repayment of the mortgage loan, Articles 120-*ter* and 161 of the Consolidated Banking Act provide a different regime for (i) mortgage loan agreements entered into after 2 February 2007 (i.e. the date on which Decree No. 7 entered into force) and (ii) mortgage loan agreements entered into before such date. The Portfolio comprises Loan Agreements entered into both prior to and after 2 February 2007.

With reference to mortgage loan agreements entered into after 2 February 2007, Articles 120-*ter* and 161 of the Consolidated Banking Act provide the nullity of any arrangements (even if subsequent to the execution of the relevant agreement) requiring the payment of any prepayment fee by the relevant borrower upon the early or partial repayment of the loan.

With reference to mortgage loan agreements entered into before 2 February 2007, Articles 120-*ter* and 161 of the Consolidated Banking Act provide that the maximum amount of the prepayment fee payable upon early or partial repayment of the loan is the amount defined under the agreement entered into pursuant to Article

7 of Decree No. 7 between the Italian Banking Association and the national Consumers' Associations (such associations as determined pursuant to Article 137 of Legislative Decree No. 206, 6 September 2005 (i.e. the Italian consumer code)) on 2 May 2007 setting out general rules for rendering the terms and conditions of such mortgage loan agreements fair (*riconduzione ad equità*). In particular, according to such agreement, the maximum amount of the prepayment fee payable upon early or partial repayment of the above mentioned loans shall be as follows:

(a) for mortgage loan agreements providing a floating rate of interest:

  (i) 0.50 point per cent.;

  (ii) 0.20 point per cent. if the prepayment is made during the third year before the maturity of the mortgage loan;

  (iii) nil if the prepayment is made during the last two years before the maturity of the mortgage loan;

(b) for mortgage loan agreements providing a fixed rate of interest executed before 1 January 2001:

  (i) 0.50 point per cent.;

  (ii) 0.20 point per cent. if the prepayment is made during the third year before the maturity of the mortgage loan; and

  (iii) nil if the prepayment is made during the last two years before the maturity of the mortgage loan; and

(c) for mortgage loan agreements providing a fixed rate of interest executed after 31 December 2000:

  (i) 1.90 points per cent. if the prepayment is made during the first half of the tenor of the mortgage loan;

  (ii) 1.50 points per cent. if the prepayment is made during the second half of the tenor of the mortgage;

  (iii) 0.20 point per cent. if the prepayment is made during the third year before the maturity of the mortgage loan; and

  (iv) nil if the prepayment is made during the last two amortisation years before the maturity of the mortgage loan; and

(d) for mortgage loans providing a mixed rate interest (i.e. a rate of interest which may change from fixed to floating and *vice versa*) one of the maximum amounts described under paragraphs (a), (b) and (c) above depending on, *inter alia*, the date of granting of the relevant mortgage loan, the remaining term of, and type of interest rate applied to, the relevant mortgage loan as at the date when the prepayment is made.

The agreement between the Italian Banking Association and the national Consumers' Associations contemplates also some protection provisions (*clausola di salvaguardia*) for mortgage loans providing a prepayment fee equal to or lower than those established by the above agreement. The Italian Banking Association and the national Consumers' Associations undertook to set up a committee which shall meet every three months with the purposes of verifying the enforcement of the agreement achieved pursuant to Decree No. 7.

Pursuant to the above mentioned provisions, lenders, such as Banca Valsabbina (and, thus, also the relevant assignees, including the Issuer) cannot refuse the renegotiation of a mortgage loan agreement executed prior to 2 February 2007 if the relevant borrower proposes that the amount of the prepayment fee be reduced within the limits established by the Italian Banking Association and the national Consumers' Associations.

