PROSPECTUS dated 15 June 2018

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

FANES S.R.L.

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

Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061

Issue Price: 100 per cent.

Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061

Issue Price: 100 per cent.

This Prospectus contains information relating to the issue by Fanes S.r.l., a limited liability company, with a sole quotaholder, organised under the laws of the Republic of Italy (**Fanes** or the **Issuer**) of Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061 (the **Class A1 Notes**) and Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes** or the **Senior Notes**). In connection with the issue of the Senior Notes, the Issuer will also issue Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061 (the **Class J Notes** or the **Junior Notes** and, together with the Senior Notes, the **Notes**).

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (the **Stock Exchange**) for the Senior Notes to be admitted to the official list of the Stock Exchange and trading on the regulated market of the Stock Exchange. The regulated market of the Stock Exchange is the regulated market of the Stock Exchange for the purposes of the Directive 2014/65/EU. No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus. The Notes will be issued on 18 June 2018 (the **Issue Date**). This document constitutes a *Prospetto Informativo* for all Notes for the purposes of article 2, sub-section 3 of the Securitisation Law and a prospectus for the purposes of article 5.3 of the Directive 2003/71/EC (the Prospectus Directive).

This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Senior Notes which are to be admitted to trading on a regulated market for the purpose of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area.

Capitalised words and expressions in this Prospectus shall, except otherwise specified or so far as the context otherwise requires, have the meanings set out herein and in the section entitled "*Glossary*" set out herein.

The principal source of payment of interest and of repayment of principal, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, on the Notes will be the collections and recoveries made in respect of the Portfolio of the Receivables arising out of residential mortgage loan agreements purchased by the Issuer from Cassa di Risparmio di Bolzano S.p.A. (**CR Bolzano** or the **Originator**) pursuant to the terms of the Transfer Agreement entered into on 23 May 2018.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer's rights, title and interest in and to the Portfolio and under the Transaction Documents will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditors 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 quarterly in arrears in Euro on 24 September 2018, and, thereafter, on 24 March, 24 June, 24 September and 24 December in each year or, if such day is not a Business Day, on the immediately following Business Day (each such date, a **Payment Date**). The rate of interest applicable to the Senior Notes for each Interest Period shall be: (i) in respect of the Class A1 Notes, a floating rate equal to EURIBOR (except in respect of the Initial Interest Period, where an interpolated interest rate based on three and six month deposits in Euro will be substituted for three month EURIBOR) plus a margin of 0.80 per cent. per annum, provided that, if such rate of interest falls below 0 (zero), the applicable rate of interest shall be equal to 0 (zero); and (ii) in respect of Class A2 Notes, a fixed rate equal to 0.90 per cent. per annum.

The Class A1 Notes are expected, on issue, to be rated "Aa2 (sf)" by Moody's Italia S.r.l. (**Moody's**) and "AA (sf)" by Standard & Poor's Credit Market Services Italy S.r.l. (**S&P**) and the Class A2 Notes are expected, on issue, to be rated "Aa2 (sf)" by Moody's and "A+ (sf)" by S&P. As of the date of this Prospectus, each of Moody's and S&P 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 (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 (being, as at the date of this Prospectus, http://www.esma.europa.eu/page/List-registered-and-certified-CRAs). 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 revision, suspension or withdrawal at any time by the assigning rating organisation.

As at the date of this Prospectus, 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. 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. 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, the Co-Arrangers, the Lead Manager or any other party to the Transaction Documents. 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.

As of the Issue Date, the Notes will be issued in bearer form (*al portatore*) held in dematerialised form (*in forma dematerializzata*) on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. Monte Titoli shall act as depositary for Euroclear and Clearstream. 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 22 February 2008. 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 start to amortise on the Payment Date falling in 24 September 2018, 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.

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

The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a **retail investor** means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4 (1) of MiFID II; (b) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person who is not a qualified investor as defined in the Prospectus Directive. Accordingly, none of the Issuer or the Co-Arranger expects to be required to prepare, and none of them has prepared, or will prepare, a "key information document" in respect of the Notes for the purposes of Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the **PRIIPs Regulation**) and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Under the Senior Notes Subscription Agreement, CR Bolzano has covenanted to and agreed with the Issuer and with the Representative of the Noteholders that it will retain on the Issue Date and maintain on an ongoing basis at least 5 per cent. of net economic interest in accordance with article 405 of the CRR, article 51 of the AIFM Regulation and article 254 of Solvency II Regulation. For further details see the section entitled "*Subscription and Sale*" and "*Regulatory Disclosure and Retention Undertaking*".

The Originator does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitization 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 Prospectus as Risk Retention U.S. Persons); (3) neither the sponsor nor the issuer 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 collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

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*".

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*".

Co-Arrangers

NATIXIS **FISG**

Lead Manager

NATIXIS

Responsibility statements

None of the Issuer, the Co-Arrangers, the Lead Manager or 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 Mortgage Loan Agreements, the Mortgage Loans and the Debtors.*

The Issuer accepts responsibility for the information contained or incorporated by reference in this Prospectus. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not contain any omission likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of the Class A Notes, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

CR Bolzano accepts, jointly with the Issuer, responsibility for the information contained in this Prospectus in the sections entitled "The Portfolio", "The Originator, the Servicer and the Cash Manager" and "The Credit and Collection Policies" and any other information contained in this Prospectus relating to itself, the Receivables, the Mortgage Loan Agreements, the Mortgage Loans, the Mortgages and the Collateral Security. To the best of the knowledge of CR Bolzano (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not contain any omission likely to affect the import of such information.

BNP Paribas Securities Services, Milan branch is member of the BNP Paribas Group and accepts, jointly with the Issuer, responsibility for the information contained in this Prospectus in the section entitled "The BNP Paribas Group" and any other information contained in this Prospectus relating to itself. To the best of the knowledge of BNP Paribas Securities Services, Milan branch (which have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not contain any omission likely to affect the import of such information.

Securitisation Services accepts, jointly with the Issuer, responsibility for the information contained in this Prospectus in the section entitled "Securitisation Services" and any other information contained in this Prospectus relating to itself. To the best of the knowledge of Securitisation Services (which have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not contain any omission likely to affect the import of such information.

Save for the parties accepting responsibility for the information included in this Prospectus 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 Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Co-Arrangers, the Lead Manager, the Representative of the Noteholders, the Issuer, the Sole Quotaholder or CR Bolzano (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Prospectus 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, CR Bolzano 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 Prospectus.

No person other than the Issuer (or in the case of CR Bolzano, BNP Paribas Securities Services, Milan branch and Securitisation Services solely to the extent described above) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus.

Limited recourse

The Notes constitute direct, secured, limited recourse obligations of the Issuer backed by the Portfolio and the other rights and assets of the Issuer. In particular, the Notes are not obligations or responsibilities of, or guaranteed by, any person except the Issuer and no person other than the Issuer shall be liable in respect of any failure by the Issuer to make payment of any amount due on the Notes. 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 and under the Transaction Documents will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and 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

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

Selling Restrictions

The distribution of this Prospectus and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law and by the Transaction Documents in particular, as provided for by the Subscription Agreements. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and this Prospectus 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.

To the fullest extent permitted by law, neither the Co-Arrangers nor the Lead Manager accept any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported

to be made by the Co-Arrangers, the Lead Manager or on their respective behalf, in connection with the Issuer, the Originator, any other Transaction Party or the issue and offering of the Notes. The Co-Arrangers and the Lead Manager accordingly disclaim all and any liability, whether arising in tort or contract or otherwise, which they might otherwise have in respect of this Prospectus or any such statement.

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 are in dematerialised form and are subject to U.S. tax law requirements. The Notes are being offered for sale outside the United States in accordance with Regulation S under the Securities Act (see the section headed "Subscription and Sale").*

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see the section headed "Subscription and Sale".

The Notes 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 (or a "*sollecitazione all'investimento*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Notes may not be offered, sold or delivered and neither this Prospectus nor any other offering material relating to the Notes may be distributed or made available to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.*

Neither this Prospectus 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, CR Bolzano (in any capacity), the Lead Manager or the Co-Arrangers that any recipient of this Prospectus, or of any other information supplied in connection with the issue of the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.

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

Benchmark Regulation

Amounts payable on Class A1 Notes will be calculated by reference to EURIBOR as specified in the Conditions. As at the date of this Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under article 36 of the Regulation (EU) No. 2016/1011 (the ***Benchmark Regulation****).*

As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that the administrator of EURIBOR is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

Interpretation

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

Certain monetary amounts and currency translations included in this Prospectus 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 Prospectus to "Euro" and "€" 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 Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any websites included in this Prospectus are for information purposes only and do not form part of this Prospectus.

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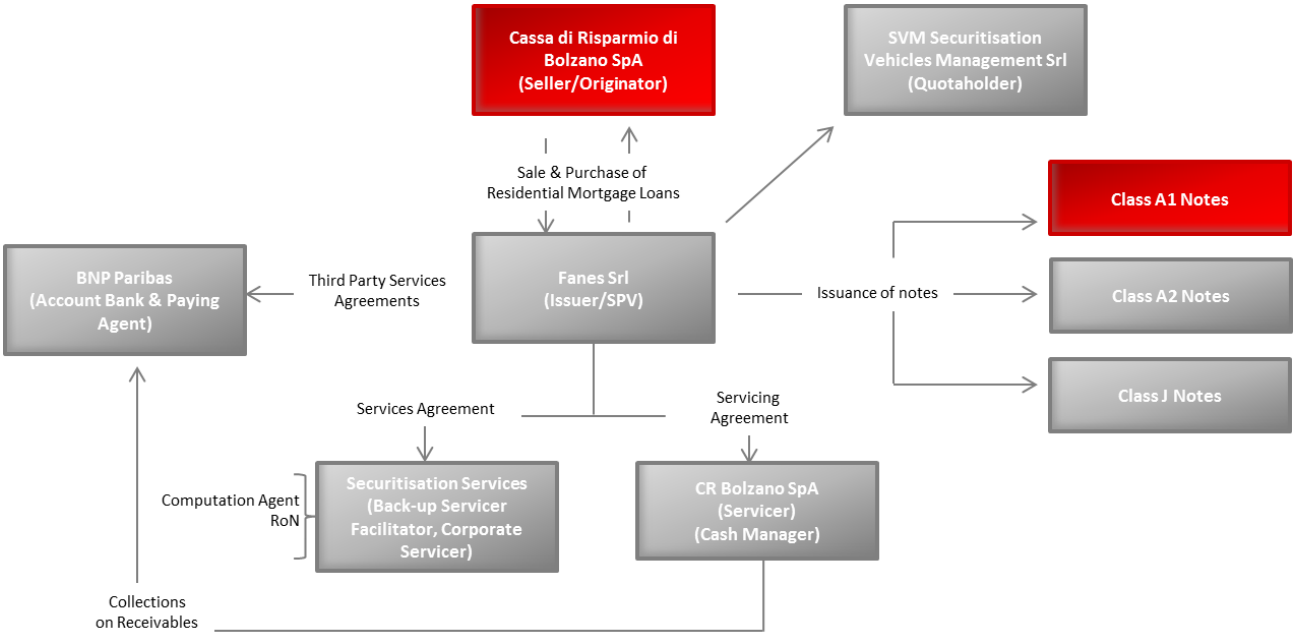
TRANSACTION OVERVIEW

The following information is an overview 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 Prospectus and in the Transaction Documents. Prospective investors should base their decisions on this Prospectus as a whole.

Capitalised terms used but not defined in the overview below shall bear the meanings given to them in the section entitled "Glossary".

1. TRANSACTION DIAGRAM



2. THE PRINCIPAL PARTIES

Issuer

Fanes 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 (hereinafter, the Issuer), quota capital €10,000 fully paid up, fiscal code, VAT code and enrolment with the Treviso-Belluno Companies Register No. 04213700265, having as sole corporate object the realisation of securitisation transactions pursuant to article 3 of the Securitisation Law.

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset backed securities in the context of one or more securitisation transactions, subject to Condition 5.2 (*Further Securitisations*).

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

Originator

Cassa di Risparmio di Bolzano S.p.A., a bank incorporated under the laws of the Republic of Italy, whose registered office is at Via Cassa di Risparmio No. 12, 39100 Bolzano, Italy, fiscal code, VAT code and enrolment with the

	Companies Register of Bolzano No. 00152980215, registered under No. 6045.9 with the roll of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act (**CR Bolzano**). For further details, see the section entitled "*The Originator, the Servicer and the Cash Manager*".
Servicer	**CR Bolzano**. The Servicer will act as such pursuant to the Servicing Agreement. For further details, see the section entitled "*The Originator, the Servicer and the Cash Manager*".
Computation Agent	**Securitisation Services S.p.A.**, a joint stock company 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 V. Alfieri no. 1, 31015 Conegliano (TV), Italy, fiscal code, VAT code and enrolment with the companies' register of Treviso-Belluno under number 03546510268, with a share capital of Euro 2,000,000.00 (fully paid-up), company registered under number 50 in the register of the Financial Intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A. pursuant to articles 2497 and following of the Italian civil code (**Securitisation Services**). The Computation Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement. For further details, see the section entitled "*The Computation Agent, the Representative of the Noteholders, the Corporate Servicer and the Back-Up Servicer Facilitator*".
Account Bank	**BNP Paribas Securities Services, Milan Branch**, a *société en commandite par actions*, a company incorporated under the laws of the Republic of France, having its registered office at 3 Rue d'Antin, 75002 Paris, France, acting through its Milan branch, with offices at Piazza Lina Bo Bardi No. 3, 20124 Milan (**BNP Paribas Securities Services, Milan Branch**). The Account Bank will act as such pursuant to the Cash Allocation, Management and Payment Agreement. For further details, see the section entitled "*The Account Bank and the Paying Agent*".

Paying Agent	**BNP Paribas Securities Services, Milan Branch**. The Paying Agent will act as such pursuant to the Cash Allocation, Management and Payment Agreement. For further details, see the section entitled "*The Account Bank and the Paying Agent*".
Cash Manager	**CR Bolzano**. The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payment Agreement. For further details, see the section entitled "*The Originator, the Servicer and the Cash Manager*".
Representative of the Noteholders	**Securitisation Services**. 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. For further details, see the section entitled "*The Computation Agent, the Representative of the Noteholders, the Corporate Servicer and the Back-Up Servicer Facilitator*".
Corporate Servicer	**Securitisation Services**. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement. For further details, see the section entitled "*The Computation Agent, the Representative of the Noteholders, the Corporate Servicer and the Back-Up Servicer Facilitator*".
Back-Up Servicer Facilitator	**Securitisation Services**. The Back-Up Servicer Facilitator will act in such capacity pursuant to the Cash Allocation, Management and Payment Agreement. For further details, see the section entitled "*The Computation Agent, the Representative of the Noteholders, the Corporate Servicer and the Back-Up Servicer Facilitator*".
Sole Quotaholder	**SVM Securitisation Vehicles Management S.r.l.**, a limited liability company, with a sole quotaholder, incorporated under the laws of the Republic of Italy, fiscal code, VAT code and enrolment with the Treviso-Belluno Companies Register No. 03546650262, quota capital Euro 30,000 fully paid up, having its registered office at Via V. Alfieri No. 1, 31015 Conegliano (TV), Italy.

Listing Agent	**BNP Paribas Securities Services, Luxembourg Branch**, a *société en commandite par actions*, a company incorporated under the laws of the Republic of France, having its registered office at 3 Rue d'Antin, 75002 Paris, France, with offices at 60 Avenue J.F. Kennedy, L 1855, Luxembourg.
Co-Arrangers	**FISG S.r.l.**, a company with sole shareholder incorporated under the laws of the Republic of Italy as a *società per azioni con socio unico*, having its registered office at Via V. Alfieri, No. 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the Companies' Register of Treviso-Belluno number 04796740266, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A. (**FISG**). **Natixis**, credit institution incorporated under the laws of France as a *société anonyme*, enrolled in the companies' register of Paris under number 542 044 524, having its registered office at 30, avenue Pierre Mendès-France, 75013 Paris, France (**Natixis**).
Lead Manager	**Natixis**.

As at the date of this Prospectus, there are no relationships of direct or indirect control or ownership among the parties listed above, except for the relationships between the Issuer and the Sole Quotaholder as described in the section entitled "*The Issuer*".

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	Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061 (the **Class A1 Notes**). Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes** or the **Senior Notes**).
The Junior Notes	Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061 (the **Class J Notes** or the **Junior Notes**).
Issue Date	The Notes will be issued on 18 June 2018.
Issue Price	The Notes will be issued at 100 per cent. of their principal amount upon issue.
Interest on the Senior Notes	The Senior Notes will bear interest on their Principal Amount Outstanding from (and including) the Issue Date

until final redemption or cancellation as provided for in Condition 8 (*Redemption, Purchase and Cancellation*).

The rate of interest payable from time to time on the Senior Notes will be:

(a) in respect of the Class A1 Notes, a floating rate equal to EURIBOR (except in respect of the Initial Interest Period, where an interpolated interest rate based on three and six month deposits in Euro will be substituted for three month EURIBOR) plus a margin of 0.80 per cent. per annum, provided that, if such rate of interest falls below 0 (zero), the applicable rate of interest shall be equal to 0 (zero); and

(b) in respect of Class A2 Notes, a fixed rate equal to 0.90 per cent. per annum.

Interest in respect of the Senior 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 on the Senior Notes will be due on the Payment Date falling in September 2018 in respect of the period from (and including) the Issue Date up to (but excluding) such date.

Interest and Junior Notes Premium on the Junior Notes

The rate of interest payable from time to time on the Junior Notes will be a fixed rate equal to 1.50 per cent. per annum.

Interest in respect of the Junior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date once the Senior Notes have been redeemed in full in accordance with the applicable Priority of Payments. The first payment of interest on Junior Notes will be due on the Payment Date falling in September 2018 in respect of the period from (and including) the Issue Date up to (but excluding) such date.

In addition, a Junior Notes Premium may or may not be payable on the Junior Notes in Euro on each Payment Date once the Senior Notes have been redeemed in full in accordance with the relevant Priority of Payments. The Junior Notes Premium on the Junior Notes will be equal to any Issuer Available Funds available after making all payments ranking in priority to the Junior Notes Premium and may be equal to 0 (zero).

Save for the rate of interest applicable on the Junior Notes, the Junior Notes Premium (if any) payable on the Junior Notes and the denomination of the Junior Notes, the Junior Notes Conditions are substantially the same as the Senior Notes Conditions.

Interest deferral

Payment of interest on any Class of Notes (other than the Senior Notes) will be subject to deferral to the extent that there are insufficient Issuer Available Funds on any Payment

Date prior to the Final Maturity Date in accordance with the applicable Priority of Payments to pay in full the relevant interest amount which would otherwise be due on such Class of Notes. The amount by which the aggregate amount of interest paid on any Class of Notes (other than the Senior Notes) on any Payment Date prior to the Final Maturity Date falls short of the aggregate amount of interest which otherwise would be due on such Class of Notes on that Payment Date shall be aggregated with the amount of, and treated as if it were, interest amount due on such Class of Notes on the immediately following Payment Date and will be payable on such Payment Date in accordance with the applicable Priority of Payments. No interest will accrue on any amount so deferred. Any interest amount due but not payable on the Senior Notes on any Payment Date prior to the Final Maturity Date will not be deferred and any failure to pay such interest amount will constitute a Trigger Event pursuant to Condition 13 (*Trigger Events*).

Form and Denomination

The denomination of the Senior Notes will be € 100,000 and integral multiples of € 1,000 in excess thereof. The denomination of the Junior Notes will be € 1,000. The Notes will be issued in bearer form (*al portatore*) and held in dematerialised form (*in forma dematerializzata*) 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 22 February 2008. No physical document of title will be issued in respect of the Notes.

Status

The Notes constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the Issuer Available Funds available to make such payments in accordance with Condition 9 (*Non Petition and Limited Recourse*).

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person.

Ranking and Subordination

Both prior to and following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of the principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A Notes.

Prior to the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes;

(b) the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A1 Notes; and

(c) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A1 Notes, the repayment of principal on the Class A2 Notes and the payment of interest on the Class J Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A1 Notes and the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of

interest on the Class A Notes and the repayment of principal on the Class A Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A Notes and the payment of interest on the Class J Notes.

The rights of the Noteholders in respect of the priority of payment of interest and repayment of principal on the Notes, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, are set out in Condition 6.1 (*Pre-Enforcement Priority of Payments*) or Condition 6.2 (*Post-Enforcement Priority of Payments*), as the case may be, and are subject to the provisions of the Intercreditor Agreement and subordinated to certain prior ranking amounts due by the Issuer as set out therein.

Withholding on the Notes

As at the date of this Prospectus, 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 (including any Decree 239 Deduction) 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*".

Final Redemption

The Notes are due to be repaid in full at their Principal Amount Outstanding (together with interest accrued but unpaid thereon) on the Payment Date falling in December 2061 (the **Final Maturity Date**).

The Issuer may not redeem the Notes in whole or in part prior to that 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*).

Cancellation

The Notes will be finally and definitively cancelled:

(a) (i) the Final Maturity Date, or (ii) the earlier date on which the Notes are redeemed pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*); or

(b) if the Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, on the later of (i) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables will have been paid in full; and (ii) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables then outstanding will have been entirely written off by the Issuer as a consequence of the Servicer having certified to the Representative of the Noteholders, and the Representative of the Noteholders having notified the Noteholders in accordance with Condition 16 (*Notices*), that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and the Issuer's Rights (whether arising from judicial enforcement proceedings or otherwise) which would be available to pay unpaid amounts outstanding under the Notes,

(the applicable date of cancellation, the **Cancellation Date**).

Mandatory Redemption

The Notes of each Class will be subject to mandatory redemption *pro rata* on the Payment Date falling in September 2018 and on each Payment Date thereafter prior to the Final Maturity 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 Pre-Enforcement Priority of Payments.

Optional Redemption

Provided that no Trigger Notice has been served, the Issuer may its option, having given not less than 30 (thirty) days' prior written notice to the Representative of the Noteholders (with copy to the Servicer, the Computation Agent and the Rating Agencies) and the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem the Junior Notes (in whole but not in part, unless the Class J Noteholders have consented to a partial redemption of the Class J Notes) at their Principal Amount Outstanding, together with interest accrued but unpaid thereon up to (and including) the date fixed for redemption, in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) on any Payment Date falling after the date on which the Class A Notes have been redeemed in full

On or prior to the delivery of the notice of redemption referred to above, the Issuer shall provide evidence satisfactory to the Representative of the Noteholders that the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge at least all of its outstanding liabilities in respect of the Class J Notes (unless the Class J Noteholders have consented to a partial redemption of the Class J Notes) and any amount required to be paid, according to the applicable Priority of Payments, in priority to or *pari passu* with the Class J Notes.

The Issuer may obtain the necessary funds in order to effect the above optional redemption of the Notes, in accordance with 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

Provided that no Trigger Notice has been served, if the Issuer at any time provides evidence satisfactory to 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 at least all of its outstanding liabilities in respect of the Notes of the Affected Class and any amount required to be paid, according to the applicable Priority of Payments, in priority to or *pari passu* with the Notes of the Affected Class,

then the Issuer may at its option, on any such Payment Date having given not less than 30 (thirty) days' prior written notice to the Representative of the Noteholders (with copy to the Servicer, the Computation Agent and the Rating Agencies) and to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), 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, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, will be the Collections made in respect of the Receivables arising out of the Mortgage Loans included in the Portfolio, 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 rights, title and interest in and to the Portfolio and under the Transaction Documents will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditors 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 and the Other Issuer Creditors, 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 discretions 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

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) on the Cancellation Date, 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 and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations, save as provided by the Rules of the Organisation of the Noteholders. In particular:

(a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) 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;

(b) until the date falling 2 (two) years and one day after the date on which all the Previous Notes, the Notes and any other notes issued in the context of any securitisation transaction carried out by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes following the occurrence of a Trigger Event and only if the representatives of the noteholders of all Further Securitisation carried out by the Issuer, if any, have

been so directed by an extraordinary resolution of their respective holders of the most senior class of notes following the occurrence of a trigger event under the relevant securitisation transaction) shall be entitled to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

(c) no Noteholder (nor any person on its behalf) 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.

The Organisation of the Noteholders and the Representative of the Noteholders

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until redemption 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 Subscriber and the Junior Notes Subscriber, subject to and in accordance with the provisions of the Subscription Agreements. Each Noteholder is deemed to accept such appointment.

Approval, listing and admission to trading

This Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Senior Notes which are to be admitted to trading on the regulated market of the Stock Exchange for the purposes of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (the **Stock Exchange**) for the Senior Notes to be admitted to the official list of the Stock Exchange and trading on the regulated market of the Stock Exchange. The regulated market of the Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU.

No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus.

Rating

The Class A1 Notes are expected, on the Issue Date, to be assigned the rating "Aa2 (sf)" by Moody's and "AA (sf)" by

S&P.

The Class A2 Notes are expected, on the Issue Date, to be assigned the rating "Aa2 (sf)" by Moody's and "A+ (sf)" by S&P.

As of the date of this Prospectus, each of Moody's and S&P 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 (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 (being, as at the date of this Prospectus, http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).

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.

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 from the Debtors.

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 (a) on the Issue Date, of the Cash Reserve Initial Amount, and (b) thereafter, on each Payment Date, of the Required Cash Reserve Amount in accordance with the applicable Priority of Payments, until (but excluding) the earlier of (i) the Payment Date on which the Senior Notes have been redeemed in full or cancelled, and (ii) the Payment Date following the service of a Trigger Notice.

Securities Account

The Issuer has established with the Account Bank the Securities Account, for the deposit of all securities constituting Eligible Investments (if any) purchased with the monies from time to time standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account (the Securities Account, together with the Collection Account, the Payments Account and the Cash Reserve Account, the **Eligible Accounts**).

Expense Account

The Issuer has established with Banca Monte dei Paschi di Siena the Expense Account, into which, on the Issue Date, the Retention Amount will be credited.

On any Business Day (other than a Payment Date), 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 to bring the balance of the Expense Account up to (but not exceeding) the Retention Amount in accordance with the relevant Priority of Payments.

Quota Capital Account

The Issuer has opened the Quota Capital Account with Banca Monte dei Paschi di Siena, for the deposit of the Issuer's quota capital.

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

5. CREDIT STRUCTURE

Portfolio

The Receivables purchased by the Issuer pursuant to the Transfer Agreement arise out of a portfolio of performing (*in bonis*) residential Mortgage Loans deriving from Mortgage Loan Agreements, entered into by the Originator with its debtors, which qualify as (i) *mutui fondiari* (medium-long term loans secured by mortgages on real estate disbursed by a bank in accordance with article 38 and subsequent of the Consolidated Banking Act) and (ii) as *mutui ipotecari* (mortgage loans) under Italian law.

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

Issuer Available Funds

The Issuer Available Funds will comprise, in respect of any Payment Date, the aggregate amounts (without duplication) of:

(a) all Collections received or recovered in respect of the Receivables during the immediately preceding Quarterly Collection Period (but excluding any Collection to be applied towards repayment of any Limited Recourse Loan advanced by the Originator pursuant to the Warranty and Indemnity Agreement);

(b) any other amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Quarterly Collection Period (including, for the avoidance of doubt, any adjustment of the Purchase Price paid to the Issuer pursuant to the Transfer Agreement, any proceeds deriving from the repurchase of individual Receivables pursuant to the Intercreditor Agreement, any amount paid by the Originator in case of renegotiation of the rate of interest applicable to the Mortgage Loans pursuant to the Servicing Agreement and the proceeds of any Limited Recourse Loan advanced or indemnity paid by the Originator pursuant to the Warranty and Indemnity Agreement);

(c) all amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Priority of Payments on that date (or, in respect of the First Payment Date, the Cash Reserve Initial Amount);

(d) any interest paid on the amounts standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period (net of any applicable withholding or expenses);

(e) all amounts on account of principal, interest, premium or other profit received, up to the immediately preceding Eligible Investments Maturity Date, from any Eligible Investments made in accordance with the Cash Allocation Management and Payments Agreement using funds standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;

(f) all amounts received from any sale of the Portfolio (in whole or in part) pursuant to the Intercreditor Agreement;

(g) the Issuer Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement; and

(h) any other amount received by the Issuer from any other party to the Transaction Documents during the immediately preceding Quarterly Collection Period

and not already included in any of the other items of this definition of Issuer Available Funds,

provided that, prior to the delivery of a Trigger Notice or the redemption of the Notes in Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, only a portion of the Issuer Available Funds corresponding to the amounts necessary to make payments under items from (i) (*First*) to (iii) (*Third*) (inclusive) of the Pre-Enforcement Priority of Payments will be applied in accordance with the Pre-Enforcement Priority of Payments.

Trigger Events

The occurrence of any of the following events will constitute a **Trigger Event**:

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

(i) any amount of interest due on the Senior Notes, provided that such default remains unremedied for 5 (five) Business Days; or

(ii) any amount of principal due on the Senior Notes on the Final Maturity Date or any other date of early redemption in full of the Senior Notes, provided that such default remains unremedied for 5 (five) Business Days; or

(iii) any amount of principal due and payable on the Senior Notes on any Payment Date prior to the Final Maturity Date or any other date of early redemption in full of the Senior Notes (to the extent the Issuer has sufficient Issuer Available Funds to make such repayment of principal in accordance with the applicable Priority of Payments), provided that such default remains unremedied for 5 (five) Business Days (it being understood that, prior to the delivery of a Trigger Notice or the redemption of the Notes in Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation,

Management and Payment Agreement, no amount of principal will be due and payable in respect of the Notes); 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 paragraph (a) above) which is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 (thirty) 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 opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 (thirty) 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 respect deemed to be material by the Representative of the Noteholders) when made or repeated, unless it has been remedied within 15 (fifteen)) 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 breach is not capable of remedy in which case no term of 15 (fifteen) days will be given); 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 paragraph (a) or (e) above, shall; and/or

(2) in the case of a Trigger Event under paragraph (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 paragraph (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 (with copy to the Servicer, the Computation Agent and the Rating Agencies). Upon the service of a Trigger Notice, the Notes shall (subject to Condition 9 (*Non Petition and Limited Recourse*)) become immediately due and repayable at their Principal Amount Outstanding, together with any accrued but unpaid interest thereon, without any further action, notice or formality, and the Issuer Available Funds shall be applied in accordance with the Post-Enforcement Priority of Payments.

Following the service of a Trigger Notice, the Issuer may (subject to the prior written 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.

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 Expenses during the immediately preceding Interest Period); and

(b) to credit to the Expense Account an amount necessary to bring the balance of the Expense Account up to (but not exceeding) the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Back-Up Servicer Facilitator and the Servicer;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and the Class A2 Notes;

(iv) *Fourth*, to credit to the Cash Reserve Account an amount necessary to bring the balance of the Cash Reserve Account up to (but not exceeding) the Required Cash Reserve Amount;

(v) *Fifth*, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class A1 Notes, until the Class A1 Notes are redeemed in full;

(vi) *Sixth*, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class A2 Notes, until the Class A2 Notes are redeemed in full;

(vii) *Seventh*, to pay any amount due and payable to the Originator as adjustment of the Purchase Price pursuant to the Transfer Agreement;

(viii) *Eighth*, to pay, *pari passu* and *pro rata*, any other amount due and payable by the Issuer under any Transaction Document which are not due and payable under the other items of this Pre-Enforcement Priority of Payments;

(ix) *Ninth*, to pay, *pari passu* and *pro rata*, interest due and payable on the Class J Notes;

(x) *Tenth*, subject to the Class A Notes having been redeemed in full, to pay the Principal Amount Outstanding of the Class J Notes (in the case of all Payment Dates other than the Cancellation Date, up to an amount that makes the aggregate Principal Amount Outstanding of all the Class J Notes not lower than Euro 1,000);

(xi) *Eleventh*, subject to the Class A Notes having been redeemed in full and the payment in full of any other amount due under the items above, to pay, *pari passu* and *pro rata*, the Junior Notes Premium (if any).

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 Expenses during the immediately preceding Interest Period); and

(b) to credit to the Expense Account an amount necessary to bring the balance of the Expense Account up to (but not exceeding) the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Back-Up Servicer Facilitator and the Servicer;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and the Class A2 Notes;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes, until the Class A1 Notes and the Class A2 Notes are redeemed in full;

(v) *Fifth*, to pay any amount due and payable to the Originator as adjustment of the Purchase Price pursuant to the Transfer Agreement;

(vi) *Sixth*, to pay, *pari passu* and *pro rata*, any other amount due and payable by the Issuer under any Transaction Document which are not due and payable under the other items of this Post-Enforcement Priority of Payments;

(vii) *Seventh*, to pay, *pari passu* and *pro rata*, interest due and payable on the Class J Notes;

(viii) *Eighth*, subject to the Class A Notes having been redeemed in full, to pay the Principal Amount Outstanding of the Class J Notes (in the case of all Payment Dates other than the Cancellation Date, up to an amount that makes the aggregate Principal Amount Outstanding of all the Class J Notes not lower than Euro 1,000);

(ix) *Ninth*, subject to the Class A Notes having been redeemed in full and the payment in full of any other amount due under the items above, to pay, *pari passu* and *pro rata*, the Junior Notes Premium (if any).

Cash Reserve

On the Issue Date, part of the proceeds of the issuance of the Class J Notes, in an amount equal to the Cash Reserve Initial Amount, will be transferred from the Payments Account into the Cash Reserve Account.

On each Payment Date up to (but excluding) the earlier of (i) the Payment Date following the delivery of a Trigger Notice, and (ii) the Payment Date on which the Class A Notes will be redeemed in full (also by applying the amounts standing to the credit of the Cash Reserve Account), the balance of the Cash Reserve Account will form part of the Issuer Available Funds and will be available to cover any shortfall of other Issuer Available Funds in making payments under items from (i) (*first*) to (iii) (*third*) (inclusive) of the Pre-Enforcement Priority of Payments.

On each Payment Date up to (but excluding) the earlier of (i) the Payment Date following the delivery of a Trigger Notice, and (ii) the Payment Date on which the Class A Notes will be redeemed in full (also by applying the amounts standing to the credit of the Cash Reserve Account), the Issuer Available Funds will be applied in accordance with the Pre-Enforcement Priority of Payments to credit to the Cash Reserve Account an amount necessary to bring the balance of the Cash Reserve Account up to (but not exceeding) the Required Cash Reserve Amount.

On the earlier of (i) the Payment Date following the delivery of a Trigger Notice, and (ii) the Payment Date on which the Class A Notes will be redeemed in full (also by applying the amounts standing to the credit of the Cash Reserve Account), the balance of the Cash Reserve Account will form part of the Issuer Available Funds and will be applied, together with the other Issuer Available Funds, to pay any amount due and payable in accordance with the applicable Priority of Payments.

Sequential and *pro rata* redemption of the Class A1 Notes and the Class A2 Notes

Prior to the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to repay principal on the Class A1 Notes and the Class A2 Notes on a sequential basis, in each case if and to the extent that, on the relevant Payment Date, there are sufficient Issuer Available Funds which may be applied towards redemption of the Class A1 Notes and the Class A2 Notes in accordance with the Pre-Enforcement Priority of Payments.

Following the delivery of a Trigger Notice, the Issuer Available Funds shall be applied on each Payment Date to repay principal on the Class A1 Notes and the Class A2 Notes on a *pro rata* and *pari passu* basis, in each case if and to the extent that, on the relevant Payment Date, there are sufficient Issuer Available Funds which may be applied towards redemption of the Class A1 Notes and the Class A2 Notes in accordance with the Post-Enforcement Priority of Payments.

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 Mortgages 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 Mortgages during the relevant Quarterly Collection Period.
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 Collection Account, the Cash Reserve Account and the Payments Account.
Securities Account Report	Under the Cash Allocation, Management and Payment Agreement, the Account Bank has undertaken to prepare, on each Account Bank Report Date, the Securities Account Report setting out information relating to the Eligible Investments consisting of securities made during the immediately preceding Quarterly Collection Period pursuant to the Cash Allocation, Management and Payment Agreement.
Cash Manager Report	Under the Cash Allocation, Management and Payment Agreement, the Cash Manager has undertaken to prepare, on or prior to each Cash Manager Report Date, the Cash Manager Report setting out information relating to the Eligible Investments made during the immediately preceding Quarterly 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 information in respect of certain calculations to be made on the Notes.
Payments Report and Post Trigger 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 (or the Post Trigger Report, as the case may be) 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.
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.
Material net economic interest in the Securitisation	Under the Senior Notes Subscription Agreement, CR Bolzano has covenanted to and agreed with the Issuer, the Co-Arrangers, the Lead Manager and the Representative of

the Noteholders that it will retain on the Issue Date and maintain on an ongoing basis at least 5 per cent. of net economic interest in accordance with article 405 of the CRR, article 51 of the AIFM Regulation and article 254 of Solvency II Regulation.

As of the Issue Date such net economic interest will, in accordance with article 405 of the CRR, article 51 of the AIFM Regulation and article 254 of Solbvency II Regulation, consist of the retention by CR Bolzano of the Junior Notes.

Under the Intercreditor Agreement, CR Bolzano has represented, warranted and undertaken to prepare:

(a) until it acts as Servicer, Quarterly Servicer's Reports, or

(b) in the event that its appointment as Servicer is terminated, quarterly reports,

in which information with regard to the Receivables will be disclosed publicly together with an overview of the retention of material net economic interest by CR Bolzano with a view of complying with the disclosure obligations imposed on sponsor and originator credit institutions under articles 405-409 (inclusive) of the CRR, chapter 3, section 5 of the AIFM Regulation and chapter VIII, section 9 of the Solvency II Regulation.

For further details see the section entitled "*Subscription and Sale*" and "*Regulatory Disclosure and Retention Undertaking*".

7. TRANSFER AND ADMINISTRATION OF THE PORTFOLIO

Transfer of the Portfolio

On 23 May 2018, the Originator and the Issuer entered into the Transfer Agreement, pursuant to which the Originator assigned and transferred to the Issuer the Portfolio. The Portfolio has been assigned and transferred to the Issuer without recourse (*pro soluto*), in accordance with the Securitisation Law and subject to the terms and conditions thereof.

The Receivables comprised in the Portfolio have been selected on the basis of the Criteria set forth in the Transfer Agreement.

The Purchase Price in respect of the Portfolio will be payable by the Issuer on the Issue Date using the net proceeds from the issue of the Notes.

For further details, see the sections entitled "*The Portfolio*" and "*Description of the Transfer Agreement*".

Warranties in relation to the Portfolio

Pursuant to the Warranty and Indemnity Agreement, the

Originator has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, the Receivables, the Portfolio, the Mortgage Loan Agreements, the Real Estate Assets and the Collateral Securities and has agreed to grant a Limited Recourse Loan or indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

For further details, see the section entitled "*Description of the Warranty and Indemnity Agreement*".

Servicing Agreement

Pursuant to the terms of the Servicing Agreement and in compliance with the Securitisation Law, the Servicer has agreed to administer and service the Receivables comprised in the Portfolio on behalf of the Issuer and, in particular:

(a) to collect and recover amounts due in respect thereof;

(b) to administer relationships with the Debtors; and

(c) to carry out, on behalf of the Issuer, certain activities in relation to the Receivables in accordance with the Servicing Agreement and the Credit and Collection Policies.

In particular, the Servicer will be the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to article 2, paragraph 3(c) of the Securitisation Law and, therefore, it has undertaken to verify that the operations comply with the law and this Prospectus, in accordance with article 2, paragraph 6-*bis*, of the Securitisation Law.

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

8. OTHER TRANSACTION DOCUMENTS

Intercreditor Agreement

Pursuant to the Intercreditor Agreement, the Issuer, the Representative of the Noteholders (for itself and in the name and on behalf of the Noteholders), the Other Issuer Creditors and the Quotaholder have agreed, *inter alia*, on the order of application of the Issuer Available Funds and the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio and the Transaction Documents.

Each of the Other Issuer Creditors, pursuant to Articles 1723, paragraph 2, and 1726 of the Italian Civil Code, has irrevocably appointed in the interest and for the benefit of the Other Issuer Creditors, as from the date hereof and with effect from the date when a Trigger Notice is served on the Issuer, the Representative of the Noteholders (which has accepted such appointment) as its sole agent (*mandatario esclusivo*) to receive on behalf of the Other Issuer Creditors

from the Issuer any and all monies payable by the Issuer to the Other Issuer Creditors pursuant to the Transaction Documents from and including the date when a Trigger Notice is served on the Issuer.

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

For further details, see the section entitled "*Description of the Intercreditor Agreement*".

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 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.

In addition, under the Cash Allocation, Management and Payment Agreement the Back-Up Servicer Facilitator has undertaken, in the event that, following the occurrence of a Servicer Termination Event, the appointment of the Servicer is terminated in accordance with the Servicing Agreement, to reasonably assist and cooperate with the Issuer in order to identify an eligible entity which meets the requirements for the successor servicers provided by the Servicing Agreement and is available to be appointed as Servicer under the Transaction Documents.

Pursuant to the terms of the Cash Allocation, Management and Payment Agreement, amounts standing from time to time to the credit of the Collection Account, the Payments Account and the Cash Reserve Account may be invested in Eligible Investments.

For further details, see the section entitled "*Description of the Cash Allocation, Management and Payment Agreement*".

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.

For further details, see the section entitled "*Description of the Mandate Agreement*".

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. For further details, see the section entitled "*Description of the Corporate Services Agreement*".
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. For further details, see the section entitled "*Description of the Quotaholder Agreement*".
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. For further details, see the section entitled "*Description of the Letter of Undertakings*".

RISK FACTORS

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

The Issuer believes that the factors described 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 and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Class A Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Class A Notes of interest or principal on such Class A 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.

Prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus 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 Prospectus, 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, 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 entitled *"Tax Treatment of the Issuer*"); (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 Italian 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**), (f) the Law Decree No. 91 of 24 June 2014 (the **Decree No. 91**), which amended the Securitisation Law and (g) Law No. 96 of 21 June 2017, which further amended the Securitisation Law (the **Decree No. 96**).

As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus.