Prepayment of loans by voluntary subrogation of the debtor (*surrogazione per volontà del debitore*)

Pursuant to Article 120-*quater* of the Consolidated Banking Act a borrower under a loan granted by a banking or financial intermediary is entitled to fund the repayment of such loan by obtaining a new loan from a third party without any charges, notwithstanding any provision to the contrary set out in the relevant loan

agreement. In such case the lender of the new loan would be subrogated (*surrogazione per volontà del debitore*) in the rights relating to any guarantees securing the relevant subrogated claim (such as the Mortgages), without prejudice to any applicable tax benefits. Under Article 120-*quater* of the Consolidated Banking Act, the annotation of the subrogation can be requested to the relevant land registry through simplified formalities. Pursuant to Article 120-*quater* of the Consolidated Banking Act, any arrangements preventing a debtor from the exercise of the above right of subrogation or providing that it may be exercised only subject to certain charges shall be deemed null. In the event that the provisions of such Article 120-*quater* are not observed, the monetary penalties provided by Article 144, paragraph 3-*bis*, of the Consolidated Banking Act will be applied.

Moreover, paragraph 7 of Article 120-*quater* of the Consolidated Banking Act provides that, in case the subrogation proceeding is not perfected within 30 days from the date on which cooperation between the original lender and the new lender has commenced, the original lender is obliged to indemnify the relevant borrower for an amount equal to 1% of the value of the loan, in respect of each month of delay or part of it. The original lender will have recourse to the new lender in case the latter is responsible for such delay.

Cancellation of mortgages

Article 40-*bis* of the Consolidated Banking Act provides for a simplified procedure for the cancellation of mortgages securing *mutui fondiari*, under which such mortgages are automatically discharged on the same date on which the relevant secured obligation has been discharged. Pursuant to Article 40-*bis*, paragraph 2, of the Consolidated Banking Act, within 30 days from the date of discharge of the secured obligation the relevant creditor shall be under the duty to (i) give the quittance to the relevant debtor evidencing the above date of discharge and (ii) communicate such discharge to the relevant land registry. Pursuant to Article 40-*bis*, paragraph 3, of the Consolidated Banking Act, the discharge of the mortgage does not take place in case, on the basis of grounded reasons, the relevant creditor communicates to the *Agenzia del Territorio* that the mortgage must be maintained.

Pursuant to Article 40-*bis*, paragraph 4, of the Consolidated Banking Act, in the absence of the above creditor's communication requesting the maintenance of the mortgage, upon expiration of 30 days from the date of discharge of the secured obligation, within the following day, the land registry shall cancel the relevant mortgage and make available to third parties the communication of discharge of the secured obligation provided by the relevant creditor.

Insolvency proceedings

Under Article 1 of the Italian Bankruptcy Law commercial entrepreneurs (companies or individuals) (*imprenditori che esercitano un'attività commerciale*) may be subject to the insolvency proceedings (*procedure concorsuali*) provided for by the Italian Bankruptcy Law being, *inter alia*, bankruptcy (*fallimento*) or pre-bankruptcy agreement (*concordato preventivo*).

Commercial entrepreneurs are not subject to the insolvency proceeding pursuant to the Italian Bankruptcy Law if the following conditions are jointly satisfied:

(a) its assets – on an annual basis – over the last three years are not higher than Euro 300,000;

(b) its annual gross revenue over the last three years is not higher than Euro 200,000; and/or

(c) its indebtedness – whether due or not – is in aggregate not higher than Euro 500,000.

Bankruptcy procedure applies to commercial entrepreneurs which are in state of insolvency. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon request of one or more of its creditors or of the public prosecutor) if it is not able to timely and duly fulfill its obligations.

Pursuant to Article 15 of the Italian Bankruptcy Law, declaration of bankruptcy is not stated by the court if the amount of all debts due and not paid does not exceed Euro 30,000.

The order issued by the bankruptcy court will provide for, *inter alia*:

- the appointment of a deputy judge (*giudice delegato*) that will supervise the proceeding;
- the appointment of a receiver (*curatore fallimentare*) that will deal with the distribution of the debtor's

assets;

- the filing of all the debtor's accounting records and ledgers with the court;
- the establishment of the terms upon which creditors must file their claims.