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 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.

No independent investigation in relation to the Receivables

None of the Issuer, the Co-Arrangers or the Lead Manager 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 Mortgage 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 Warranty and Indemnity Agreement*".

Commingling Risk

Pursuant to article 3, paragraph 2-*bis*, of the Securitisation Law, no actions by persons other than the noteholders can be brought on the accounts opened in the name of the issuer with the servicer or an account bank, where the amounts paid by the debtors and any other sums paid or pertaining to the issuer in accordance with the transaction documents are credited. In case of any proceedings pursuant to Title IV of the Consolidated Banking Act, or any bankruptcy proceedings (procedura concorsuale), the sums credited to the issuer's accounts (whether before or during the relevant insolvency proceeding) shall not be subject to suspension of payments and shall be immediately and fully repaid to the issuer, without the need to file any petition (*domanda di ammissione al passivo o di rivendica*) and wait for the distributions (*riparti*) and the restitutions of sums (*restituzioni di somme*).

In addition, pursuant to article 3, paragraph 2-*ter*, of the Securitisation Law, no actions by the creditors of the servicer or any sub-servicer can be brought on the sums credited to the accounts opened in the name of the servicer or any such sub-servicer with a third party account bank, save for any amount which exceeds the sums collected by the servicer or any such sub-servicer and due from time to time to the issuer. In case of any insolvency proceeding (*procedura concorsuale*) in respect of the servicer or any sub-servicer, the sums credited to such accounts (whether before or during the relevant insolvency proceeding), up to the amounts collected by the servicer or any such sub-servicer and due to the Issuer, will not be deemed to form part of the estate of the servicer or any such sub-servicer and shall be immediately and fully repaid to the issuer, without the need to file any petition (*domanda di ammissione al passivo o di rivendica*) and wait for the distributions (*riparti*) and the restitutions of sums (*restituzioni di somme*).

However, such provisions of the Securitisation Law have not been the subject of any official interpretation and to date they have been commented by a limited number of legal commentators. Consequently, there remains a degree of uncertainty with respect to the interpretation and application of article 3, paragraphs 2-*bis* and 2-*ter*, of the Securitisation Law.

Prospective Noteholders should note that, in order to mitigate any possible risk of commingling, the Servicer has undertaken to transfer any Collections received or recovered by the Servicer into the Collection Account on a daily basis pursuant to the Servicing Agreement.

Finally, pursuant to the Servicing Agreement, if the appointment of CR Bolzano as Servicer is terminated, the Debtors will be instructed to pay any amount due in respect of the Receivables directly into the Collection Account.

Liquidity and Credit Risk

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Debtors and the 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 Mortgage Loans in order to discharge all amounts due from those Debtors under the Mortgage 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 provision of the Servicing Agreement pursuant to which, upon the occurrence of a Servicer Termination Event, the Issuer (with the cooperation of the Back-Up Servicer Facilitator) shall appoint an eligible entity which meets the requirements for a substitute servicer provided for by the Servicing Agreement no later than 45 days from the occurrence of such Servicer Termination Event.

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 of the Transaction Documents, the Issuer's rights, title and interest in and to the Portfolio and under the Transaction Documents will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent

identifiable) will only be 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 creditors 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, the Previous 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 the Previous Securitisation or 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 (and the terms and conditions of the Previous Notes) 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*), future securitisations. Accordingly, the Issuer is less likely to have creditors who would claim against it other than the ones related to the Previous Securitisation, 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 on any Business Day (other than a Payment Date).

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.

Previous Securitisation and Further Securitisations

The Issuer's principal assets are the Portfolio and the Previous Portfolio purchased by the Issuer from the Originator in the context of the Previous Securitisation. By operation of the Securitisation Law the Previous Portfolio are segregated in favour of the holders of the Previous Notes and the Portfolio is segregated in favour of the Noteholders. The Issuer may carry out Further Securitisations in addition to the Securitisation described in this Prospectus, provided that the Issuer confirms in writing to the Representative of the Noteholders – or the Representative of the Noteholders is otherwise satisfied – that the conditions set out in the Condition 5.2 (*Further Securitisations*)) are fully satisfied.

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will by operation of law and of the Transaction Documents be segregated 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.

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

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originator, the Co-Arrangers or the Lead Manager as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the 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 Co-Arrangers or the Lead Manager or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

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 any of the Originator, the Servicer, the Representative of the Noteholders, any of the Co-Arrangers, the Lead Manager or any other party to the Transaction Documents. None of such parties, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

The Issuer will not as at the Issue Date have any significant assets for the purpose of meeting its obligations under the Securitisation, other than the Portfolio, any amounts and/or securities standing to the credit of the Accounts 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 Mortgage Loans (including prepayments and sale proceeds arising on enforcement of a Mortgage 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 Mortgage 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 Mortgage Loans are repaid.

The rates of prepayment, delinquency and default of Mortgage 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 and homeowner mobility. Therefore, no assurance can be given as to the level of prepayments, delinquency and default that the Mortgage Loan will experience.

Subordination

Both prior to and following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of the principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A Notes.

Prior to the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes;

(b) the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A1 Notes; and

(c) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A1 Notes, the repayment of principal on the Class A2 Notes and the payment of interest on the Class J Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A1 Notes and the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A Notes and the payment of interest on the Class J Notes.

The rights of the Noteholders in respect of the priority of payment of interest and repayment of principal on the Notes, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, are set out in Condition 6.1 (*Pre-Enforcement Priority of Payments*) or Condition 6.2 (*Post-Enforcement Priority of Payments*), as the case may be, and are subject to the provisions of the Intercreditor Agreement and subordinated to certain prior ranking amounts due by the Issuer as set out therein.

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 and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations, save as provided by the Rules of the Organisation of the 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 to the Stock Exchange for the Senior Notes to be admitted to the official list and trading on the regulated market of the Stock Exchange, 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:

(a) the possibility of the imposition of Italian or European withholding tax;

(b) the marketability of the Senior Notes, or any market price for the Senior Notes; or

(c) 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. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor or the Tax-exempt nature or taxability of payments made in respect of any security.

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.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the asset backed securities

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Co-Arrangers, the Lead Manager 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 particular, prospective investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as **Basel III**), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

In addition, prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to various types of regulated investors (including, *inter alia*, credit institutions, investment firms or other financial institutions, authorised alternative investment fund managers, insurance and reinsurance companies and UCITS funds) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. The retention and due diligence requirements hereby described apply, or are expected to apply, in respect of the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Representative of Noteholders, the Originator, the Co-Arrangers, the Lead Manager 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.

Such requirements are provided, *inter alia*, by the following EU regulations (without prejudice to any other applicable EU regulations):

(A) The CRD IV and the CRR

On 26 June 2013, the European Parliament and the European Council adopted the Directive 2013/36/EC (the **CRD IV**) and the Regulation 575/2013/CE (the **CRR**) repealing in full the so-called capital requirements directive (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC).

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR (**Article 405**). Article 405 specifies that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor

or original lender has explicitly disclosed to such credit institution that it will retain, on an on-going basis, a material net economic interest not lower than 5 per cent. in such securitisation.

The CRR (including Article 405) is directly applicable and became effective on 1 January 2014. The CRD IV has been implemented in Italy by the *Circolare n. 285* (*Disposizioni di Vigilanza per le Banche*) of 17 December 2013 of the Bank of Italy entered into force on 1 January 2014.

Accordingly, under the Senior Notes Subscription Agreement, the Originator has undertaken to comply to such provisions as better described under the section headed "*Regulatory Disclosure and Retention Undertaking*".

Article 406 of the CRR further requires an EU regulated credit institution, before investing, and as appropriate thereafter, for each of its individual exposure in securitisation transactions, to carry out a due diligence in respect of each such exposure and the relevant securitisation, to implement formal policies and procedures appropriate for such activities to be conducted on an on-going basis, to regularly perform its own stress tests appropriate to its exposure and to monitor on an on-going basis and in a timely manner performance information on such exposures. Failure to comply with one or more of the requirements set out in article 406 of the CRR will result in the imposition of a higher capital requirement in relation to the relevant exposure by the relevant EU regulated credit institution. In such respect, articles 405-409 (inclusive) of the CRR require originators, sponsors and original lenders to ensure that prospective investors have readily available access as at the issue date and on an on-going basis to all information necessary to comply with their due diligence and monitoring obligations and all relevant data necessary to conduct comprehensive and well informed stress tests on the underlying exposures.

Pursuant to article 407 of the CRR, where an institution does not meet the requirements in articles 405, 406 or 409 of the CRR in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250 per cent. of the risk weight (capped at 1,250 per cent.) which shall apply to the relevant securitisation positions in the manner specified in the CRR.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) No. 2017/2402 and Regulation (EU) No. 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (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 coming new requirements and the current requirements including with respect to the 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 may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

(B) The AIFM Directive and the AIFM Regulation

On 22 July 2013, Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers (**AIFM Directive**) became effective. Article 17 of AIFM Directive required the EU Commission to adopt level 2

measures similar to those set out in CRR, permitting EU managers of alternative investment funds (**AIFMs**) to invest in securitisation transactions on behalf of the alternative investment funds (**AIFs**) they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an on-going basis, a material net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposures and also to undertake certain due diligence requirements. Commission Delegated Regulation (EU) No. 231/2013 (the **AIFM Regulation**) included those level 2 measures.

Although certain requirements in the AIFM Regulation are similar to those which apply under the CRR, they are not identical. In particular, the AIFM Regulation requires AIFMs to ensure that the sponsor or originator of a securitisation transaction meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitisations than the ones are imposed on prospective investors under the CRR. Furthermore, AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below 5 (five) per cent of the economic risk, are required to take such corrective action as is in the best interests of investors. It is unclear how this last requirement is expected to be addressed by AIFMs should those circumstances arise. The retention requirements set out in articles 51 to 54 of the AIFM Regulation apply to securitisations completed and relevant notes issued on or after 1 January 2011.

Italian Legislative Decree No. 44 of 4 March 2014 implementing AIFM Regulation has been published in the

Official Gazette of the Republic of Italy on 25 March 2014. Two further regulations implementing AIFM Regulation in Italy have been published on 19 January 2015: (i) a first regulation issued by the Bank of Italy (*Regolamento sulla gestione collettiva del risparmio*) and (ii) a second regulation issued by the Bank of Italy in conjunction with CONSOB amending the existing legislation with regard to investment intermediaries (*Regolamento congiunto in materia di organizzazione e procedure degli intermediari del 29 ottobre 2007*) and as amended from time to time. These two regulations entered into force on 3 April 2015.

The AIFM Directive, the AIFM Regulation 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.

(C) The Solvency II Directive and the Solvency II Regulation

Directive 2009/138/EU of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the **Solvency II Directive**) set out rules concerning the following: (1) the taking-up and pursuit, within the community, of the self-employed activities of direct insurance and reinsurance; (2) the supervision of insurance and reinsurance groups; (3) the reorganisation and winding-up of direct insurance undertakings. The Solvency II Directive requires the adoption by the European Commission of implementing measures that complement the high level principles set out therein. On 10 October 2014, the European Commission adopted a Delegated Act (the **Solvency II Regulation**) which lays down, among others, (i) under article 254, the requirements that will need to be met by originators of asset-backed securities in order for EU insurance and reinsurance companies to be allowed to invest in such instruments (including, *inter alios*, the requirement that the originator, the sponsor or the original lender retains a material net economic interest in the underlying assets of no less than 5 (five) per cent); and (ii) under article 256, the qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities (including, *inter alios*, the requirement that insurance and reinsurance companies shall conduct adequate due diligence prior to make the investment, which shall include an assessment of the commitment of the originator, sponsor or original lender to maintain a material net economic interest securitisation of no less than 5 per cent. on an on-going basis).

The Solvency II Directive and the Solvency II Regulation 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.

With respect to the commitment of the Seller to retain a material net economic interest in the Securitisation, please see the statements set out in section headed "*Regulatory Disclosure and Retention Undertaking*".

Prospective investors in the Notes are responsible for analysing their own regulatory position and are required to independently assess and determine the sufficiency of the information described in this Prospectus and in the Investors Reports made available and/or provided in relation to the Securitisation for the purpose of complying, *inter alia*, with the CRD IV, the CRR, the AIFM Directive, the AIFM Regulation, the Solvency II Directive and the Solvency II Regulation. None of the Issuer, the Co-Arrangers, the Lead Manager or any other party to the Transaction Documents makes any representation to any prospective investors in or purchaser of the Notes (i) that the information described in this Prospectus are sufficient in all circumstances for the purposes of the CRD IV, the CRR, the AIFM Directive, the AIFM Regulation, the Solvency II Directive, the Solvency II Regulation or any other applicable laws; (ii) regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future; or (iii) in respect of the compliance of the Securitisation with the relevant investors' supervisory regulations.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) No. 2017/2402 and Regulation (EU) No. 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (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 coming new requirements and the current 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 may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

Class A Notes as Eligible Collateral for ECB Liquidity and/or Open Market Transactions

After the Issue Date an application may be made to a central bank in the Euro-Zone to record the Class A Notes as eligible collateral, within the meaning of the guidelines issued by the European Central Bank in September 2011 (*The Implementation of Monetary Policy in the Euro Area*), as subsequently amended and integrated 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 Class A Notes for the above purpose prior to their issuance and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for liquidity and/or open market transactions rests with the relevant central bank. None of the Issuer, the Originator, the Co-Arrangers or the Lead Manager or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the

Class A Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

Selling Restrictions

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law and by the Transaction Documents, in particular, as provided by and described in the Subscription Agreements. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, and may not be used for the purpose of an offer, to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the Portfolio and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

To the fullest extent permitted by law, the Co-Arrangers and the Lead Manager do not accept any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Co-Arrangers or on their behalf, in connection with the Issuer or CR Bolzano or the issue and offering of the Notes. The Co-Arrangers and the Lead Manager accordingly disclais all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Prospectus or any such statement.

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see the section headed "*Subscription and Sale*".

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Notes are in bearer and dematerialised form and are subject to U.S. tax law requirements. The Notes are being offered for sale outside the United States in accordance with Regulation S under the Securities Act (see the section headed "*Subscription and Sale*").

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

The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a **retail investor** means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4 (1) of MiFID II; (b) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person who is not a qualified investor as defined in the Prospectus Directive. Accordingly, none of the Issuer or the Co-Arranger expects to be required to prepare, and none of them has prepared, or will prepare, a "key information document" in respect of the Notes for

the purposes of Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the **PRIIPs Regulation**) and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Changes or uncertainty in respect of Euribor may affect the value or payment of interest under the Class A1 Notes

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

Under the Benchmarks Regulation, which applies from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including Euribor), the contribution of input data to a benchmark and the use of a benchmark within the European Union.In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU-based, deemed equivalent or recognised or endorsed).

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

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including Euribor) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be; and

(b) if Euribor is discontinued or is otherwise unavailable, then the rate of interest on the Class A1 Notes will be determined for a period by the fall-back provisions provided for under Condition 5.2(d), although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Euro-zone interbank market (in the case of Euribor), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when Euribor was available.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Class A1 Notes due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Class A1 Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of Euribor could affect the ability of the Issuer to meet its obligations under the Class A1 Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Class A1 Notes. Changes in the manner of administration of Euribor could result in adjustment to the Conditions, early redemption, discretionary valuation by the Computation Agent, delisting or other consequences in relation to the Class A1 Notes. No assurance may be provided that relevant changes will not occur with respect to Euribor and/or that such benchmark will continue to exist. Investors should consider these matters when making their investment decision with respect to the Class A1 Notes.

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. Final rules implementing the statute (the **U.S. Risk Retention Rules**) came into effect on 24 December 2016 with respect to non-RMBS securitisations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitisation is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Originator does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitization 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 Prospectus as Risk Retention U.S. Persons); (3) neither the sponsor nor the issuer 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 collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Originator has advised the Issuer that it has not acquired, and it does not intend to acquire more than 25 per cent. of the assets from an affiliate or branch of the Originator or the Issuer that is organised or located in the United States.

The Notes provide that they may not be purchased by Risk Retention U.S. Persons except with the express written consent of the Originator in the form of a U.S. Risk Retention Waiver and where such purchase falls within the exemption provided for in Section _.20 of the U.S. Risk Retention Rules. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

(a) Any natural person resident in the United States;

(b) Any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;

(c) Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d) Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) Any agency or branch of a foreign entity located in the United States;

(f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) Any partnership, corporation, limited liability company, or other organisation or entity if:

(i) Organised or incorporated under the laws of any foreign jurisdiction; and

(j) Formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

Consequently, the Notes may not be purchased by any person except for (a) persons that are not Risk Retention U.S. Persons or (b) persons that have obtained a U.S. Risk Retention Waiver from the Originator and where such purchase falls within the exemption provided for in Section _.20 of the U.S. Risk Retention Rules. Each holder of a Note or a beneficial interest acquired in the initial syndication of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Originator and the Co-Arranger that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Waiver, (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 (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Originator has advised the Issuer that it will not provide a U.S. Risk Retention Waiver to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) (as determined by fair value under US GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons on the Note Issuance Date.

Failure on the part of the Originator to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Originator which may adversely affect the Notes and the ability of the Originator to perform its obligations under the Transaction Documents. Furthermore, a failure by the Originator to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

Bank Recovery and Resolution Directive

The directive providing for the establishment of a framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (the **BRRD**) entered into force on 2 July 2014.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which 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: (i) sale of business, which enables resolution authorities to direct the sale of the firm or the whole or part of its

business on commercial terms; (ii) bridge institution, which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation, which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in, which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

The BRRD 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.

The BRRD provides that it shall be applied by Member States from 1 January 2015, except for the general bail-in tool which is to be applied from 1 January 2016. The BRRD has been implemented in Italy through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the **BRRD Decrees**), both of which were published in the Italian Official Gazette (*Gazzetta Ufficiale*) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Consolidated Banking Act and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's will apply from 1 January 2019.

It should be noted that the powers set out in the BRRD may impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. As the BRRD has only recently been implemented in Italy and other Member States, there is material uncertainty as to the effects of any application of it in practice.

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.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may restrict the ability of relevant individual prospective purchasers to invest in the Notes and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in "ownership interests" of the Issuer should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each investor must determine for itself whether it is a "banking entity" subject to regulation under the Volcker Rule. If investment by "banking entities" in the Notes of any Class is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Notes. None of the Issuer, the Co-Arrangers, the Lead Manager 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.

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 prepayment fees (if any) and any indemnities payable upon early repayment of the Mortgage Loans or termination of the Mortgage 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.

Mortgage Loans' Performance

The Portfolio is exclusively comprised of residential mortgage 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 Mortgage Loans and that they will therefore continue to perform.

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 Mortgage 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 and is expected to reduce the length of foreclosure proceedings.

Mutui fondiari

The Portfolio comprises Mortgage Loans qualifying as *mutui fondiari*. 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 mortgage 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 mortgage 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 Law Decree of 31 January 2007 No. 7 (i.e. Decreto Bersani)

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 affecting mortgage loans granted to individuals for the purpose of purchasing or restructuring real estate assets for residential use (*uso abitativo*), as is the case for the securitised Mortgage 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 Law Decree of 31 January 2007 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 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.

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 Mortgage Loans 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 Mortgage Loans may increase, (b) in relation to Mortgage Loan Agreements entered into after 2 February 2007, no prepayment fee will be due and payable and (c) in relation to Mortgage 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.

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*. 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 - Settlement of the crisis (sovraindebitamento) under Law No. 3/2012*" of this Prospectus.

RISK FACTORS RELATED TO TAX MATTERS

Tax Treatment of the Issuer

Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986. Pursuant to the regulations issued by the Bank of Italy on 15 December 2015 (*Istruzioni per la redazione dei bilanci e dei rendiconti degli Intermediari finanziari, degli Istituti di pagamento, degli Istituti di Moneta Elettronica, delle SGR e delle SIM*) the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets, liabilities, costs and revenues. Based on the general rules applicable to the calculation of net taxable income of a company, such taxable income should be calculated on the basis of the accounting, i.e. on-balance sheet, earnings, subject to such adjustments as specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio and the securitisation transaction. This opinion has been expressed by scholars and tax specialists and has been confirmed by the tax authority (Circular No. 8/E issued by *Agenzia delle Entrate per la Lombardia* on 6 February 2003, recently confirmed by Ruling No. 77/E of 4 August 2010) on the grounds that the net proceeds generated by the Receivables may not be considered as legally available to the Issuer– insofar as any and all amounts deriving from the underlying assets of each of the securitisations are specifically destined to satisfy the obligations of such Issuer to the holders of the notes issued in the context of each such securitisation, to the other creditors of the Issuer and certain third party creditors in respect of each such securitisation in compliance with applicable law.

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 Prospectus, such withholding tax is levied at the rate of 26 per cent. and is to be imposed at the time of payment.

Registration Tax

If the Issuer were to obtain a judgment from an Italian court in respect of a breach of any transaction document or were to enforce a foreign judgment in Italy in respect of any such breach, a registration tax at a fixed amount of €200 or at a rate of up to three per cent. of the amount awarded pursuant to any such judgment may be payable.

In addition, each transaction document may be subject to registration tax at a fixed amount of €200 or at a rate of up to three per cent. of the amount indicated in each transaction document where a case of use (*caso d'uso*) or an explicit reference (*enunciazione*) will occur.

For the purposes of the Italian registration tax, a "case of use" occurs when a document is: (i) deposited with a judiciary office for administrative purposes only (e.g. the mere production of a document in court does not represent a "case of use"); or (ii) deposited with a government agency or local authority, unless such deposit is mandatory by law or regulation or is required in order for the relevant government agency or local authority to comply with its own obligations. In addition, reference in a document which is submitted for registration to another document (enunciazione) would entail the registration of such second

document provided that all the parties to the document to which reference is made are also parties to the document submitted for registration.

In such a case, the Italian tax authorities may ask for the cross-referenced transaction documents to be filed with the competent Italian registration tax office and, consequently, the application of registration tax to such transaction documents according to the ordinary rules. The rule applies at Italian tax authorities' request and only to the extent that the document filed with the registration tax office and the transaction document which has been mentioned therein are entered into by the same parties.

The same rule also applies in case of cross-references into a judicial decision of a transaction document which has not been subject to registration tax in Italy.

In cases where the transaction documents filed with the registration tax office as a consequence of a caso d'uso or enunciazione regulate supplies falling within the scope of VAT (even if VAT-exempt), registration tax would be levied at the fixed rate of Euro 200.

Withholding Tax under the Notes

Payments of interest under the Notes may in certain circumstances be subject to withholding for or on account of tax. For example, according to Decree No. 239, any non-Italian residential beneficial owner of an interest payment relating to the Notes who is (a) either not resident, for tax purposes, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information or (b), even if resident in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information, does not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from substitute tax, will receive amounts of interest payable on the Notes net of Italian withholding tax or substitute tax. As at the date of this Prospectus such substitute tax is levied at the rate of 26 per cent., or such lower rate as may be applicable under the relevant double taxation treaty. For further details, see the section entitled "*Taxation*".

In the event that substitute tax is imposed in respect of payments to the Noteholders of amounts due pursuant to the Notes, the Issuer will not 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.

GENERAL RISK FACTORS

Claw-back of the sale of the Receivables

Assignments of receivables made under the Securitisation Law are subject to claw-back (*revocatoria fallimentare*) (i) pursuant to article 67, paragraph 1, of the Italian Bankruptcy Law, if the adjudication of bankruptcy of the relevant seller is made within 6 (six) months from the purchase of the relevant portfolio of receivables, provided that the sale price of the receivables exceeds the value of the receivables for more than 25 (twenty-five) per cent. and the issuer is not able to demonstrate that it was not aware of the insolvency of the Seller, or (ii) pursuant to article 67, paragraph 2, of the Italian Bankruptcy Law, if the adjudication of bankruptcy of the relevant seller is made within 3 (three) months from the purchase of the relevant portfolio of receivables, provided that the sale price of the receivables does not exceed the value of the receivables for more than 25 (twenty-five) per cent. and the insolvency receiver of the seller is able to demonstrate that the Issuer was aware of the insolvency of the seller. However, pursuant to the Transfer Agreement, the Originator has provided the Issuer in respect of the Portfolio, with (i) a solvency certificate signed by a director of the Originator; (ii) a good standing certificate issued by the competent companies' register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*) stating that the Originator is not subject to any insolvency proceeding; and (iii) a certificate issued by the bankruptcy division of the competent court (*certificato della sezione fallimentare del tribunale*) stating that no insolvency proceedings have been commenced against the Originator. Furthermore, under the Warranty and Indemnity Agreement, the Originator has represented that it was solvent as at the date thereof and such representation shall be deemed to be repeated on the Issue Date.

In addition, in case of repurchase by the Originator of individual Receivables or the outstanding Portfolio or disposal of the Portfolio following the delivery of a Trigger Notice or the occurrence of a Tax Event, the payment of the relevant sale price may be subject to claw back pursuant to article 67, paragraph 1 or 2, of the Italian civil code. However, pursuant to the Intercreditor Agreement, the relevant purchaser shall provide the Issuer and the Representative of the Noteholders with (i) a solvency certificate signed by a director of the purchaser, (ii) a good standing certificate issued by the competent companies' register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*) stating that the purchaser is not subject to any insolvency proceeding or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated; and (iii) a certificate issued by the bankruptcy division of the competent court (*certificato della sezione fallimentare del tribunale*) stating that no insolvency proceedings have been commenced against such purchaser (as far as such kind of certificate is issued by the bankruptcy division of the relevant court according to its internal regulations) or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated.

Claw-back of other payments made to the Issuer

According to article 4, paragraph 3, of the Securitisation Law, payments made by an assigned debtor to the Issuer are not subject to any claw-back (*revocatoria fallimentare*) according to article 67 of the Italian Bankruptcy Law, nor to any declaration of ineffectiveness (*declaratoria di inefficacia*) pursuant to article 65 of the Italian Bankruptcy Law.

Save for what described above, all other payments made to the Issuer by any party to the Transaction Documents in the 1 (one) year or 6 (six) month suspect period, as applicable, prior to the date on which such party has been declared bankrupt or has been admitted to compulsory liquidation, may be subject to claw-back (*revocatoria fallimentare*) according to article 67 of the Italian Bankruptcy Law (or any equivalent rules under the applicable jurisdiction of incorporation of such party). In case of application of article 67, paragraph 1, of the Italian Bankruptcy Law, the relevant payment will be set aside and clawed back if the Issuer does not give evidence that it did not have knowledge of the state of insolvency of the relevant party when the payments were made, whereas, in case of application of article 67, paragraph 2, of the Italian Bankruptcy Law, the relevant payment will be set aside and clawed back if the receiver gives evidence that the Issuer had knowledge of the state of insolvency of the relevant party. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court in its discretion may consider all relevant circumstances.

Interest Rate Risk

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

The Issuer expects to meet its floating rate payment obligations under the Class A1 Notes primarily from the payments deriving from the Collections. However the interest component in respect of such payments may have low correlation to the EURIBOR rate from time to time applicable in respect of the Class A1 Notes.

In addition, the Issuer expects to meet its fixed rate payment obligations under the Class A2 Notes primarily from the payments deriving from the Collections. However the interest component in respect of such payments may have low correlation to the interest rate from time to time applicable in respect of the Class A2 Notes.

The risk in respect of the Class A Notes would consist in the (a) basis risk (i.e. the risk represented by the mismatch between the fixing of the coupon payable on the Class A Notes and the fixing applied on the "floating rate" and the "capped floating rate" Mortgage Loans), and (b) interest rate cap risk (i.e. the risk represented by the mismatch between the fixing of the coupon payable on the Class A Notes and the cap rate applied on the "capped floating rate" Mortgage Loans). Moreover, the Portfolio comprises Mortgage Loans which can switch from a fixed to floating interest rate or from a floating to fixed interest rate.

Prospective Noteholders should also note that the composition of the Portfolio and the cash flows that should 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 Co-Arrangers, the Lead Manager 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 Mortgage 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 Mortgage Loans.

The security for the Notes consists of, *inter alia*, the Issuer's interest in the Mortgage 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, the Servicer and the Cash Manager*" and *"The Portfolio*", including in respect of the default rates, represents the historical experience of CR Bolzano, which accepts responsibility for the fairness and accuracy of these sections. However, there can be no assurance that the future experience and performance of CR Bolzano as Servicer will be similar to the experience shown in this Prospectus.

Servicing of the Portfolio

The Portfolio has been serviced by the Servicer starting from the Transfer Date pursuant to the Servicing Agreement. Previously, the Portfolio was serviced by CR Bolzano as owner of the Portfolio. The net cash flows deriving from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer pursuant to the provisions of the Servicing Agreement.

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

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

Under general principles of Italian law, the 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 (a) the date of the publication of the notice in the Official Gazette and (b) 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.

On 24 December 2013, Decree No. 145 came into force providing expressly that, from the date of publication of the notice of transfer of the receivables in the Official Gazette, the debtors will not be entitled to set-off any claim arisen after such date with the amounts due to the special purpose vehicle in relation to the receivables. Decree No. 145 has been converted into Italian Law No. 9 of 21 February 2014.

The transfer of the Receivables from CR Bolzano to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 30 May 2018 and (ii) published in the Official Gazette No. 63 Part II of 31 May 2018.

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 Debtor of a right of set-off.

Italian Usury Law

Italian law No. 108 of 7 March 1996 (the **Usury Law**) introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the **Usury Rates**) set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 24 March 2014 and published in the Official Gazette of 29 March 2014 No. 74). 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. 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 number 350/2013, as recently confirmed by decision number 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 Mortgage Loans as a result of the application of the Usury Law or of the Usury Law Decree, the ability of the Issuer to maintain scheduled payments of interest and principal on the Senior Notes may be adversely affected as a result of a Mortgage Loan being found to be in contravention with the Usury Law, thus allowing the relevant borrower to claim relief on any interest previously paid and obliging the Issuer in the future to accept a reduced rate of interest, or potentially no interest, payable on such Mortgage Loan.

The Originator has represented that the interest rates applicable to the Mortgage Loans are in compliance with the then applicable Usury Rate.

Compounding of Interest (*Anatocismo*)

Pursuant to article 1283 of the Italian civil code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement entered into after the date on which it has become due and payable or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices (*usi*) to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice (*uso normativo*). However, a number of judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99, No. 2593/2003, No. 21095/2004 as confirmed by judgment No. 24418/2010 of the same Court) have held that such practices may not be defined as customary practices (*uso normativo*).

As a consequence thereof, the challenge by any Debtor of the practice of capitalising interest and the upholding of such interpretation of the Italian civil code in judgments of the other courts of the Republic of Italy could have a negative effect on the returns generated from the Mortgage Loan Agreements.

In this respect, it should be noted that article 25, paragraph 3, of Italian Legislative Decree No. 342 of 4 August 1999, enacted by the Italian Government under a delegation granted pursuant to Italian Law no. 142 of 19 February 1992, 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. Italian Law No. 342 of 4 August 1999 was challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under Italian Law No. 142 of 19 February 1992. By decision No. 425 of 9 October 2000, the Italian Constitutional Court declared as unconstitutional on these grounds article 25, paragraph 3, of Italian Law No. 342 of 4 August 1999.

It should be noted that paragraph 2 of article 120 of the Consolidated Banking Act, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by article 17-bis of Law Decree No. 18 of 14 February 2016 (as converted into law by Law No. 49 of 8 April 2016), providing that interest (other than defaulted interest) shall not accrue on capitalised interest. Paragraph 2 of article 120 of the Consolidated Banking Act also requires the *Comitato Interministeriale per il Credito e il Risparmio* (CICR) to establish the methods and criteria for the compounding of interest. Decree No. 343 of 3 August 2016 of the CICR, implementing paragraph 2 of article 120 of the Consolidated Banking Act, has been published in the Official Gazette No. 212 of 10 September 2016. Given the novelty of this new legislation and in the absence of any jurisprudential interpretation, the impact of such new legislation may not be predicted as at the date of this Prospectus.

The Originator has represented in the Transfer Agreement that the Receivables comprised in the Portfolio comply with applicable Italian laws on compounding of interest (*anatocismo*).

Statute of Limitations

Certain rights of the Issuer under the Transaction Documents may become barred under statutes of limitation by operation of law. In particular, there is a possibility that the one year statute of limitation period set out in article 1495 of the Italian Civil Code could be held to apply to some or all of the representations and warranties given by the Originator in the Warranty and Indemnity Agreement, on the ground that such provisions may not be derogated from by the parties to a sale contract ("*contratto di compravendita*") (such as the Transfer Agreement to which the Warranty and Indemnity Agreement is related).

However, the Originator and the Issuer have acknowledged and agreed that the representations and warranties given by the Seller thereunder were given as a separate and independent guarantee (which is in addition to those provided for by law) and, accordingly, the provisions of articles 1495 et seq. of the Italian Civil Code are not applicable in respect thereto.

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 referenc2e 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 (*Conservatoria dei Registri Immobiliari*) 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.

Macro-risks in the European Union

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

The Issuer is affected by disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund. More recently, in 2013, aid was also requested by Cyprus. In addition, on 23 June 2016, the UK held a referendum on the country's membership of the European Union (Brexit). On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with the United Kingdom, setting out the Co-Arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019. The consequences of Brexit are uncertain, with respect to the European Union integration process, the relationship between the United Kingdom and the European Union and the impact on economies and European businesses.

Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Euro-zone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. These concerns may have an impact on Euro-zone banks' funding. In particular, the credit ratings assigned to the Senior Notes are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of the Senior Notes are downgraded.

Concentration of roles in CR Bolzano

Under the terms of the Transaction Documents CR Bolzano has performed and will perform multiple roles in the context of the Securitisation, such as, *inter alia*, the Originator, the Servicer and the Cash Manager.

The concentration of such roles in one entity may, in the event of insolvency of CR Bolzano, 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.

Concentration in the Region Trentino - Alto Adige

As the activities of CR Bolzano are mainly concentrated in the Region Trentino - Alto Adige, a geological or social event such as flooding, earthquake, riot or general strike in the Region Trentino - Alto Adige would adversely affect the financial conditions of the Debtors and their ability to perform their obligations under the Mortgage Loans.

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, 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, 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 Prospectus, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No one undertakes any obligation to update or revise any forward-looking statements contained in this Prospectus to reflect events or circumstances occurring after the date of this Prospectus.

THE PORTFOLIO

Introduction

The Portfolio comprises debt obligations arising out of residential mortgage loans entered into between CR Bolzano and certain obligors (the **Debtors**). The Mortgage Loan Agreements are classified as performing by CR Bolzano as at the Valuation Date.

The relevant residential Mortgage Loan Agreements have been purchased by the Issuer from CR Bolzano pursuant to the terms of the Transfer Agreement entered into on 23 May 2018.

The information relating to the Portfolio contained in this Prospectus is, unless otherwise specified, a description of the Portfolio as at 30 April 2018 (the **Valuation Date**). As at the date of this Prospectus, no material changes in respect of the Portfolio have occurred and no Receivable is classified as Defaulted Receivable.

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 Mortgage Loans

As at the Valuation Date, the Portfolio comprised debt obligations owed by 4,306 Debtors under 4,332 Mortgage Loans. All the Mortgage Loan Agreements are governed by Italian Law.

The Receivables have been transferred to the Issuer pursuant to the terms of the Transfer Agreement, together with any ancillary rights of CR Bolzano to guarantees or security interests and any related rights, which have been granted to CR Bolzano to secure or ensure the payment and/or the recovery of any of the Receivables (the **Collateral Securities**). The Outstanding Balance of the Portfolio as at the Valuation Date was equal to € 498,382,249.40.

Eligibility criteria for the Portfolio

All the Receivables comprised in the Portfolio purchased by the Issuer from CR Bolzano pursuant to the Transfer Agreement arise from Mortgage Loans which, as at the Valuation Date (save as otherwise specified), met the following criteria:

(i) have been granted exclusively by CR Bolzano as lender and are at the Valuation Date in the ownership of CR Bolzano;

(ii) have been executed between 12 May 1998 (included) and 10 April 2018 (included);

(iii) have been granted pursuant to mortgage loan agreements governed by Italian law;

(iv) have not been stipulated or entered into (as indicated in the relevant mortgage loan agreement) pursuant to:

  (a) any law or regulation (also regional and/or provincial) which provides for:

    (1) contributions or advantageous repayment terms of principal and/or interest (so-called "*mutui agevolati o convenzionati"*);

    (2) public financial contributions of any kind; or

    (3) discounts pursuant to the law and/or 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;

(b) articles 43, 44 and 45 of the Consolidated Banking Act (so-called "*credito agrario e peschereccio*");

(v) have been drawn-down in full and in respect of which there is no obligation or possibility to effect further disbursements;

(vi) the debtors (eventually also following assumption (*accollo*) and/or division (*frazionamento)*) are individuals domiciled, as at the Valuation Date, in Italy, and they are not, also as co-holders (co*intestatari*) of the relevant mortgage, individuals that, as at the Valuation Date, were employees or representatives (*esponenti bancari*, pursuant to article 136 of the Consolidated Banking Act) of CR Bolzano or any other company belonging to the Cassa di Risparmio di Bolzano S.p.A. Banking Group;

(vii) are secured by a mortgage of "economic" first ranking priority, which means:

(a) a first ranking mortgage; or

(b) a mortgage which ranks lower than a first ranking mortgage and in respect of which the obligations guaranteed by the mortgage/s ranking in priority thereto have been fully satisfied;

(viii) whose mortgage loan provides for a contractual interest rate higher than zero per cent. that falls into one of the following categories:

(a) "index-linked interest rate" mortgage loans, which are mortgage loans whose interest rate is linked to one month Euribor, three months Euribor or six months Euribor, as rounded if necessary, and whose interest rate may be capped;

(b) "fixed interest rate" mortgage loans, which are mortgage loans whose interest rate is fixed at the date of execution of the related mortgage loan and that cannot be modified for at least the first 4 years and a half following the date of disbursement of the related mortgage loan;

(ix) the related mortgage loan provides for the 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 increases 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;

(x) as at the Valuation Date, a suspension of the relevant instalments in relation to the principal component and/or the interest component is not effective;

(xi) have not been subject to renegotiation under article 3, paragraph 7 of Decree Law No. 93 of 27 May 2008, converted into law by Law No. 126 of 24 July 2008, as provided for by the agreement signed on 19 June 2008 by the Ministry of Economy and Finance and the Italian Banking Association (ABI);

(xii) an insurance policy covering the risk of fire, lighting, explosion and burst relating to the mortgaged real estate asset granted by the debtor as security for the repayment of the mortgage loan has been entered into by the relevant debtor and such insurance policy is in force as at the Valuation Date;

(xiii) in respect of which the ratio (so-called loan-to-value) between (a) the debt outstanding principal amount as at the Valuation Date and (b) the value of the mortgaged real estate asset (as communicated by CR Bolzano to the relevant debtor close to the date of execution of the relevant loan), is not more than 100%;

(xiv) provide for repayment in monthly, quarterly or semi-annual instalments;

(xv) whose instalments are denominated and paid in Euro (or loans drawn-down in Italian Liras and successively redenominated in Euro) and the relevant mortgage loan does not contain provisions allowing conversion into a currency other than Euro;

(xvi) in respect of which there is no more than one instalment past due and unpaid by more than 30 days, as of the Valuation Date and whose debtors have not been notified an acceleration notice following a default (*decadenza dal beneficio del termine*), pursuant to the relevant mortgage loan agreement;

(xvii) in respect of which, as at the Valuation Date, at least one instalment (that includes an interest component) is past due and has been paid;

(xviii) the payment date of the last instalment (according to the relevant amortisation plan) is scheduled between 31 July 2018 (included) and 29 February 2048 (included);

(xix) in respect of which as of the date of 30 April 2018 the outstanding principal is lower than Euro 1,600,000.

In relation to the above criteria, where a reference to "execution date of the mortgage" is made, such date shall be interpreted as (a) the original actual date of execution of the mortgage loan, notwithstanding any not releasing assumption (*accollo non liberatorio*) effected after such date, or (b) in case of division (*frazionamento)* the date of such division or (c) in case of releasing assumption (*accollo liberatorio*), the date on which the Originator has accessed to such assumption agreement.

For the avoidance of doubt, as a result of the application of the above criteria, the receivables identified by the following codes (as indicated in the relevant payment notices and/or quiettances delivered by CR Bolzano to the relevant debtors) are excluded: 06 160 03564193; 06 160 03568702.

The transfer of the Receivables from CR Bolzano to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 30 May 2018 and (ii) published in the Official Gazette No. 63 Part II of 31 May 2018.

Description of the Portfolio

The Portfolio had the following global characteristics as at the Valuation Date:

(a) the aggregate Current Balance of the Receivables owed by the same Debtor is equal or lower than 0.30 per cent. of the aggregate Outstanding Principal of all the Receivables; and

(b) the aggregate Current Balance of the Receivables owed by the first ten Debtors (by Outstanding Principal) is equal to or lower than 2.11 per cent. of the aggregate Outstanding Principal of all the Receivables; and

(c) the Weighted Average Current Loan to Value of the Portfolio is equal to 51.45 per cent..

The following tables set out details of the Portfolio derived from information provided by CR Bolzano as Originator and Servicer on behalf of the Issuer of the Receivables comprised in the Portfolio. The information in the following tables reflects the position as at the Valuation Date, unless otherwise specified.