The court order deprives the debtor of the right to manage its business which is taken over by the court-appointed receiver and, as a result, the debtor is no longer able to dispose of all its assets. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. In addition, any legal action taken and proceedings already initiated by creditors against the debtor are automatically suspended.

The proceeding is closed by an order of the bankruptcy court. Once the receiver has disposed of all the debtor's assets, but prior to allocating the proceeds, it must submit a final report to the deputy judge on his administration. Finally (after creditors' motions against such final report have been decided) the deputy judge orders the allocation of the net proceeds. Thereafter, creditors may sue the debtor to obtain payment of any unrecovered portion of their claims and of interest thereon. A bankruptcy proceeding may also end with a settlement accepted by the creditors (*concordato fallimentare*).

Pre-bankruptcy agreement (Concordato preventivo)

The debtor in "state of financial distress" (i.e. financial crisis which may not constitute insolvency yet) may propose to its creditors a pre-bankruptcy agreement (*concordato preventivo*) on the basis of a recovery plan which may provide for:

(a) the restructuring of debts and the satisfaction of creditors in any manner, even through transfer of debtor's assets, novations (*accollo*) or other extraordinary transactions, including the assignment to the creditors of shares, quotas, bonds (also convertible into shares) or other financial instruments and debt securities;

(b) the assignment of the debtor’s assets in favour of an assignee (assuntore), that can be appointed even among the creditors;

(c) the division of creditors into classes; and

(d) different treatments for creditors belonging to different classes.

It is possible that, according to the proposed plan, creditors with liens or security interests (*pegno* and *ipoteca*) can be partially satisfied provided that their claims would not be satisfied in a higher measure through the sale of their secured assets.

Once the court declares the procedure admissible, from the date of the filing of the debtor's petition and until the order of the court becomes definitive, creditors whose claims have arisen prior to the date of the judicial approval (*decreto di omologazione*) cannot commence or proceed with foreclosure proceedings (*azioni esecutive*) on debtor's assets and cannot acquire pre-emption rights (*diritti di prelazione*).

The pre-bankruptcy agreement is approved by creditors representing the majority of the claims admitted to vote. In the event that the proposal provides for the creation of classes of creditors, the pre-bankruptcy agreement is approved when in the majority of classes a favourable vote is obtained from the majority of the claims admitted to vote in each class. Should a creditor belonging to a dissenting class disagree with the proposed agreement, the court may also approve the pre-bankruptcy agreement if it deems that such a creditor would be satisfied in a measure not lower than compared with other practicable solutions.

If the required majorities are not reached, the court declares the proposed pre-bankruptcy agreement inadmissible. In such a case, the court declares the bankruptcy of the debtor only if there is a petition of a creditor or a request of the public prosecutor.

In case of judicial approval, the pre-bankruptcy agreement becomes obligatory for all of the debtor’s creditors in existence prior to the admission to the pre-bankruptcy agreement procedure.

It must be noted that the relevant provisions of the Italian Bankruptcy Law regulating pre-bankruptcy agreements have been amended by Article 33 of Law Decree 22 June 2012, No. 83 (converted into law by the conversion law 7 August 2012, No. 134). In particular, it is provided, *inter alia*, as follows:

(a) the possibility of the debtor to file only a petition in the first instance and to subsequently submit the relevant documents listed in Article 161 of the Italian Insolvency Law within a term assigned by the judge; additionally, the debtor may file within such term (as an alternative to the pre-bankruptcy agreement proceedings) a demand of approval of a debt restructuring agreement (*accordo di ristrutturazione dei debiti*) pursuant to Article 182-*bis* of the Italian Insolvency Law and in such a case, the protective measures set out by Article 168 of the Italian Insolvency Law will continue to be effective;

(b) the creditors' impossibility (in addition to the impossibility to commence or proceed with foreclosure proceedings on debtor's assets and to acquire pre-emption rights) to commence or proceed with precautionary actions (*azioni cautelari*) from the date of publication of the petition of pre-bankruptcy agreement with the companies register; additionally, judicial mortgages (*ipoteche giudiziali*) created in the 90-days period preceding such date are ruled out as ineffective;

(c) the possibility of the debtor to carry out, after the date of filing of the petition of pre-bankruptcy agreement and until the date of approval: (i) urgent extraordinary activities (*atti di straordinaria amministrazione*) with the prior authorisation of the court; and (ii) ordinary activities (*atti di ordinaria amministrazione*); claims of third parties arising out of such activities will be discharged in priority (*crediti prededucibili*) in the context of potential bankruptcy proceedings of the debtor pursuant to Article 111 of the Italian Insolvency Law;

(d) the power of the court to authorise, upon demand of the debtor, termination or suspension of the agreements in force as of the date of filing of the petition, provided that the other parties to such agreements are indemnified by the debtor;

(e) the power of the court to authorise the debtor to enter into loan agreements (and to create the relevant *in rem* securities), the claims arising out of which will be discharged in priority in the context of potential bankruptcy proceedings of the debtor pursuant to Article 111 of the Italian Insolvency Law, subject to a certification by an expert that such loans are functional to the best satisfaction of the creditors' rights; and

(f) specific rules in relation to business continuity pre-bankruptcy agreements (*concordati con continuità aziendale*).

Debt restructuring agreements under Italian Bankruptcy Law (Accordi di ristrutturazione dei debiti)

Pursuant to Article 182-*bis* of the Italian Bankruptcy Law, an entrepreneur in state of distress can enter into a debt restructuring agreement with its creditors (*accordo di ristrutturazione dei debiti*).

In order to obtain the court approval (*omologazione*), the entrepreneur must file with the competent court an agreement for the restructuring of debts entered into by creditors representing at least 60 per cent. of the debtor’s debts, together with an assessment made by an expert on the feasibility of the agreement, particularly with respect to the regular payments in favour of creditors who have not entered into such debt restructuring agreement.

From the day the agreement is published in the companies register:

(a) the agreement is effective;

(b) creditors whose claims have arisen prior to such date cannot commence or continue precautionary actions (*azioni cautelari*) or foreclosure proceedings (*azioni esecutive*) on the assets of the debtor for 60 days; and

(c) creditors and any other interested party may oppose the agreement within 30 days.

The court can grant its judicial approval to the debt restructuring agreement once it has decided on any opposition.

According to the Article 182-*bis*, paragraph 6 of the Italian Bankruptcy Law, introduced by Law Decree of 31 May 2010 No. 78, upon request of the entrepreneur, the preventive effects mentioned under paragraph (b) above may also be produced before the entering into of the debt restructuring agreement, provided that the entrepreneur gives evidence of the feasibility of the debt restructuring plan under discussion by filing certain

documents with the court. In particular, the entrepreneur shall:

(i) certify that negotiations are pending with creditors representing at least 60 per cent. of the debtor's debts;

(ii) provide an assessment by an expert confirming that the debt restructuring agreement being negotiated by the debtor allows regular payment of the creditors not entering into such agreement.