TABLE 1 – COLLATERAL PORTFOLIO SUMMARY

Portfolio Statistics	Unit of measure	Value
Number of Debtors	#	4,306
Number of Mortgage Loans	#	4,332
Total Current Balance	€	498,194,288
Total Original Balance	€	663,967,634
Average Current Balance	€	115,003
Average Original Balance	€	153,270
WA Current LTV (1)	%	51.45%
WA Original LTV (2)	%	62.11%
WA Seasoning	years	3.76
WA Remaining Term	years	17.27
WA Spread (Floating)	%	1.65%
WA CAP (Floating)	%	5.25%
WA Interest Rate (Floating)	%	1.51%
WA Interest Rate (Fixed)	%	2.24%
First Lien Residential Mortgage Loans	%	100.00%
Interest rate:		
- Floating Rate	%	53.53%
of which Floating Capped	%	11.14%
- Fixed Rate	%	46.47%
Geographic Distribution:		
- Northern Italy	%	99.54%
- Central Italy	%	0.32%
- Southern Italy	%	0.14%

(1) Weighted Average Current LTV is the ratio between a) the Outstanding Principal and b) the initial property value weighted by the Outstanding Principal
(2) Weighted Average Original LTV is the ratio between a) the Original Loan Amount and b) the initial property value weighted by the Outstanding Principal

All amounts in €

TABLE 2 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY OUTSTANDING PRINCIPAL

Range *(Euro)*	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total

0,000 - 20,000	205	4.73%	20,372,249.28	3.07%	2,325,957.27	0.47%	49,840,855.81	3.84%
20,000 - 50,000	542	12.51%	46,579,535.07	7.02%	20,228,489.73	4.06%	127,643,953.17	9.84%
50,000 - 75,000	694	16.02%	67,853,279.92	10.22%	43,968,799.89	8.83%	150,209,643.72	11.58%
75,000 - 100,000	831	19.18%	95,840,926.41	14.43%	72,610,981.17	14.57%	193,470,743.76	14.91%
100,000 - 125,000	629	14.52%	90,132,582.04	13.57%	70,497,844.52	14.15%	163,852,701.59	12.63%
125,000 - 150,000	510	11.77%	85,444,577.26	12.87%	69,583,160.35	13.97%	151,818,941.75	11.70%
150,000 - 175,000	269	6.21%	52,389,852.64	7.89%	43,557,007.18	8.74%	84,529,717.75	6.52%
175,000 - 200,000	204	4.71%	44,052,235.27	6.63%	38,136,066.81	7.65%	82,762,205.43	6.38%
200,000 - 250,000	225	5.19%	58,264,087.73	8.78%	50,109,990.01	10.06%	103,250,408.55	7.96%
250,000 - 300,000	85	1.96%	26,468,074.89	3.99%	23,180,851.07	4.65%	49,281,946.21	3.80%
300,000 - 500,000	103	2.38%	44,662,765.08	6.73%	38,123,023.63	7.65%	84,495,585.24	6.51%
500,000 – 1,000,000	30	0.69%	24,476,365.02	3.69%	19,872,875.70	3.99%	42,969,485.44	3.31%
1,000,000 – 3,000,000	5	0.12%	7,431,103.75	1.12%	5,999,240.68	1.20%	13,113,466.28	1.01%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 3 - BREAKDOWN OF THE COLLATERAL PORTFOLIO BY ORIGINAL LOAN AMOUNT

Range *(Euro)*	**Number of Mortgage Loans**	**% on Total**	**Original Loan Amount**	**% on Total**	**Current Balance**	**% on Total**	**Property Value**	**% on Total**
0,000 - 20,000	3	0.07%	56,808.35	0.01%	42,682.89	0.01%	400,000.00	0.03%
20,000 - 50,000	211	4.87%	9,101,355.56	1.37%	6,445,652.32	1.29%	36,382,659.68	2.80%
50,000 - 75,000	466	10.76%	30,208,589.16	4.55%	24,021,268.55	4.82%	88,503,906.50	6.82%
75,000 - 100,000	814	18.79%	73,895,171.52	11.13%	57,572,265.93	11.56%	171,801,059.02	13.24%
100,000 - 125,000	588	13.57%	67,379,933.24	10.15%	52,382,553.86	10.51%	133,194,631.58	10.27%
125,000 - 150,000	713	16.46%	99,501,884.31	14.99%	76,077,844.32	15.27%	189,060,962.83	14.57%
150,000 - 175,000	360	8.31%	59,163,136.49	8.91%	43,837,345.89	8.80%	103,328,497.85	7.97%
175,000 - 200,000	382	8.82%	73,071,672.68	11.01%	53,629,819.83	10.76%	136,570,031.13	10.53%
200,000 - 250,000	382	8.82%	87,296,622.25	13.15%	66,059,266.18	13.26%	149,791,954.31	11.55%
250,000 - 300,000	187	4.32%	52,702,085.96	7.94%	37,985,680.63	7.62%	93,339,021.13	7.20%
300,000 - 500,000	161	3.72%	60,919,665.72	9.18%	45,112,562.50	9.06%	110,691,942.30	8.53%
500,000 – 1,000,000	54	1.25%	36,386,756.41	5.48%	24,585,038.75	4.93%	59,866,814.09	4.61%
1,000,000 – 3,000,000	11	0.25%	14,283,952.71	2.15%	10,442,306.36	2.10%	24,308,174.28	1.87%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 4 –BREAKDOWN OF THE COLLATERAL PORTFOLIO BY ORIGINAL TERM

Range *Years*	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
0 - 6	27	0.62%	3,036,636.17	0.46%	1,091,877.45	0.22%	10,373,745.17	0.80%
6 - 8	51	1.18%	5,792,652.34	0.87%	3,399,303.53	0.68%	19,655,050.37	1.52%
8 - 10	313	7.23%	32,515,431.07	4.90%	23,347,259.53	4.69%	102,338,157.90	7.89%
10 - 12	186	4.29%	23,397,033.68	3.52%	14,650,357.02	2.94%	56,000,917.65	4.32%
12 - 14	163	3.76%	20,228,419.70	3.05%	15,190,340.97	3.05%	60,226,371.73	4.64%
14 - 16	629	14.52%	81,376,705.51	12.26%	55,797,488.11	11.20%	184,280,020.42	14.21%
16 - 18	169	3.90%	25,753,659.10	3.88%	18,862,434.45	3.79%	58,847,815.14	4.54%
18 - 20	973	22.46%	162,502,700.64	24.47%	116,348,878.11	23.35%	317,793,715.01	24.50%
20 - 22	175	4.04%	29,652,662.29	4.47%	19,476,003.85	3.91%	53,429,554.32	4.12%
22 - 24	156	3.60%	27,440,320.66	4.13%	22,452,793.38	4.51%	46,818,505.81	3.61%
24 - 26	1,071	24.72%	167,555,033.17	25.24%	145,731,587.70	29.25%	263,423,368.21	20.31%
26 - 28	40	0.92%	8,890,146.29	1.34%	6,335,381.74	1.27%	12,673,206.51	0.98%
28 - 30	315	7.27%	64,446,530.13	9.71%	47,054,266.05	9.44%	94,686,369.46	7.30%
> 30	64	1.48%	11,379,703.61	1.71%	8,456,316.12	1.70%	16,692,857.00	1.29%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 5 – BREAKDOWN BY RESIDUAL LIFE

Range *Years*	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
0 - 6	411	9.49%	54,762,483.91	8.25%	13,633,849.27	2.74%	131,852,246.74	10.16%
6 - 8	288	6.65%	40,558,537.61	6.11%	19,942,266.40	4.00%	94,702,824.66	7.30%
8 - 10	384	8.86%	49,812,913.47	7.50%	33,777,001.35	6.78%	123,892,021.11	9.55%
10 - 12	443	10.23%	68,367,949.20	10.30%	46,586,609.91	9.35%	152,357,381.04	11.74%
12 - 14	441	10.18%	62,699,303.50	9.44%	46,086,435.17	9.25%	129,100,960.57	9.95%
14 - 16	286	6.60%	46,936,742.15	7.07%	37,788,060.69	7.59%	89,550,998.03	6.90%
16 - 18	338	7.80%	57,524,425.90	8.66%	44,210,904.05	8.87%	102,514,308.89	7.90%
18 - 20	568	13.11%	92,983,936.20	14.00%	82,077,574.37	16.48%	170,593,659.46	13.15%
20 - 22	176	4.06%	32,333,361.23	4.87%	25,438,712.90	5.11%	51,475,427.75	3.97%

22 - 24	624	14.40%	98,622,102.23	14.85%	91,120,962.72	18.29%	157,258,945.44	12.12%
24 - 26	304	7.02%	45,376,763.04	6.83%	44,175,624.37	8.87%	69,791,800.62	5.38%
26 - 28	17	0.39%	2,944,085.12	0.44%	2,589,543.21	0.52%	5,161,480.00	0.40%
28 - 30	52	1.20%	11,045,030.80	1.66%	10,766,743.60	2.16%	18,987,600.39	1.46%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 6 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY SEASONING

Range *Years*	**Number of Mortgage Loans**	**% on Total**	**Original Loan Amount**	**% on Total**	**Current Balance**	**% on Total**	**Property Value**	**% on Total**
0 - 1	1,023	23.61%	145,036,550.05	21.84%	139,765,829.80	28.05%	293,831,598.17	22.65%
1 - 2	1,349	31.14%	186,943,778.44	28.16%	168,332,623.64	33.79%	391,034,757.40	30.14%
2 - 3	191	4.41%	28,120,406.79	4.24%	23,545,906.45	4.73%	61,145,662.79	4.71%
3 - 4	68	1.57%	11,719,770.76	1.77%	9,413,956.82	1.89%	21,795,082.64	1.68%
4 - 5	20	0.46%	4,658,492.97	0.70%	3,221,356.95	0.65%	11,340,832.36	0.87%
5 - 6	14	0.32%	4,152,040.65	0.63%	2,436,707.87	0.49%	8,842,940.00	0.68%
6 - 7	46	1.06%	7,253,630.36	1.09%	4,582,436.30	0.92%	15,139,450.00	1.17%
7 - 8	390	9.00%	64,033,987.04	9.64%	39,392,309.98	7.91%	121,804,533.73	9.39%
8 - 9	434	10.02%	67,804,395.02	10.21%	38,723,023.00	7.77%	132,624,365.60	10.22%
> 9	797	18.40%	144,244,582.28	21.72%	68,780,137.20	13.81%	239,680,432.01	18.48%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 7 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY ORIGINAL LOAN TO VALUE

Range *%*	**Number of Mortgage Loans**	**% on Total**	**Original Loan Amount**	**% on Total**	**Current Balance**	**% on Total**	**Property Value**	**% on Total**
00-10	23	0.53%	1,942,590.48	0.29%	1,234,261.42	0.25%	27,010,281.95	2.08%
10-20	182	4.20%	17,777,581.11	2.68%	12,704,072.87	2.55%	111,501,487.78	8.60%
20-30	398	9.19%	42,349,796.85	6.38%	31,251,644.55	6.27%	168,724,188.65	13.01%
30-40	452	10.43%	63,214,632.12	9.52%	48,294,106.51	9.69%	179,196,228.21	13.81%
40-50	527	12.17%	78,077,174.97	11.76%	59,935,576.70	12.03%	171,965,086.32	13.26%
50-60	471	10.87%	77,762,122.73	11.71%	57,972,075.50	11.64%	140,888,596.96	10.86%
60-70	544	12.56%	87,928,382.90	13.24%	66,771,756.80	13.40%	135,070,353.33	10.41%

70-80	1,225	28.28%	198,073,038.84	29.83%	157,911,087.65	31.70%	257,340,113.15	19.84%
80-90	208	4.80%	40,383,994.93	6.08%	25,577,467.56	5.13%	47,297,021.69	3.65%
90-100	302	6.97%	56,458,319.43	8.50%	36,542,238.45	7.33%	58,246,296.66	4.49%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 8 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY CURRENT LOAN TO VALUE

Range *%*	**Number of Mortgage Loans**	**% on Total**	**Original Loan Amount**	**% on Total**	**Current Balance**	**% on Total**	**Property Value**	**% on Total**
00-10	297	6.86%	35,289,504.94	5.31%	7,824,446.12	1.57%	135,289,098.06	10.43%
10-20	482	11.13%	62,241,361.97	9.37%	31,455,341.37	6.31%	202,653,792.80	15.62%
20-30	515	11.89%	72,536,600.56	10.92%	47,510,370.90	9.54%	189,450,446.19	14.60%
30-40	556	12.83%	95,372,725.78	14.36%	70,290,595.98	14.11%	201,013,962.63	15.50%
40-50	549	12.67%	92,050,402.38	13.86%	71,274,713.42	14.31%	159,338,727.72	12.28%
50-60	550	12.70%	96,477,459.85	14.53%	77,997,197.09	15.66%	142,025,750.01	10.95%
60-70	521	12.03%	82,367,059.89	12.41%	71,668,469.14	14.39%	110,280,751.11	8.50%
70-80	787	18.17%	113,862,700.87	17.15%	107,008,678.65	21.48%	142,433,534.65	10.98%
80-90	45	1.04%	7,304,497.13	1.10%	6,891,019.63	1.38%	8,086,203.15	0.62%
90-100	30	0.69%	6,465,320.99	0.97%	6,273,455.71	1.26%	6,667,388.38	0.51%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 9 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY TYPE OF INTEREST RATE

Type of rate	**Number of Mortgage Loans**	**% on Total**	**Original Loan Amount**	**% on Total**	**Current Balance**	**% on Total**	**Property Value**	**% on Total**
Fixed	1,507	34.79%	199,877,311.15	30.10%	181,157,014.94	36.36%	430,235,163.80	33.17%
Fixed to Fixed	311	7.18%	44,206,967.45	6.66%	41,883,279.50	8.41%	70,135,432.91	5.41%
Fixed to Floating	48	1.11%	9,060,842.85	1.36%	8,484,161.82	1.70%	16,789,971.15	1.29%
Floating	1,920	44.32%	325,656,677.03	49.05%	211,160,202.02	42.39%	629,113,592.80	48.50%
Floating with Cap	546	12.60%	85,165,835.88	12.83%	55,509,629.73	11.14%	150,965,494.04	11.64%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 10 – BREAKDOWN BY CLASS OF SPREAD (FLOATING RATE LOANS)

Range	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
0.50%-1.00%	332	13.46%	62,111,454.95	15.12%	28,371,829.37	10.64%	112,281,582.08	14.39%
1.00%-1.50%	995	40.35%	158,957,779.47	38.69%	98,010,117.81	36.75%	334,815,353.10	42.92%
1.50%-2.00%	598	24.25%	102,645,811.82	24.99%	79,771,572.03	29.91%	181,029,696.63	23.21%
2.00%-2.50%	422	17.11%	67,656,485.67	16.47%	45,903,140.42	17.21%	118,294,946.03	15.16%
Over 2.50%	119	4.83%	19,450,981.00	4.73%	14,613,172.12	5.48%	33,657,509.00	4.31%
Total	**2,466**	**100.00%**	**410,822,512.91**	**100.00%**	**266,669,831.75**	**100.00%**	**780,079,086.84**	**100.00%**

TABLE 11 – BREAKDOWN BY CLASS OF RATE (FIXED RATE LOANS)

Range	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
0%-1.50%	178	9.54%	22,143,365.36	8.75%	18,554,330.30	8.01%	68,166,799.79	13.18%
1.50%-2.00%	437	23.42%	64,809,345.33	25.60%	57,339,628.66	24.77%	160,581,570.54	31.05%
2.00%-2.50%	690	36.98%	97,870,185.58	38.66%	90,802,754.04	39.22%	185,594,726.07	35.89%
2.50%-3.00%	521	27.92%	63,689,319.24	25.16%	60,601,138.48	26.17%	93,848,648.46	18.15%
3.00%-3.50%	33	1.77%	3,685,905.94	1.46%	3,477,366.26	1.50%	6,921,843.00	1.34%
3.50%-4.00%	4	0.21%	682,000.00	0.27%	546,858.36	0.24%	1,486,980.00	0.29%
4.00%-4.50%	1	0.05%	100,000.00	0.04%	75,452.96	0.03%	150,000.00	0.03%
5.00%-5.50%	1	0.05%	120,000.00	0.05%	96,071.02	0.04%	160,000.00	0.03%
5.50%-6.00%	1	0.05%	45,000.00	0.02%	30,856.18	0.01%	250,000.00	0.05%
Total	**1,866**	**100.00%**	**253,145,121.45**	**100.00%**	**231,524,456.26**	**100.00%**	**517,160,567.86**	**100.00%**

TABLE 12 – BREAKDOWN BY INDEXATION (FLOATING RATE LOANS)

Index	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
EURIBOR 1	2	0.08%	365,000.00	0.09%	44,019.81	0.02%	657,000.00	0.08%
EURIBOR 3	1,422	57.66%	228,604,125.75	55.65%	168,600,340.93	63.22%	440,576,939.29	56.48%

EURIBOR 6	1,042	42.25%	181,853,387.16	44.27%	98,025,471.01	36.76%	338,845,147.55	43.44%
Total	**2,466**	**100.00%**	**410,822,512.91**	**100.00%**	**266,669,831.75**	**100.00%**	**780,079,086.84**	**100.00%**

TABLE 13 – BREAKDOWN OF THE COLLATERAL PORTFOLIO BY PROPERTY LOCATION

Region	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
Emilia Romagna	4	0.09%	845,000.00	0.13%	482,813.18	0.10%	1,508,000.00	0.12%
Friuli Venezia Giulia	19	0.44%	1,868,532.10	0.28%	1,414,345.70	0.28%	4,413,000.00	0.34%
Liguria	3	0.07%	508,000.00	0.08%	431,827.56	0.09%	746,000.00	0.06%
Lombardia	176	4.06%	28,419,578.02	4.28%	21,855,444.21	4.39%	48,788,057.00	3.76%
Piemonte	3	0.07%	445,462.09	0.07%	370,769.53	0.07%	1,508,000.00	0.12%
Trentino Alto Adige	2,503	57.78%	430,298,704.87	64.81%	309,423,756.02	62.11%	902,492,533.85	69.57%
Valle d'Aosta	1	0.02%	113,755.20	0.02%	102,182.55	0.02%	174,000.00	0.01%
Veneto	1,610	37.17%	198,312,602.08	29.87%	161,830,679.41	32.48%	333,439,663.85	25.70%
Northen Italy	**4,319**	**99.70%**	**660,811,634.36**	**99.52%**	**495,911,818.16**	**99.54%**	**1,293,069,254.70**	**99.68%**
Abruzzo	1	0.02%	570,000.00	0.09%	551,766.30	0.11%	574,000.00	0.04%
Lazio	2	0.05%	750,000.00	0.11%	275,366.11	0.06%	950,400.00	0.07%
Marche	1	0.02%	100,000.00	0.02%	54,830.70	0.01%	127,000.00	0.01%
Toscana	2	0.05%	780,000.00	0.12%	723,293.23	0.15%	1,014,000.00	0.08%
Central Italy	**6**	**0.14%**	**2,200,000.00**	**0.33%**	**1,605,256.34**	**0.32%**	**2,665,400.00**	**0.21%**
Basilicata	1	0.02%	140,000.00	0.02%	126,521.26	0.03%	290,000.00	0.02%
Calabria	1	0.02%	100,000.00	0.02%	26,825.84	0.01%	130,000.00	0.01%
Puglia	2	0.05%	216,000.00	0.03%	184,313.40	0.04%	282,000.00	0.02%
Sardegna	1	0.02%	170,000.00	0.03%	154,747.92	0.03%	385,000.00	0.03%
Sicilia	2	0.05%	330,000.00	0.05%	184,805.09	0.04%	418,000.00	0.03%
Southern Italy	**7**	**0.16%**	**956,000.00**	**0.14%**	**677,213.51**	**0.14%**	**1,505,000.00**	**0.12%**
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 14 – BREAKDOWN BY PAYMENT FREQUENCY

Frequency	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total

Monthly	4,244	97.97%	638,581,492.67	96.18%	485,543,752.68	97.46%	1,239,067,862.26	95.52%
Semi - Annually	64	1.48%	17,952,340.24	2.70%	8,783,272.09	1.76%	39,442,068.02	3.04%
Quarterly	24	0.55%	7,433,801.45	1.12%	3,867,263.24	0.78%	18,729,724.42	1.44%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 15 – BREAKDOWN BY LOAN STATUS

Status	Number of Mortgage Loans	% on Total	Original Loan Amount	% on Total	Current Balance	% on Total	Property Value	% on Total
Fully Performing	4,216	97.32%	644,461,344.93	97.06%	484,478,193.70	97.25%	1,261,342,818.68	97.23%
1-30 days of Arrears	116	2.68%	19,506,289.43	2.94%	13,716,094.31	2.75%	35,896,836.02	2.77%
Total	**4,332**	**100.00%**	**663,967,634.36**	**100.00%**	**498,194,288.01**	**100.00%**	**1,297,239,654.70**	**100.00%**

TABLE 16 – FIRST TWENTY CLIENTS BY OUTSTANDING PRINCIPAL

Obligor	Current Balance	% on Total	Property Value	Current Loan to value	Number of Loans	Region
1	1,491,530.48	0.30%	4,335,166.28	34.41%	1	Trentino Alto Adige
2	1,353,248.87	0.27%	1,819,000.00	74.40%	1	Trentino Alto Adige
3	1,082,716.32	0.22%	1,980,300.00	54.67%	1	Trentino Alto Adige
4	1,052,188.16	0.21%	1,979,000.00	53.17%	1	Trentino Alto Adige
5	1,019,556.85	0.20%	3,000,000.00	33.99%	1	Lombardia
6	987,879.32	0.20%	1,395,000.00	70.82%	1	Veneto
7	968,170.90	0.19%	2,012,920.00	48.10%	2	Trentino Alto Adige
8	923,178.38	0.19%	2,385,500.00	38.70%	1	Veneto
9	825,613.13	0.17%	1,980,000.00	41.70%	1	Trentino Alto Adige
10	819,908.39	0.16%	1,744,500.00	47.00%	1	Trentino Alto Adige
Top ten Obligors	**10,523,990.80**	**2.11%**	**22,631,386.28**	**46.50%**	**11**	
11	814,958.15	0.16%	1,160,000.00	70.26%	2	Veneto
12	790,490.31	0.16%	2,000,000.00	39.52%	1	Trentino Alto Adige
13	776,654.40	0.16%	1,610,755.69	48.22%	1	Trentino Alto Adige
14	718,302.93	0.14%	909,000.00	79.02%	1	Trentino Alto Adige
15	697,619.82	0.14%	1,494,998.00	46.66%	1	Trentino Alto Adige

16	689,641.08	0.14%	2,010,000.00	34.31%	1	Trentino Alto Adige
17	678,243.10	0.14%	3,617,817.00	18.75%	1	Trentino Alto Adige
18	677,026.73	0.14%	2,109,800.00	32.09%	1	Trentino Alto Adige
19	664,193.21	0.13%	1,622,393.00	40.94%	1	Trentino Alto Adige
20	655,279.99	0.13%	1,720,000.00	38.10%	1	Trentino Alto Adige
Top twenty Obligors	**17,686,400.52**	**3.55%**	**40,886,149.97**	**43.26%**	**22**	

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.

THE ORIGINATOR, THE SERVICER AND THE CASH MANAGER

Introduction and History

Cassa di Risparmio di Bolzano S.p.A., otherwise known by its German corporate name Südtiroler Sparkasse AG, was incorporated under the laws of Italy on 10 August 1992 as a company limited by shares (*società per azioni*), although the business it carries on dates back to 1854. The Bank is registered at the Companies' Registry (*Registro delle Imprese*) of the Chamber of Commerce of Bolzano, Italy under registration number 00152980215. Its registered office and headquarters is at Via Cassa di Risparmio 12, 39100 Bolzano and its telephone number is +39 0471 231111. Under its by-laws (*Statuto*), the Bank's duration is until 31 December 2100, which may be extended by a resolution passed at an extraordinary meeting of shareholders.

The Bank's objects, as set out in its by-laws, are to collect savings and to carry on lending activity in its various forms, both in Italy and abroad. Subject to compliance with the law and obtaining any authorisation required, the Bank may perform all banking and financial transactions and services, as well as any other transaction that is required for or connected with the achievement of its object. The Bank may issue bonds, subject to compliance with current regulatory provisions.

The Bank is a local savings bank based in Bolzano, in the prosperous Trentino - Alto Adige region in north-eastern Italy, which has a mixed German and Italian speaking population. As at 31 December 2017, the Bank had a network of 105 branches, of which 60 in Alto Adige and 45 outside (mainly in the neighbour province Trentino and in the north eastern region Veneto). Furthermore, the Bank has a branch in Germany (Munich) and one foreign representative in Austria (Innsbruck).

Prior to its incorporation, the Bank's business was carried on by Cassa di Risparmio della Provincia di Bolzano, which was itself the result of a merger (pursuant to Royal Decree No. 2273 of 10 October 1935) between Cassa di Risparmio di Bolzano (established in 1854), Cassa di Risparmio di Merano (incorporated in 1870) and Cassa di Risparmio di Brunico (established in 1857).

This entity was initially the sole shareholder of the Bank and, upon incorporation of the Bank, it transferred its entire banking business to the Bank, changed its name to Fondazione Cassa di Risparmio di Bolzano and became a charitable foundation pursuant to Law. No. 218 of 30 July 1990. The incorporation of the Bank and the transfer of its business to the Bank took place in the context of a wide-ranging and significant re-shaping of the Italian banking sector following legislative changes in the early 1990's.

Business Overview and Principal Markets

The Bank's principal business is traditional retail banking, targeted at private customers and small to medium-sized businesses, and it has a solid base in this sector, developed through one-to-one customer relationships. The Bank has also enhanced its product range to include innovative products such as e-commerce, internet banking, home and telephone banking. This is designed to diversify the Bank's sources of revenues towards fee-based products and strengthen customer loyalty.

As an autonomous district, Alto Adige enjoys a high degree of political and financial autonomy from the Italian central government and, as a result of this, the provincial economy benefits from generous public expenditure. At a regional level, Alto Adige also benefits from a high degree of self-government, especially in areas such as budgeting and public spending. Its geographical location - at the crossroads of the affluent regions of Trentino-Alto-Adige, Veneto and Friuli Venezia Giulia in north-eastern Italy, Tyrol in Austria and Bavaria in southern Germany - has also contributed to the development of a healthy economy based on tourism, industry and agriculture. This is also reflected in a high standard of living and higher than average levels of personal savings.

Shareholders

- Upon incorporation, the Bank had an initial share capital of Lit. 300 billion (€ 154,94 million), comprising 3,000,000 ordinary shares with a nominal value of Lit. 100,000 (€ 51,65) each, and its sole shareholder was Fondazione Cassa di Risparmio di Bolzano (**Fondazione CRB**). The main changes to the Bank's share capital and other transactions of the Bank from 1994 to 2008 included:

- in 1994 the issue of a convertible bond to Bayerische Landesbank (**BayernLB**), subsequently converted into ordinary shares of the Bank by BayernLB in 1997, making it the second largest shareholder holding a 10 per cent. of the Bank's share capital; in 1994, 1996 and 1998, respectively three offers of new ordinary shares to the Bank's retail customers, representing 21.18 per cent. of the Bank's share capital;

- in 1999 the merger of the Bank with Credito Fondiario Bolzano S.p.A., a local bank specialising in mortgage lending, which in 1998 had previously been demerged from Credito Fondiario Trentino Alto Adige S.p.A.; in 2000, the Bank's share capital was converted into euro, with the nominal value of each share changing from Lit. 100,000 to € 55, thereby increasing the share capital of the Bank to € 198,000,000;

- in February 2003, the Banca Popolare Italiana Group, through its subsidiary Reti Bancarie Holding S.p.A., acquired 19.99 per cent. of the share capital of the Bank from Fondazione CRB. The Board of Directors was increased from 11 to 15 members, with four members nominated by the Banca Popolare Italiana Group;

- following the Law No. 212 of 1 August 2003, in July 2004 Fondazione CRB bought back the 10 per cent. stake of BayernLB, thereby reacquiring a controlling stake in the Bank and increasing its shareholding to 58.8 per cent.;

- in 2006, with respect of the authorisation of the Ministero dell'Economia e delle Finanze, Dipartimento del Tesoro (Economical and Financial Ministry, Treasury Department's), Fondazione CRB bought back from Reti Bancarie Holding S.p.A. the 10 per cent. stake of the bank, increasing its shareholding from 58.8 per cent to 68.8 per cent.;

- in 2007 Fondazione CRB took over the remaining 9.99 per cent. hold by Reti Bancarie Holding S.p.A.; afterwards the bank acquired from Fondazione CRB a 5 per cent. shareholding;

- in 2008 Fondazione CRB and the bank sold 360,000 shares through a Pubblic Offering (180,000 by each one).
  Moreover, in order to strengthen its capital ratio, a Subordinated Lower Tier II Bond of € 100 million has been issued successfully.
  In the same year the bank acquired 60 per cent. of Millennium Sim S.p.A., specialised for service offer in trading on line and trading on site;

- on 1 April 2009, Peter Schedl was appointed as General Manager, in the same year the Board of Director has decreased from 15 to 14 members;

- in 2012 the Bank completed a nominal capital increase of € 79.20 million and an ordinary capital increase of € 94.50 million;

- in 2014 Avv. Gerhard Brandstätter was appointed as Chairman, furthermore the Board of Director has decreased from 14 to 8 members;

- in March 2015, Nicola Calabrò was appointed as General Manager and on 12 May 2015 additionally as Chief Executive Officer;

- in 2015 the Bank implemented a further capital increase by € 250.00 milion (incl. additional tier 1 bond issue);

- in March 2016 the Bank sold its stake equal to 24 per cent in Itas Assicurazioni S.p.A. as well as its stake equal to 50 per cent in R.U.N. S.p.A.;
- in the first half of 2016 the Bank sold € 320.00 million of Non Performing Loans;
- on 27 December 2017 and on 3 January 2018 the Bank listed its financial instruments (bonds and shares) at the multilateral trading facility Hi-MTF.

The following table shows the principal shareholders of the Bank as at 31 December 2017.

Shareholder	**Shareholding**	
	(No. of shares)	*(%)*
Fondazione Cassa di Risparmio di Bolzano	40,110,266	65.81
Others (mainly Bank's retail customers)	20,773,025	34.08
Temporary held by the Bank	68,722	0.11
Total	60,952,013	100.00

The Board of Directors has authority from shareholders to increase the Bank's share capital within the limits set in the article of incorporations. At the date of this Prospectus there are two subordinated convertible bonds outstanding which could be converted into ordinary shares of the Bank. There are no arrangements known to the Bank the operation of which may result in a change in control of the Bank.

Group Structure

The Bank owns 100,00% of its subsidiary Sparim S.p.A., which operates in the management as in the development of real estate and movable property and in project finance. The real estate business was transferred to Sparim S.p.A. in October 2002.

Over the past few years, the Bank has conducted a process of rationalisation of its shareholdings in other companies. It currently holds a minority stake in five banks and in six other companies.

The following table shows the information of the companies which Cassa di Risparmio di Bolzano S.p.A., as of 31 December 2017, controls:

Denomination	**Percentage of capital own**	**Head office**
Sparim S.p.A.	100.00%	Bolzano
Sparkasse Haus S.r.l.	100.00%	Bolzano
Raetia Sgr S.p.A.	97.185%	Bolzano

Strategy

In the two-year period 2015-2016, Sparkasse Group has achieved important strategic results which lay the foundations for the evolution foreseen in the 2017-2021 Strategic Plan:

Risk reduction - the Group has reached a significant reduction of the exposures to non-performing loans and has reinforced and improved the safeguarding both of the credit process and of the bank´s governance in general;

Cost reduction and greater efficiency of company structures: important results have been achieved in terms of reducing operational costs, with reference in particular to the creation of more efficient structures and the related reduction of personnel costs, both by way of extraordinary and by pursuing a careful policy of containing costs;

Streamlining the sales network, amalgamating branches has allowed the bank to achieve greater efficiency and to recoup resources which has led to the reaching of the aforementioned ambitious operational costs reduction;

New management: the insertion of several new professionals coming from a variety of important national banks has allowed a major change and renewal of the bank´s management team which takes on the task of implementing the 2017-2021 Strategic Plan.

In the light of the achievement of such important results, Sparkasse Group has approved the 2017-2021 Strategic Plan which has set the objective of implementing the following goals:

Sustainable Commercial Growth: The sales force will be strengthened and exploited further, benefiting to the full from existing commercial agreements and from new ones that will be entered into. Pricing models will be reviewed in order to better invest capital resources and the bank will proceed with the progressive closure and/or exit from unprofitable business areas.

Renewal of the Operational Model: the bank will create a more structured and organized sales network capable of realizing its full potential, with a branch model which will allow the bank to face future challenges in terms of containing costs and of making available additional sales and support resources.

Reduction and active management of Non Performing Exposures (NPE): through active management, the definition of clear objectives and the adoption of new instruments, the bank will proceed towards a further reduction of NPE that will be sustainable both from the point of view of profit and loss and capital balances.

Reduction of risks and reinforcement of controls: further to completing the reinforcement of control functions and the continuous improvement of the credit process, the bank will proceed with the adoption of the advanced internal rating based system (AIRB). The bank will progressively move towards substituting the current ECB funding and will carefully manage its capital resources having regard to risk levels retained sustainable as stated in the Risk Assessment Statement (RAS) for the Group.

Enhacement of the structure: due to the important results achieved in the two year period 2015-2016, the new management team, as well as assuring the observation of important new norms and regulations such as MiFID 2 and IFRS9, carefully evaluating a possible alternative strategy for managing its real estate holdings and possible alternative opportunities for strategic development, will wholly dedicate itself to executing and completing this Strategic Plan.

Capital Adequacy

The Bank of Italy has adopted risk-based capital ratios pursuant to European Union capital adequacy directives. Italy's current requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. Capital ratios compare core (Tier I) and supplemental (Tier II) capital requirements relating to the bank's assets and certain off-balance sheet items weighted according to risks (**Risk-Weighted Assets**).

Under the Bank of Italy's regulations, the Bank is required to maintain on a consolidated basis a total capital ratio (that is, the ratio of total capital to total risk-weighted assets) of at least 11.125%, a Tier I ratio

(Tier I Capital to total risk-weighted assets) of at least 8.813% and a CETI ratio of at least 7.075% as at May 2018. The Bank's total capital as at 31 December 2017 and 2016, on a consolidated basis, is shown in the table below and exceed the minimum levels prescribed by the Bank of Italy.

		31/12/2017	31/12/2016
A	Common Equity Tier 1 Capital (CET1) before application of the prudential filters	714,050	681,259
	whereof CET1-instruments subject to transitional provisions	-	-
B	Prudential filters of CET1 (+/-)	(1,709)	(770)
C	CET1 including deductible items and the impacts of the transitional arrangement (A +/- B)	712,341	680,489
D	Items to be deducted from CET1	(35,354)	(40,298)
E	Transitional arrangement– impact on CET1 (+/-), included the minority interests subject to transitional provisions	(20,605)	(15,099)
F	**Total Common Equity Tier 1 Capital (CET1) (C – D +/-E)**	**656,382**	**625,092**
G	Additional Tier 1 Capital (AT1) including deductible elements and the impacts of the transitional arrangement	45,200	45,200
	whereof AT1-instruments subject to transitional provisions	-	-
H	Items to be deducted from AT1	-	-
I	Transitional arrangement – impact on AT1 (+/-),including the instruments issued by subsidiaries and included in AT1 owing to transitional provisions	-	-
L	**Total Additional Tier 1 Capital (AT1) (G - H +/- I)**	**45,200**	**45,200**
M	Tier 2 Capital (T2) including deductible elements and the impacts of the transitional arrangement	45,151	71,462
	whereof T2-instruments subject to transitional provisions	-	-
N	Items to be deducted from T2	-	(1,217)
O	Transitional arrangement – impact on T2 (+/-), including the instruments issued by subsidiaries and included in T2 owing to transitional provisions	6,210	10,518
P	**Total Tier 2 Capital (T2) (M - N +/- O)**	**51,360**	**80,762**
Q	**Total own funds (F + L + P)**	**752,943**	**751,055**

Credit risk

The Bank has a very conservative credit policy, adopting procedures based both on qualitative and quantitative elements. The Bank has adopted a procedure that sets out, through clearly defined powers and responsibilities, all the stages in the credit authorisation and control processes. The quality and performance of granted loans are regularly monitored through key ratios relating to performance, liquidity and equity structure. Credit risk control is carried out by a specific department that monitors, partly through automated procedures, the performance of the loan portfolio, promptly highlighting any anomalies so that the appropriate measures can be taken.

The Bank has adopted a Credit Rating System, which is used to define the Probability of Default of a specific client and therefore establish the level of credit authorisation. This Rating is also taken into account in calculating the Expected Credit Loss (ECL) and in determining if a financial instrument has had a significant increase in credit risk since initial recognition (SICR), as required by the introduction of the International Financial Reporting Standard 9 (IFRS9).

Independent Auditors

KPMG S.p.A. audited the annual consolidated and non-consolidated financial statements of the Bank as at 31 December 2017 and 2016, in both cases issuing unqualified reports. KPMG S.p.A. is a member of Assirevi, the Italian association of auditors.

Employees

As at 31 December 2017, at group level, the total number of permanent employees, temporary employees (used primarily to provide additional capacity during the tourist season) and apprendices was 1,131.52 compared to 1,118.97 as at 31 December 2016. Both figures are calculated as full time equivalent.

CREDIT AND COLLECTION POLICIES

THE UNDERWRITING PROCESS

The relationship between CR Bolzano and its clients exists at branch level. All the loans at CR Bolzano are originated through branch channel. Indeed CR Bolzano does not rely on external broker to originate new loans.

With reference to significant loan amounts, there is a clear separation & independence of sales and approval functions at CR Bolzano. In particular, all applications are set up by the sales network and, if they fall into its autonomy, approved by the general manager of the branch. Significant loan amounts are always set up by the sales network but the approval activity is carried out by the credit department.In respect of each residential mortgage loan application, the general manager of the branch:

- analyses the purpose of the mortgage loan;
- analyses the documentation necessary for the verification of the credit capacity of the relevant borrower;
- collects and analyses all documentation necessary to identify the property and real estate assets referable to the relevant loan applicant;
- collects additional information regarding the area in which the relevant borrower resides (particularly if this is outside the core geographich area the Banks operates);
- checks any information collected on the borrower in specific national databases (such as *Centrale Rischi, CRIF*);
- when a negative assessment of the credit profile of the potential obligor is provided by the branch general manager the process of loan underwriting is interrupted.

Loan Affordability Analysis	• The borrowers are checked in external databases (*Centrale Rischi, CRIF*). • Obligor incomes and co-obligors incomes (if any) are checked (through latest 2 annual tax declarations & pay slips mainly), plus other debt exposures. An estimate of borrower consumptions is made to determine the DTI ratio. • For floating rate mortgage loans, DTI stresses are applied based on interest rate uplift. • The DTI limit for residential loans is at set at 50% of the net income available to the relevant borrower. Any recurring expenses (such as rents and insurance) are deducted from the available income. • Identification documents of the borrowers are reviewed & checked (if the borrower is not yet a client of the Bank).
Property Valuation & Procedures	• Since 2013 all valuations on real estate assets offered as collateral have been performed through external qualified companies. All property valuations are performed through on site visits (both internal and external). • Since 2009, based on CR Bolzano origination policy, the Loan-to-Value cannot exceed 80%. Any exceptions shall not be approved by the branch general manager, but must be adequately motivated and exclusively approved by the credit department.Further guarantees are incentived to be acquired but they are not strictly mandatory if the credit analysis is positive/strong.

Borrower Scoring	• In order to verify the compliance with the credit policy, the Bank utilises a scoring model. Borrower's application is assigned a «green», «yellow» or «red» score. The branch manager cannot approve loans with red score. In such case, the system automatically blocks the officer.
	• The credit score used is set so as to correctly represent the income and financial level of the potential borrower.
Closing Policies & Procedures	• The draft of the loan agreement is prepared centrally and sent to the notary public appointed by the client. • Once the loan agreement is executed, the loan amount is granted. • Finally, also the definitive notary report and a copy of the fire policy (*polizza incendio*) linked in the favor of Bank are collected. ✓

COLLECTION PROCESS AND MONITORING

Almost all the borrowers have an account with CR Bolzano from which the instalments are directly debited; the remaining instalments are directly debited from the client's account in another banks.

A daily report for any loans with overdue instalments is delivered to the branches. Branch/area managers are responsible for contacting immediately the debtors to understand the reason of delay. If an instalment remains unpaid for 10 days, the electronic data processing system automatically produces a letter requesting payment of the amount due and unpaid. A second and third letters are sent if the payment still outstanding.

The Credit Risk Department, together with the branch / area manager is responsible for the monitoring and management of the loans in arrears. The related arrears procedure, supported by 2 external companies specialised in phone calls, is based on:

- Constant contact with the borrower in arrear with the payment/s;
- Assessment of the reasons that are causing the arrear situation and definition of possible solutions;
- Assessment of qualitative and quantitative objectives in relations to the loans in arrear;
- Constant monitoring of the status of the above objectives

In case of persistent arrear situation, the loan is classified as delinquent (90 to 150 days past due). For residential mortgage loans, approximately 90% of loans in arrears are resolved, with all the outstanding payments made by the obligor, within the phone call process.

Following to the classification as delinquent and/or when the Bank identifies signals of difficulties for the obligor, the management of the loan differentiates and splits among relevant department:

Forborne Loans	Unlikely to Pay	Non-Performing
• Loans for which the Bank deems convenient to agree with the obligors renegotiation of the initial terms of the loan agreement (e.g. reduction of the interest rate, extension of the loan maturity, etc) • Forbearance measures can apply both to performing debtors in temporary financial difficulties or delinquent debtors • In case of performing obligors, forborne loans are managed by an ad hoc team ('Posizioni a Potenziale Rischio') of the Originator • If the borrower is classified as delinquent, the Credit Dept & the Monitoring Dept at the Bank are responsible for relevant loans • In case a renegotiation is	• Loans for which the Bank evaluates as unlikely for the debtors to comply with the payments due without recovery actions • The activities relating to UTP loans are carried out by the 'Gestione UTP' department with the regular support of the branch manager/area manager • The UTP department is responsible for defining the 'recovery' strategies, which normally tend towards a restructuring of the loan, with the acquisition of further guarantees • In order to define the effective recovery strategy a meeting with the debtor is arranged and reasons for missed payments carefully evaluated	• Loans classified as 'sofferenza' are managed by the Bank's Defaulted Loans department • For each loan, the Bank analyses the different recovery strategies (judicial or out-of-court actions) & relevant expected losses vis-à-vis loan depreciations • The NPL manager involves the Bank's legal department and the combined decision relating to the action to be carried out is presented to CR Bolzano BoD for approval • Loans are normally classified as defaulted on the earlier of the date on which (i) the obligors are assessed as insolvent or (ii) the obligors show very serious troubled financial conditions (iii) +210 days past due (for

	agreed & the debtors not complying with it, the loans is classified as Unlikely to Pay or default	• If a restructuring is approved, the UTP department is responsible for regular monitoring of the exposure • If situation persists, then the loan is classified as NPL	loans with monthly payment frequency)

The NPL department at CR Bolzano is responsible – together with the Legal department – for the recovery process and procedures of non-performing residential mortgage loans

The Legal Department appoints and monitors external legal advisers which undertake legal proceedings against the debtors in default

CR Bolzano recovers the defaulted loan using the following two procedures which may be implemented contemporaneously or successively:

- ✓ Out-of court settlements (typically a repayment schedule is defined with borrower or the borrower agrees to proceed with the sale of the residential property in order to make the loan good)
- ✓ Foreclosure proceedings: CR Bolzano manages a ReoCo which may participate to auctions in order to support the price of the property underlying the residential mortgage loan.