It must be noted that the relevant provisions of the Italian Bankruptcy Law regulating debt restructuring agreements have been recently amended by Article 33 of Law Decree 22 June 2012, No. 83 (converted into law by the conversion law 7 August 2012, No. 134). In particular, it is provided, *inter alia*, as follows:

(a) the payment "in full" (and not "regular") of the creditors not entering into the debt restructuring agreement, within specific terms set out therein;

(b) the creditors' impossibility to acquire pre-emption rights (*diritti di prelazione*) (in addition to the impossibility to commence or proceed with precautionary actions or foreclosure proceedings on the debtor's assets) from the date of publication of the debt restructuring agreement with the companies register;

(c) the possibility of the debtor to submit – after having filed with the court a proposal of debt restructuring agreement pursuant to Article 182-*bis*, sixth paragraph, of the Italian Insolvency Law and within the term subsequently assigned by the court to file the debt restructuring agreement – a petition of pre-bankruptcy agreement (*concordato preventivo*) and in such a case the protective measures set out by Article 182-*bis*, sixth and seventh paragraphs, of the Italian Insolvency Law will continue to be effective; and

(d) the power of the court to authorise the debtor to enter into loan agreements (and to create the relevant *in rem* securities), the claims arising out of which will be discharged in priority (*crediti prededucibili*) in the context of potential bankruptcy proceedings of the debtor pursuant to Article 111 of the Italian Insolvency Law, subject to a certification by an expert that such loans are functional to the best satisfaction of the creditors' rights.

Recent main changes in Italian bankruptcy, tax and civil procedure law

The Italian Parliament has recently adopted the Law Decree No. 83 of 27 June 2015 (*Misure urgenti in materia, fallimentare, civile e processuale civile e di organizzazione e funzionamento dell'amministrazione giudiziaria*) converted into law by Law No. 132 of 6 August 2015 (the "**Decree No. 83**"), providing for some significant changes in Italian bankruptcy, tax and civil procedure law.

The main features of the reform implemented by Decree No. 83 are summarised herein below:

(a) the rules governing the deductibility for tax purposes by banks and financial intermediaries of losses and write-off relating to receivables have been amended. Under the new rules both losses deriving from assignment of receivables and losses and write-off of receivables vis-à-vis customers (*crediti verso la clientela*) are entirely deductible in the fiscal year in which they are registered in the financial statements of the aforesaid companies. This provision has shortened the timeframe previously provided for deducting losses and write-off of receivables, which was equal to five fiscal years;

(b) debt enforcement proceedings have been accelerated and simplified, and judicial sales expedited;

(c) banks and financial intermediaries holding the majority of a company's overall debt can (subject to certain conditions) restructure its indebtedness, even in the face of a significant dissenting minority financial creditor;

(d) access to new financing has been simplified, enjoying super-priority, and the removal of claw back risk for bridging loans (including shareholder loans) for a company when proposing a pre-bankruptcy creditors arrangement or debt restructuring;

(e) creditors representing 10% of overall indebtedness are now entitled to present alternative proposals to those proposed by the debtor if the company's proposals do not satisfy at least 40% of non-preferred creditors in case of liquidation or 30% in an on-going scenario. Measures have been introduced which

will likely lead to greater use of controlled auctions in prepack creditor arrangements involving business sales, favouring independent investor participation. Such sales may now be completed even before court certification of the approved creditor arrangement, prioritising business continuity;

(f) a specific discipline has been provided in relation to the consequences of the termination of financial leasing contract (please see the paragraph "*Italian Law on Leasing*" below for more details on this provision); and

(g) a number of measures have been introduced to enhance the speed and effectiveness of bankruptcy proceedings, including the imposition of deadlines for bankruptcy trustee activities with the real threat of removal for failure to comply and the facilitation of interim distributions to creditors.

These provisions of Decree No. 83 have not been tested in any case law nor specified in any further regulation.

Law Decree No 59/2016

The Italian Parliament has recently adopted the Law Decree No. 59 of 3 May 2016 (*Disposizioni urgenti in materia di procedure esecutive e concorsuali, nonchè a favore degli investitori in banche in liquidazione*) converted into law by Law No. 119 of 30 June 2016 (the "**Decree No. 59**"), providing for urgent measures on guarantees, foreclosure and insolvency proceedings and aiming at restoring damages suffered by investors of banks under liquidation.