Defaulted loans are carefully monitored to update the strategy (if needed) and to account for losses (if needed) once the recovery process is completed and no more actions are envisaged.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to the Securitisation Law on 3 March 2008 as a limited liability company (*società a responsabilità limitata*) under the name "Sedna Finance S.r.l." and changed its name to "Fanes S.r.l." by an extraordinary resolution of the meeting of the quotaholders held on 11 May 2009. The registered office of the Issuer is in Via Vittorio Alfieri n. 1, 31015 Conegliano (TV), Italy and its telephone number is +39 0438 360459. The Issuer is registered in the Companies' Register of Treviso-Belluno with No. 04213700265. Since the date of its incorporation the Issuer has not engaged in any business other than the Previous Securitisation and the purchase of the Portfolio. No dividends have been declared or paid and no indebtedness has been incurred by the Issuer other than (i) the Issuer's costs and expenses of incorporation and (ii) the costs and indebtedness related to the Previous Securitisation. The Issuer has no employees and no subsidiaries. The Issuer operates under Italian Law and shall expire on 31 December 2070.

The authorised and issued capital of the Issuer is € 10,000, fully paid up. The Sole Quotaholder of the Issuer is SVM, which holds 100 per cent. of the quota capital of the Issuer.

To the best of its knowledge, the Issuer is not aware of direct or indirect ownership or control apart from 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 special purpose vehicle which may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in 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*).

Previous Securitisations

First Previous Securitisation

In July 2009 the Issuer entered into a first securitisation transaction in compliance with the provisions of the Securitisation Law (the **First Previous Securitisation**). Under the First Previous Securitisation, the Issuer has purchased a portfolio of mortgage loan receivables originated by CR Bolzano with an outstanding principal and interest equal to Euro 481,905,143.

In order to fund the purchase of portfolio under the First Previous Securitisation, on 28 July 2009 the Issuer issued two classes of asset backed notes due July 2057 (the **First Previous Notes**), as follows:

(i) € 400,000,000 Series 2009-1-A Asset Backed Floating Rate Notes due July 2057; and

(ii) € 89,950,000 Series 2009-1-B Asset Backed Notes due July 2057.

All of the First Previous Notes have been redeemed as at the date of this Prospectus.

Second Previous Securitisation

In December 2011 the Issuer entered into the second securitisation transaction in compliance with the provisions of the Securitisation Law (the **Second Previous Securitisation**). Under the Second Previous Securitisation, the Issuer has purchased a portfolio of mortgage loan receivables originated by CR Bolzano with an outstanding principal and interest equal to Euro 557,948,680.18.

In order to fund the purchase of portfolio under the Second Previous Securitisation, on 2 December 2011 the Issuer issued two classes of asset backed notes due July 2057 (the **Second Previous Notes**), as follows:

(i) € 446,400,000 Series 2011-1-A Asset Backed Floating Rate Notes due July 2058; and

(ii) € 133,900,000 Series 2011-1-B Asset Backed Notes due July 2058.

All of the Second Previous Notes have been redeemed as at the date of this Prospectus.

Previous Securitisation

In July 2014 the Issuer entered into a third securitisation transaction in compliance with the provisions of the Securitisation Law (the **Previous Securitisation**). Under the Previous Securitisation, the Issuer has purchased a portfolio of mortgage loan receivables originated by CR Bolzano with an outstanding principal and interest equal to Euro 509,774,968.22.

In order to fund the purchase of portfolio under the Previous Securitisation, on 31 July 2014 the Issuer issued two classes of asset backed notes due October 2060 (the **Previous Notes**), as subsequently increased in November 2016 (further to the assignment of an additional portfolio of mortgage loan receivables originated by CR Bolzano with an outstanding principal and interest equal to Euro 529,416,979.29, as follows:

(i) € 1,237,600.000 Series 2014-1-A Asset Backed Floating Rate Notes due October 2060; and

(ii) € 179,200,000 Series 2014-1-B Asset Backed Notes due October 2060.

All of the Previous Notes are still outstanding as at the date of this Prospectus.

Management

The current Sole Director of the Issuer is Ms. Giovanna Pujatti, officer of Securitisation Services S.p.A., a company providing services related to securitisation transactions. Such Sole Director was appointed by a quotaholders' resolution passed on 24 June 2009. The business address of Ms. Giovanna Pujatti, in her capacity as Sole Director of the Issuer, is at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy.

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 Prospectus.

Capitalisation and Indebtedness Statement

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

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

Loan Capital	*Euro*
€ 1,237,600,000 Series 2014-1-A Asset Backed Floating Rate Notes due October 2060	539,548,303.84
€ 179,200,000 Series 2014-1-B Asset Backed Floating Rate Notes due October 2060	179,200,000.00
€ 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061	355,900,000.00
€ 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061	90,000,000.00
€ 61,315,000.00 Series 2018-1-J Asset Backed Floating Rate Notes due December 2061	61,315,000.00
Total Loan Capital	1,225,963,303.84
Total Capitalisation and Indebtedness	1,225,973,303.84

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

Auditors' Report

The Issuer's auditor is KPMG S.p.A., whose offices are at Via Vittor Pisani 25, 20123, Milan (Italy). The Issuer's accounting reference date is 31 December in each year and its last accounting year ended on 31 December 2017.

BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH

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

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

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

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

Fitch	Moody's	Standard & Poor's
Long term senior debt **A+**	Long term senior debt **Aa3**	Long term senior debt **A**
Short term **F1**	Short term **Prime-1**	Short-term **A-1**
Outlook **Stable**	Outlook **Stable**	Outlook **Stable**

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

SECURITISATION SERVICES

Securitisation Services S.p.A. is a joint stock company 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 V. Alfieri no. 1, 31015 Conegliano (TV), Italy, fiscal code, VAT code and enrolment with the companies' register of Treviso-Belluno under number 03546510268, with a share capital of Euro 2,000,000.00 (fully paid-up), company registered under number 50 in the register of the Financial Intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A. pursuant to articles 2497 and following of the Italian civil code.

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

In the context of this Securitisation, Securitisation Services S.p.A. acts as Computation Agent, Representative of the Noteholders, Back-up Servicer Facilitator and Corporate Servicer.

Securitisation Services 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 507,215,000.00, will be applied by the Issuer on the Issue Date to make the following payments:

(i) *First*, to pay to the Originator the Purchase Price of the Portfolio;

(ii) *Second*, to credit Euro 9,000,000.00 into the Cash Reserve Account as Cash Reserve Initial Amount; and

(iii) *Third*, to credit the Retention Amount into the Expense Account,

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

DESCRIPTION OF THE TRANSFER AGREEMENT

The description of the Transfer Agreement set out below is a summary of certain features of this agreement and is qualified by reference to the detailed provisions of the Transfer Agreement. Prospective Noteholders may inspect a copy of the Transfer Agreement upon request at the registered office of the Representative of the Noteholders.

General

Pursuant to the Transfer Agreement, 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 Portfolio.

The Receivables have been 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 legal terms from the Transfer Date (included) and in economic terms from the Valuation Date (excluded).

Purchase Price

The Purchase Price for the Portfolio is the aggregate of the individual purchase prices of all the Receivables comprised in the Portfolio (each an **Individual Purchase Price**) and is equal to Euro 498,382,249.40. The Individual Purchase Price of each Receivable is equal to the sum of (i) the outstanding principal as at the Valuation Date, (ii) the interest accrued thereon and (iii) the outstanding principal and the interest amounts relating to the Receivable expired and unpaid as at the Valuation Date, as indicated in Schedule 3 of the Transfer Agreement. The Purchase Price will be paid by the Issuer to the Originator on the Issue Date.

No interest will accrue on the Purchase Price during the period between the date of the Transfer Agreement and the relevant date of payment.

Adjustment of the Purchase Price

The Transfer Agreement provides that:

(a) if, after the Transfer Date, any of the mortgage loans included in the Portfolio and transferred to the Issuer proves not to meet the Criteria, then the receivables relating to such mortgage 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 results that any of the Mortgage Loans meeting the Criteria has not been included in the Portfolio and has not been transferred to the Issuer, then the Receivables relating to such Mortgage Loans will be deemed to have been assigned and transferred to the Issuer pursuant to the Transfer Agreement without prejudice to the effects of any possible sale of the Receivables previously made by the Originator in good faith (*buona fede*) to third parties purchasers in good faith (*buona fede*).

The 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 of the 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. 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 Mortgage 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 publication of the notice of transfer in the Official Gazette and the registration of the transfer in the competent companies' register.

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 Mortgage Loan, the Originator may accept such request by granting to the relevant Debtor a mortgage loan for the purpose of repayment in full of the original Mortgage Loan. After the repayment in full of such Mortgage Loan, the Originator will have the right to subrogate (i.e. replace) the Issuer in its rights in accordance with article 1202 of the Italian Civil Code and article 120-*quarter* of the Consolidated Banking Act, as amended from time to time. 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 Mortgage 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 and article 120-*quarter* of the Consolidated Banking Act, as amended from time to time;

(c) the Receivable arising from the Mortgage 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 Debtor's request does not refer to a Mortgage Loan under which there is an Instalment past due and not paid for more than 30 (thirty) days;

(e) the mortgage loan granted by the Originator for the purpose of repaying the original Mortgage Loan is granted at current market conditions; and

(f) the Issuer will receive from the relevant Debtor, for the purpose of repaying the original Mortgage Loan, an amount equal to the Outstanding Balance of such Mortgage Loan.

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 Bolzano 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).

DESCRIPTION OF THE WARRANTY AND INDEMNITY AGREEMENT

The description of the Warranty and Indemnity Agreement set out below is a summary of certain features of this agreement and is qualified by reference to the detailed provisions of the Warranty and Indemnity Agreement. Prospective Noteholders may inspect a copy of the Warranty and Indemnity Agreement upon request at the registered office of the Representative of the Noteholders.

General

Pursuant to the Warranty and Indemnity Agreement, the Issuer has given certain representations and warranties in favour of the Originator in relation to itself, and CR Bolzano (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 CR Bolzano in respect of the following categories:

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

(2) legal ownership of the Receivables;

(3) transfer of the Receivables and Transaction Documents;

(4) Mortgage Loan Agreements, Collateral Securities;

(5) Mortgage Loans;

(6) compliance with Privacy Rules;

(7) Collateral Securities and Insurance Policies; and

(8) Real Estate Assets.

Representations and Warranties of the Originator

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

Legal Ownership of the Receivables:

- as of the Valuation Date and the Transfer Date each Receivable was fully and unconditionally owned by and available to CR Bolzano 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; as at the dates thereon, the Originator was the beneficiary of every Collateral Security.

- CR Bolzano has not assigned (whether absolutely or by way of security), participated, charged, transferred or otherwise disposed of any of the Mortgage Loan Agreements, the Security Interests and/or the Insurance Policies, or terminated, waived or amended any of the Mortgage Loan Agreements (other than the mandatory amendments provided by the applicable law from time to time), the Security Interests 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 Mortgage Loan Agreements, the Security Interests 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 Mortgage Loan Agreements, or in any other agreement, deed or document, pursuant to which CR Bolzano 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 CR Bolzano to the Issuer and/or their respective affiliates, representative agents and consultants for the purpose or in connection with the Transaction Documents or the Securitisation, including, without limitation, with respect to the Mortgage Loans, the Mortgage 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 CR Bolzano which may adversely impact on the Issuer has been omitted;

Mortgage Loan Agreements, Collateral Securities:

- each Loan Agreement and each other agreement, deed or document relating thereto is valid and effective and constitutes valid, legal and binding obligations of each party thereto (including the relevant Mortgagor(s) and any other Debtor(s)) 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 a 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 the Originator from time to time and in compliance with the lending and financial practices adopted by the Originator 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;

- there are no floating rate Loan Agreements which benefit or have benefit of the reduction of the amounts of the Instalments due during year 2009 pursuant to Article 2 of Law Decree number 185 of 29 November 2008 ("*Misure urgenti per il sostegno a famiglie, lavoro, occupazione e impresa per ridisegnare in funzione anti-crisi il quadro strategico nazionale*"), as integrated and/or amended pursuant to the relevant conversion law, the Decree number 78 of 1 July 2009 and the Legislative Decree number 218 of 14 December 2010;

- there are no Debtors who benefit of the suspension of payments of Instalments pursuant to:

  (i) article 2, paragraphs 475-480 of Law 244 of 24 December 2007 ("*Legge Finanziaria 2008*"), as amended by Law number 136 of 28 June 2012 ("*Disposizioni in materia di riforma del mercato del lavoro in una prospettiva di crescita*") and Decree 132 of 21 June 2010 ("*Regolamento recante norme di attuazione del Fondo di solidarietà per i mutui per l'acquisto della prima casa*"), as amended by Decree number 37 of 22 February 2013 ("*Regolamento recante modifiche al decreto 21 giugno 2010, n. 132 concernente norme di attuazione del Fondo di solidarieta' per i mutui per l'acquisto della prima casa*");

(ii) article 6 of Law Decree 39 of 28 April 2009 ("*Interventi urgenti in favore delle popolazioni colpite dagli eventi sisimici nella regione Abruzzo nel mese di aprile 2009 e ulteriori interventi urgenti di protezione civile*"), as integrated and/or amended pursuant to the relevant conversion law and the Law Decree 16 of 2 March 2012; and

(iii) article 8 of Law Decree 74 of 6 June 2012 ("*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici che hanno interessato il territorio delle province di Bologna, Modena, Ferrara, Mantova, Reggio Emilia e Rovigo, il 20 e il 29 maggio 2012*"), as integrated and/or amended pursuant to the relevant conversion law;

- each Loan Agreement, Collateral Security and other agreement, deed or document relating thereto has been executed and each Mortgage 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 and personal data protection. 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 the Originator 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 CR Bolzano 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;

Mortgage Loans:

- each Mortgage 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 CR Bolzano to advance or disburse further amounts in connection therewith;

- as at the Valuation Date no Receivable was repaid in full;

- all the Mortgage Loans have been granted on the basis of an appraisal of the relevant Real Estate Assets, made and signed prior to the approval and the signing of the relevant Loan Agreement, by (a) an external appraiser duly qualified and appointed by the Debtor or by the Originator, having no direct or indirect interest in the relevant Real Estate Asset or Loan Agreement or (b) by the company Sparim S.p.A., having no direct or indirect interest in the relevant Real Estate Asset or Loan Agreement or (c) the manager of the relevant branch of the Originator on the basis of the tables for real estate appraisal prepared by Sparim S.p.A., having no direct or indirect interest in the relevant Real Estate Asset or Loan Agreement. In all the above cases the compensation of the relevant appraiser/evaluator was not related or subject to the approval of such Loan Agreement by the Originator;

- all the Mortgage Loans are performing (*in bonis*) according to the supervisory regulations of the Bank of Italy. To CR Bolzano's knowledge and belief, none of the Debtors is in financial difficulties which could result in the non-payment or late payment in respect of any Receivable;

- as at the date of signing of the relevant Mortgage Loan Agreement, none of the Debtors was negatively notified (as "unlikely to pay", "defaulted" or "restructured" position) by CR Bolzano to the *Centrale dei Rischi*;

- the books, records, data and the documents relating to the Mortgage 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 CR Bolzano;

- the list of Mortgage Loans set out in Schedule 3 to the Transfer Agreement is an accurate list of all of the Receivables comprised in the Portfolio and contains the indication of the Individual Purchase Price for each Receivable and the outstanding amount, as of the Valuation Date, of each Mortgage 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;

- CR Bolzano undertakes not to unilaterally modify the interest rate of mortgage loans classified as "floating rate" ("*a tasso variabile*") in Schedule 3 of the Transfer Agreement;

- to the best of the knowledge of CR Bolzano, having carried out the appropriate verifications, the capacity of the Debtor to repay the Mortgage does not depend on the prospective cash flows generated by the Real Estate Asset securing such Mortgage.

Collateral Securities and Insurance Policies:

- each Mortgage 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 Mortgage has been created simultaneously with the granting of the relevant Mortgage 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 Italian Bankruptcy Law or article 39 of the Consolidated Banking Act, to the best of the Originator's knowledge;

- CR Bolzano 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;

- each Mortgage is of "economic" first ranking priority, which means (i) a first ranking mortgage; or (ii) a mortgage which ranks lower than a first ranking mortgage and in respect of which the obligations guaranteed by the mortgage/s ranking in priority thereto have been fully satisfied;

- CR Bolzano has not relieved or discharged any Debtor, Mortgagor or other Guarantor, 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;

- 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 CR Bolzano, meets all requirements under all applicable laws and regulations and is not affected by any material defect whatsoever;

- the Insurance Policies are fully in force and effective and, to the best of the knowledge of the Originator, having conducted the necessary verifications, all the relevant premiums have been paid in full; in relation to the Insurance Policies pursuant to which the Originator is the beneficiary or the holder of any other credit right, its position can be assigned to the Issuer.

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 CR Bolzano'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 CR Bolzano'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 CR Bolzano'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;

- as of the date of granting of each Mortgage Loan, each relevant Real Estate Asset complied with all applicable laws and regulations concerning safety and environmental protection (*legislazione in materia di igiene, sicurezza e tutela ambientale*);

- as of the date of granting of each Mortgage Loan, 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 or 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 reconstruction of the Real Estate Assets. To the best of CR Bolzano's knowledge, the premia have been fully and timely paid;

- as of the date of granting of each Loan, each Real Estate Asset complied with all applicable planning and building laws and regulations (*legislazione edilizia, urbanistica e vincolistica*) or, otherwise, a petition of amnesty with reference to any existing irregularity had been duly filed with the competent authorities;

- all the Real Estate Assets are registered with the competent land offices and registration offices in compliance with all laws and regulations applicable to the relevant Real Estate Asset;

- 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;

- as of the date of granting of each Loan, each Real Estate Asset was provided with a certificate of occupancy (*certificato di abitabilità e/o agibilità*).

Each of the representations and warranties of the Originator under the Warranty and Indemnity Agreement have been made as of the Transfer Date. However, such representations and warranties shall be deemed to be repeated and confirmed by the Originator on the Issue Date, 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 CR Bolzano 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 CR Bolzano, within a period of 10 days from receipt of a written notice from the Issuer to that effect), CR Bolzano 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 (at a rate equal to the latest EURIBOR determined by the Paying Agent in accordance with the Terms and Conditions plus a margin of 2 per cent. per annum, calculated on a 360 days basis) between the date on which the Limited Recourse Loan is granted and the maturity date of the relevant Loan Agreement (hereinafter, the **Mortgage Loan Value**).

The Limited Recourse Loan will constitute a non-interest bearing limited recourse advance made by CR Bolzano to the Issuer which shall be repayable by the Issuer to CR Bolzano 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 CR Bolzano 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 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 or Guarantor;

(d) the failure of the terms and conditions of any Mortgage Loan 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 Mortgage Loans.

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 or Guarantor 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 (d) above, CR Bolzano shall give a notice thereof to the Issuer, specifying the amount of the Counterclaim and whether it is in CR Bolzano'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 Bolzano 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).

DESCRIPTION OF THE SERVICING AGREEMENT

The description of the Servicing Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Servicing Agreement. Prospective Noteholders may inspect a copy of the Servicing Agreement at the registered office of the Representative of the Noteholders.

General

Pursuant to the Servicing Agreement, the Issuer has appointed CR Bolzano 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 Mortgage Loans is the responsibility of the Servicer. CR Bolzano will also act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento* pursuant to article 2, paragraph 3(c) of the Securitisation Law. In such capacity, CR Bolzano shall also be responsible for ensuring that such operations comply with all applicable laws and the Prospectus pursuant to article 2, paragraph 6 and 6-*bis* of the Securitisation Law.

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 and collection of the Receivables and 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 Mortgage 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 supply all relevant information to the Issuer to enable it to prepare its financial statements.