The main features of the reform implemented by Decree No. 59 are summarised herein below:

(a) a new security interest over movable assets ("*pegno mobiliare non possessorio*") has been introduced in order to improve the businesses' access to financing;

(b) it is now possible for banks and other financial intermediaries authorised to carry out lending activities pursuant to Article 106 of the Consolidated Banking Act to agree in the financing arrangements with businesses to obtain, in case of default, title to a designated real estate asset(s) (such measure expressly provides for an exception to the general Italian rule pursuant to which a secured creditor is not allowed to repossess a pledged or mortgaged asset upon the borrower's default);

(c) certain provisions have been introduced in order to further accelerating (following the recent amendments in enforcement proceedings) credit recovery through more efficient enforcement proceedings. In particular:

  (i) no oppositions to enforcement procedures are allowed (with limited exceptions) if the sale process for the asset has already been launched;

  (ii) courts must (with no discretion) order provisional execution of an injunction order for the portion of the claim which has not been challenged by the debtor;

  (iii) a bidder in an auction may identify a third party assignee to become the owner of the asset.

(d) changes have been introduced to Italian insolvency law to facilitate certain procedural aspects by strengthening the use of online technologies to enhance interactivity within the context of hearings and creditors' meetings;

(e) a digital registry shall be set up and held by the Ministry of Justice, which includes data relating to all the compulsory expropriation, insolvency proceedings and alternative debt restructuring resolution schemes.

These provisions of Decree No. 59 have not been tested in any case law nor specified in any further regulation.

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 and (with reference to the First Initial Portfolio) 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 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 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, Banca Valsabbina has agreed to subscribe for the Senior Notes, subject to the terms and conditions set out thereunder.

The Issuer has agreed to indemnify the Senior Notes Underwriter against certain liabilities in connection with the issue of the Senior Notes.

No commission, fee or concession shall be due by the Issuer to Banca Valsabbina in respect of its subscription 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 Brescia 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 AND THE JUNIOR NOTES CONDITIONS

Pursuant to the Junior Notes Subscription Agreement, Banca Valsabbina has agreed to subscribe and pay the Issuer for the Junior Notes at their Issue Price. Save for the rate of interest applicable to the Junior Notes for each Interest Period, the Junior Notes Conditions are substantially the same as the Senior Notes Conditions.

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 Banca Valsabbina 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 Brescia 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, each of the Originator and the Senior Notes Underwriter:

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 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 Senior Notes Underwriter 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 Senior Notes Underwriter nor its affiliates nor any persons acting on the behalf of the Senior Notes Underwriter's 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 Senior Notes Underwriter 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)(111) (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**

Under the Senior Notes Subscription Agreement, the Senior Notes Underwriter has represented, warranted and undertaken to the Issuer that:

3.3.1 **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

3.3.2 **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 **Italy**

Under the Senior Notes Subscription Agreement, the Senior Notes Underwriter has represented, warranted and undertaken to the Issuer that:

3.4.1 **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, no Senior Notes have been or may 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 Italy shall be effected in accordance with all relevant Italian securities, tax and other applicable laws and regulations;

3.4.2 **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 3.4.1 (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 the Consolidated Banking Act, as amended;

(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 3.4.1, 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 Financial Laws Consolidated Act and Regulation 11971. 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 Senior Notes Underwriter 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. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus 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.

4. REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

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

(i) retain, on an on-going basis, a material net economic interest of not less than 5 (five) per cent. in the Securitisation, in accordance with option (a) of Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;

(ii) not change the manner in which the material net economic interest is held, unless expressly permitted by Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;

(iii) procure that any change to the manner in which such material net economic interest is held in accordance with paragraph (ii) above will be notified to the Computation Agent to be disclosed in the Investors Report; and

(iv) 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.

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 multilateral trading facility ExtraMOT. 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 PRO.

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. Therefore, in accordance with Italian law, the issue of the Notes has been authorised by such Sole Director without the need of any formal meeting or resolution. However, the issue of the Notes was authorised also by the resolution of the quotaholder passed on 7 July 2021.

Clearing of the Notes

The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

Class	***ISIN***
Class A	IT0005453797
Class J	IT0005453805

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 26 May 2021, 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) Transfer Agreement;

(iii) Warranty and Indemnity Agreement;

(iv) Servicing Agreement;

(v) Intercreditor Agreement;

(vi) Cash Allocation, Management and Payment Agreement;

(vii) Mandate Agreement;

(viii) Quotaholder Agreement;

(ix) Senior Notes Subscription Agreement;

(x) Junior Notes Subscription Agreement;

(xi) Letter of Undertakings;

(xii) Corporate Services Agreement;

(xiii) Stichting Corporate Services Agreement;

(xiv) Master Definitions Agreement;

(xv) Information Memorandum; and

(xvi) Issuer's annual audited financial statement.

Post issuance reporting

So long as any of the Notes remains outstanding, pursuant to Clause 6.2.3 (*Investors Report*) of the Cash Allocation, Management and Payment Agreement, each Investors' Report will be made available on the website www.securitisation-services.com.

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 requirements 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 the 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, as initial holder of the 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 EBA Guidelines on the STS Criteria, (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 EBA Guidelines on the STS Criteria, 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 EBA Guidelines on the STS Criteria;

(b) in case of transfer of any Notes by Banca Valsabbina to third party investors after the Issue Date, the Originator has undertaken to make available through the Designated Repository to such investors and the competent authorities referred to in Article 29 of the EU Securitisation Regulation, 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 EBA Guidelines on the STS Criteria, (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 EBA Guidelines on the STS Criteria, 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 EBA Guidelines on the STS Criteria.

As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:

(i) the Servicer shall prepare the Transparency Loan Report and deliver it to the Reporting Entity 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;

the Computation 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 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 Investor Report shall indicate whether an inside information or a significant event has occurred or not;

(ii) 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); and

(iii) the Originator shall make available to the final Transaction Documents and all the other documents listed under Article 7(1)(b) and 7(1)(d) investors in the Notes by no later than 15 (fifteen) days after the Issue Date,

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 to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request, through the Designated Repository, 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.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed that:

(a) in no event Banca Valsabbina, 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 Article 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 Valsabbina to such Parties);

(b) in no event Banca Valsabbina, 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 Article 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 Valsabbinato such parties); and

(c) Banca Valsabbina, 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 Article 12.1.5 of the Intercreditor Agreement or the Transaction Documents 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 Valsabbina's liability for the information provided by it to the relevant Parties). In case the information or data provided by a Party pursuant to Article 12.1.5 of the Intercreditor Agreement appears to be prima facie incomplete or to include any material mistakes, Banca Valsabbina 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 Rules

Under the Intercreditor Agreement, the relevant parties thereto (in relation to the respective role performed under the Securitisation) have agreed to:

(a) provide all reasonable cooperation to the Issuer and the Originator in order to ensure that the Securitisation complies with the EU Securitisation Rules and is designated as STS;

(b) 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 deemed necessary and/or expedient for the purposes of point (a) above.

The STS Notification in respect of the Securitisation will be publicly available on the ESMA website: https://www.esma.europa.eu/.

Fees and expenses

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately Euro 150,000 (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 Euro 2,500 (excluding VAT, if applicable).

Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 815600C06B5E90811C07.

ISSUER

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ORIGINATOR, SERVICER, REPORTING ENTITY, SENIOR NOTES UNDERWRITER AND JUNIOR NOTES UNDERWRITER

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COMPUTATION AGENT, CORPORATE SERVICER, BACK-UP SERVICER FACILITATOR AND REPRESENTATIVE OF THE NOTEHOLDERS

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CASH MANAGER

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ACCOUNT BANK AND PAYING AGENT

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STICHTING CORPORATE SERVICES PROVIDER

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