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 and the Representative of the Noteholders 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 Mortgage Loan Agreements, to grant delay and assumptions (*accolli*) in relation to the payment obligations of the Debtors under the Mortgage Loan Agreements, only in certain limited circumstances specified in the Servicing Agreement. In particular, the Issuer has authorised the Servicer: (a) to enter into agreements in order to renegotiate, inter alia, (i) the interest rate provided by the Mortgage Loan Agreements and (ii) the amortisation schedule; and (b) to agree with the Debtors the suspension of the payments of the Instalments due under the relevant Mortgage Loan Agreement for a maximum period of 12 months.

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 Collection Procedures;

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

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

(d) the provisions of the Mortgage Loans Agreements; and

(e) the instructions which may be given by the Issuer and, following a Trigger Notice, by the Representative of the Noteholders.

The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement (other than the Servicing Fee) 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 misconduct (*dolo*) or gross negligence (*colpa grave*) of the Issuer.

Reports of the Servicer

The Servicer has undertaken to prepare and deliver:

(a) to the Issuer, the Computation Agent and the Corporate Servicer, on or prior to each Monthly Servicer's Report Date, the Monthly Servicer's Report (substantially in the form of Annex 1 to the Servicing Agreement); and

(b) to the Issuer, the Computation Agent, the Representative of the Noteholders, the Rating Agencies, the Account Bank, the Paying Agent and the Corporate Servicer, on or prior to each Quarterly

Servicer's Report Date, the Quarterly Servicer's Report (substantially in the form of Annex 2 to the Servicing Agreement).

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

In return for the services provided by the Servicer, the Issuer will pay CR Bolzano the following Servicing Fee, in accordance with the applicable Priority of Payments:

(a) for the 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 0.45 per cent. per annum (plus VAT, if applicable) of the Collections in respect of performing Receivables (excluding Defaulted Receivables and Collected Insurance Premia) collected by the Servicer during 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 immediately preceding Collection Period, 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.

Upon the occurrence of a Servicer Termination Event, the Issuer (with the cooperation of the Back-Up Servicer Facilitator) shall appoint an eligible entity which meets the requirements for a substitute servicer provided for by the Servicing Agreement no later than 45 days from the occurrence of such Servicer Termination Event.

The Servicer Termination Events include, *inter alia*, the following events:

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

(ii) a failure on the part of CR Bolzano to observe or perform any of its undertakings under any Transaction Documents to which it is party and such failure 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;

(iii) any of the representations and warranties given by CR Bolzano 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;

(iv) 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);

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

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

(vii) 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.

Governing Law and Jurisdiction

The Servicing Agreement is governed by and shall be construed in accordance with Italian law and the Courts of Bolzano shall have exclusive jurisdiction in relation to any disputes arising in respect of the Servicing Agreement.

DESCRIPTION OF THE CASH ALLOCATION, MANAGEMENT AND PAYMENT AGREEMENT

The description of the Cash Allocation, Management and Payment Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Cash Allocation, Management and Payment Agreement. Prospective Noteholders may inspect a copy of the Cash Allocation, Management and Payment Agreement upon request at the registered office of the Representative of the Noteholders.

General

Pursuant to the Cash Allocation, Management and Payment Agreement, the Computation Agent, the Account Bank, the Servicer, the Paying Agent 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, 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.

In particular, the Account Bank, on each Account Bank Report Date shall deliver to:

(a) the Issuer, the Representative of the Noteholders, the Cash Manager, the Corporate Servicer and the Computation Agent a copy of the Account Bank Report setting out information concerning, *inter alia*, the transfers and the balances relating to the Collection Account, the Cash Reserve Account and the Payments Account during the relevant Collection Period, and

(b) the Cash Manager, a copy of 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 Quarterly 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. Upon notification by the Account Bank that the cleared credit balance of any of the Eligible Accounts exceeds Euro 100,000, 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). Eligible Investments shall not be made in the period starting on the 5 (fifth) Business Day preceding a Payment Date and ending on such Payment Date (both included).

Under the Cash Allocation, Management and Payment Agreement, the Cash Manager has undertaken to prepare, on or prior to each Cash Manager Report Date, the Cash Manager Report setting out information relating to the Eligible Investments made during the immediately preceding Quarterly Collection Period pursuant to the Cash Allocation, Management and Payment Agreement.

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 pursuant to the Intercreditor Agreement. 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.

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.

Back-Up Servicer Facilitator

In the event that, following the occurrence of a Servicer Termination Event, the appointment of the Servicer is terminated in accordance with the Servicing Agreement, the Back-Up Servicer Facilitator has agreed to assist and cooperate with the Issuer in order to facilitate the selection of an eligible entity to be appointed as substitute Servicer.

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, 2 (two) Business Days prior to each Payment Date, of sufficient funds, 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 (or Post Trigger Report, as the case may be) 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 (or Post Trigger Report, as the case may be). 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, the 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 3 (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, the 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 3 (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 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 Bolzano 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).

DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The description of the Intercreditor Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Intercreditor Agreement. Prospective Noteholders may inspect a copy of the Intercreditor Agreement at the registered office of the Representative of the Noteholders.

General

Pursuant to the Intercreditor Agreement, 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.

Mandate given to the Representative of the Noteholders

Each of the Other Issuer Creditors, pursuant to Articles 1723, paragraph 2, and 1726 of the Italian Civil Code, has irrevocably appointed in the interest and for the benefit of the Other Issuer Creditors, as from the date hereof and with effect from the date when a Trigger Notice is served on the Issuer, the Representative of the Noteholders (which has accepted such appointment) as its sole agent (*mandatario esclusivo*) to receive on behalf of the Other Issuer Creditors from the Issuer any and all monies payable by the Issuer to the Other Issuer Creditors pursuant to the Transaction Documents from and including the date when a Trigger Notice is served on the Issuer.

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.

Disposal of the Portfolio following the occurrence of a Trigger Event

Following the delivery 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, provided that:

(i) 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 (with the prior written consent of the Representative of the Noteholders) or by the Representative of the Noteholders;

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

(iii) the relevant purchaser has produced:

(A) a certificate signed by its legal representative stating that such purchaser is solvent;

(B) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than 10 (ten) days before the date on which the Portfolio will be disposed (or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated);

(C) a certificate, issued by the Court competent for the territory in which is based the registered office of such purchaser, stating that no applications for commencement of insolvency proceedings against such purchaser has been made in the last 5 (five) years (as far as such kind of certificate is issued by the bankruptcy division of the relevant court according to its internal regulations) or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated; and

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

In addition, the Representative of the Noteholders may, at its discretion, carry out any further research or investigation for obtaining satisfactory evidence of the solvency of the relevant purchaser; and

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

The sale price of the Portfolio shall be unconditionally paid on the relevant date of disposal by credit transfer in Euro and in same day, freely transferable, cleared funds into the Payments Account. The disposal of the Portfolio will be effective subject to the actual payment in full of the sale price.

The disposal of the Portfolio shall be made without recourse (*pro soluto*).

The Issuer shall enter into such agreements, deeds and documents and perfect such formalities as may be necessary and/or expedient in order to render the disposal of the Portfolio valid, effective and enforceable *vis-à-vis* third parties.

Any costs, expenses, charges and taxes incurred in connection with the disposal of the Portfolio shall be borne by the Issuer or the purchaser, as agreed in the relevant sale and purchase agreement.

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 for Taxation*), provided that:

(i) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the holders of Notes of the Affected Class (in whole but not in part, or if the Notes of the Affected Class are the Junior Notes, in whole or in part), as the case may be, and amounts ranking in priority thereto or *pari passu* therewith;

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

(iii) the relevant purchaser has produced:

(A) a certificate signed by its legal representative stating that such purchaser is solvent;

(B) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than 10 (ten) days before the date on which the Portfolio will be disposed (or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated);

(C) a certificate, issued by the Court competent for the territory in which is based the registered office of such purchaser, stating that no applications for commencement of insolvency proceedings against such purchaser has been made in the last 5 (five) years (as far as such kind of certificate is issued by the bankruptcy division of the relevant court according to its internal regulations) or any other equivalent certificate under the relevant jurisdiction in which the purchaser is incorporated; and

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

In addition, the Representative of the Noteholders may, at its discretion, carry out any further research or investigation for obtaining satisfactory evidence of the solvency of the relevant purchaser; and

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

The sale price of the Portfolio shall be unconditionally paid on the relevant date of disposal by credit transfer in Euro and in same day, freely transferable, cleared funds into the Payments Account. The disposal of the Portfolio will be effective subject to the actual payment in full of the sale price.

The disposal of the Portfolio shall be made without recourse (*pro soluto*).

The Issuer shall enter into such agreements, deeds and documents and perfect such formalities as may be necessary and/or expedient in order to render the disposal of the Portfolio valid, effective and enforceable vis-à-vis third parties.

Any costs, expenses, charges and taxes incurred in connection with the disposal of the Portfolio shall be borne by the Issuer or the purchaser, as agreed in the relevant sale and purchase agreement.

Option to repurchase the Portfolio

Under the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option (the **Option**), pursuant to article 1331 of the Italian Civil Code, to repurchase (in whole but not in part) the Portfolio then outstanding on any Payment Date falling after the date on which the Class A Notes have been redeemed in full.

In order to exercise the Option the Originator shall:

(i) send a written notice to the Issuer at least 40 (forty) Business Days before the Payment Date upon which the Option will be exercised;

(ii) deliver to the Issuer the following documents:

(A) a certificate signed by its legal representative stating that such purchaser is solvent;

(B) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than 10 (ten) days before the date on which the Option will be exercised; and

(C) a certificate, issued by the Court competent for the territory in which is based the registered office of such purchaser, stating that no applications for commencement of insolvency proceedings against such purchaser has been made in the last 5 (five) years (as far as such kind of certificate is issued by the bankruptcy division of the relevant court according to its internal regulations).

In addition, the Representative of the Noteholders may, at its discretion, carry out any further research or investigation for obtaining satisfactory evidence of the solvency of the Originator.

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.

The Originator will be entitled to exercise the Option provided that the purchase price of the Receivables, determined in accordance with the above provisions, is at least equal to the amount (as determined pursuant to the Payments Report) needed by the Issuer to discharge all of its outstanding liabilities towards (i) the Senior Noteholders and (ii) the other creditors which are required to be paid in priority to the Senior Noteholders pursuant to the applicable Priority of Payments.

The repurchase price of the Receivables shall be unconditionally paid by the Originator to the Issuer by credit transfer in Euro and in same day, freely transferable, cleared funds into on the Payments Account one Business Day before the Payment Date on which the Receivables shall be transferred to the Originator. The repurchase of the Receivables will be effective subject to the actual payment in full of the repurchase price.

The purchase under the Option shall be exercised in accordance with the provisions of article 58 of the Consolidated Banking Act.

The repurchase of the Receivables shall be made without recourse (*pro soluto*).

The Issuer and the Originator shall enter into such agreements, deeds and documents and perfect such formalities as may be necessary and/or expedient in order to render the repurchase of the Receivables valid, effective and enforceable vis-à-vis third parties.

Any costs, fees or expenses incurred in relation to the exercise of the Option will be borne by the Originator including, without limitation, any costs associated with the publication of the repurchase of the Portfolio in the Official Gazette or necessary to comply with any requirements of the Bank of Italy.

Disposal of Individual Receivables

Under the Intercreditor Agreement, the Originator shall have the right to make offers to repurchase individual Receivables comprised in the Portfolio for an aggregate amount which does not exceed 5 per cent. of the Outstanding Balance of the Portfolio as of the Valuation Date and to the extent that the purchase price is at least equal to:

(a) in respect of individual Receivables which are Delinquent Receivables or Defaulted Receivables, the amount set out in a certificate provided to the Issuer by the Originator and issued by the Expert, stating that the purchase price for the relevant Receivables is adequate (based upon such Expert's evaluation of the Receivables); or

(b) in respect of individual Receivables other than the Receivables specified in paragraph (a) immediately above, the Outstanding Balance.

Individual Receivables shall be repurchased by the Originator only in extraordinary circumstances and in order to ensure equal treatment by the Originator of its clients who are also Debtors when compared to its other clients.

In order to repurchase any Receivable, the Originator shall:

(i) send a written notice to the Issuer at least 5 (five) Business Days before the date on which the Receivable will be repurchased;

(ii) deliver to the Issuer the following documents:

(A) a certificate signed by its legal representative stating that the Originator is solvent;

(B) a solvency certificate (*certificato di iscrizione nella sezione ordinaria*) issued by the competent Companies Register office and dated not more than 10 (ten) days before the date on which the offer will be made; and

(C) an updated certificate, issued by the Court competent for the territory in which is based the legal office of the Originator, stating that no applications for commencement of insolvency proceedings against the Originator has been made in the last 5 (five) years (as far as such kind of certificate is issued by the bankruptcy division of the relevant court according to its internal regulations).

In addition, the Representative of the Noteholders may, at its discretion, carry out any further research or investigation for obtaining satisfactory evidence of the solvency of the Originator.

The repurchase price of the relevant Receivable shall be unconditionally paid on the relevant date of repurchase by credit transfer in Euro and in same day, freely transferable, cleared funds into the Collection Account. The repurchase of the relevant Receivable will be effective subject to the actual payment in full of the repurchase price.

The repurchase of the relevant Receivable shall be made without recourse (*pro soluto*).

The Issuer and the Originator shall enter into such agreements, deeds and documents and perfect such formalities as may be necessary and/or expedient in order to render the repurchase of the relevant Receivable valid, effective and enforceable vis-à-vis third parties.

Any costs, fees or expenses incurred in relation to the repurchase of the Portfolio will be borne by the Originator, and the Originator shall indemnify the Issuer on demand against any liabilities, costs, claims and expenses resulting from such repurchase.

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 Bolzano 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).

DESCRIPTION OF THE MANDATE AGREEMENT

The description of the Mandate Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Mandate Agreement. Prospective Noteholders may inspect a copy of the Mandate Agreement at the registered office of the Representative of the Noteholders.

General

Pursuant to the Mandate Agreement, 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 Bolzano 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).

DESCRIPTION OF THE CORPORATE SERVICES AGREEMENT

The description of the Corporate Services Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Corporate Services Agreement. Prospective Noteholders may inspect a copy of the Corporate Services Agreement at the registered office of the Representative of the Noteholders.

General

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 Bolzano 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).

DESCRIPTION OF THE QUOTAHOLDER AGREEMENT

The description of the Quotaholder Agreement set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Quotaholder Agreement. Prospective Noteholders may inspect a copy of the Quotaholder Agreement at the registered office of the Representative of the Noteholders.

General

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 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 Bolzano 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).

DESCRIPTION OF THE LETTER OF UNDERTAKINGS

The description of the Letter of Undertakings set out below is a summary of certain features of that agreement and is qualified by reference to the detailed provisions of the Letter of Undertakings. Prospective Noteholders may inspect a copy of the Letter of Undertakings at the registered office of the Representative of the Noteholders.

General

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 Bolzano 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 with IBAN IT 92 G 03479 01600 000802226000 (the **Collection Account**), into which the Servicer shall transfer on a daily basis all the amounts received or recovered from the Debtors;

(b) a Euro denominated account with IBAN IT 69 H 03479 01600 000802226001 (the **Payments Account**), into which all amounts due to the Issuer under any of the Transaction Documents (other than the Collections) will be paid;

(c) a Euro denominated account with IBAN IT 46 I 03479 01600 000802226002 (the **Cash Reserve Account**) for the deposit (i) on the Issue Date of the Cash Reserve Initial Amount, and (ii) thereafter, on each Payment Date of the Required Cash Reserve Amount in accordance with the applicable Priority of Payments, up to (but excluding) the earlier of (A) the Payment Date on which the Senior Notes have been redeemed in full or cancelled, and (B) the Payment Date following the service of a Trigger Notice;

(d) a securities account with n. 2226000 (the **Securities Account**) for the deposit of all securities constituting Eligible Investments (if any) purchased with the monies from time to time standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account;

(e) a Euro denominated account with IBAN IT 62 F 01030 61622 000001798689 (hereinafter, the **Expense Account**) into which, on the Issue Date, the Retention Amount will be credited and from which any Expenses will be paid during each Collection Period; and

(f) a Euro denominated account with IBAN IT 75 M 01030 61621 000001206533 (hereinafter, the **Quota Capital Account**), for the deposit of the Issuer's quota capital.

The Collection Account, the Payments Account, the Cash Reserve Account and the Securities Account are, collectively, referred to as the **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 Eligible Institution pursuant to the Cash Allocation, Management and Payment Agreement.

In case the Account Bank will no longer be Eligible Institutions, (i) the Issuer shall procure, within 30 (thirty) calendar days, with the reasonable cooperation of the Account Bank which has lost the status of Eligible Institution, that another bank which is as an Eligible Institution assumes the role of Account Bank according to the Cash Allocation, Management and Payments Agreement and (ii) the Eligible Accounts held with such Account Bank will be transferred to an Eligible Institution within 30 (thirty) calendar days from the date on which the relevant Account Bank has ceased to be Eligible Institution, it being understood that, in the event that the Issuer 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, the Issuer shall not make such transfer.

TERMS AND CONDITIONS OF THE SENIOR 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 22 February 2008.*

The Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061 (the **Class A1 Notes**), Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes** or the **Senior Notes**) and the Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061 (the **Class J Notes** or the **Junior Notes** and, together with the Senior Notes, the **Notes**) will be issued by Fanes S.r.l. (the **Issuer** or **Fanes**) on 18 June 2018 (the **Issue Date**) to finance the purchase of a portfolio of mortgage loan receivables and related rights from Cassa di Risparmio di Bolzano S.p.A. (the **Originator** or **CR Bolzano**).

The principal source of payment of interest and of repayment of principal on the Notes, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, will be the Collections made in respect of the Portfolio of Receivables arising out of certain mortgage loan agreements entered into by the Originator and the Debtors thereunder. The Portfolio was purchased by the Issuer from CR Bolzano pursuant to the terms of the Transfer Agreement entered into on 23 May 2018.

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 right, title and interest in and to the Portfolio.

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"* pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Prospectus 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 Subscriber has agreed to subscribe for the Senior Notes respectively, subject to the terms and conditions set out thereunder, and has also appointed Securitisation Services, 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 Subscriber has agreed to subscribe for such Junior Notes, subject to the terms and conditions set out thereunder, and has also appointed Securitisation Services, 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, and (c) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to 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, as well as payment of the Junior Notes Premium (if any) on the Class J 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 *Monte Titoli Mandate Agreement*

By the Monte Titoli Mandate Agreement, Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Notes.

1.4.13 *Master Definitions Agreement*

By the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been set forth.

1.5 Documents available for inspection

Copies of the Issuer's annual audited financial statements and the Transaction Documents are available in physical and/or electronic form for inspection during normal business hours at the office of the Representative of the Noteholders, being, as at the Issue Date, Via Vittorio Alfieri No. 1, 31015 Conegliano (TV), 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 meanings and constructions ascribed to them in the Glossary to the Prospectus.

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

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

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*).

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

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

Back-Up Servicer Facilitator means Securitisation Services or any other person acting as back-up servicer facilitator pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Banca Monte dei Paschi di Siena means Banca Monte dei Paschi di Siena S.p.A., Conegliano branch, a bank incorporated under the laws of the Republic of Italy, having its office at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV) Italy, Fiscal Code and VAT number 00884060526, registered under No. 5274 with the roll of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

BNP Paribas Securities Services means BNP Paribas Securities Services, *société en commandite par actions*, a company incorporated under the laws of the Republic 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 (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, London and Dublin and the Trans-European Automated Real Time Gross Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2), or any successor thereto, is operative.

Calculation Date means the 4° (fourth) Business Day before the relevant Payment Date.

Cancellation Date means the date of cancellation of the Notes, being:

(a) (i) the Final Maturity Date, or (ii) the earlier date on which the Notes are redeemed pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*); or

(b) if the Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, the later of (i) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables will have been paid in full; and (ii) the

Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables then outstanding will have been entirely written off by the Issuer as a consequence of the Servicer having certified to the Representative of the Noteholders, and the Representative of the Noteholders having notified the Noteholders in accordance with Condition 16 (*Notices*), that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and the Issuer's Rights (whether arising from judicial enforcement proceedings or otherwise) which would be available to pay unpaid amounts outstanding under the Notes.

Cash Allocation, Management and Payment Agreement means the cash allocation, management and payment agreement executed on or about the Issue Date between the Issuer, the Computation Agent, the Account Bank, the Cash Manager, the Originator, the Servicer, the Back-Up Servicer Facilitator, the Paying Agent, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Cash Manager means CR Bolzano or any other person acting as cash manager pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Cash Reserve Account means the Euro denominated account with IBAN IT 46 I 03479 01600 000802226002 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Cash Reserve Initial Amount means an amount equal to Euro 9,000,000.00.

Class shall be a reference to a class of Notes, being the Class A1 Notes, the Class A2 Notes or the Class J Notes and **Classes** shall be construed accordingly.

Class A Noteholders means, collectively, the Class A1 Noteholders and the Class A2 Noteholders.

Class A Notes means, collectively, the Class A1 Notes and the Class A2 Notes.

Class A1 Noteholders means the Holders of the Class A1 Notes from time to time.

Class A1 Notes means the Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061.

Class A2 Noteholders means the Holders of the Class A2 Notes from time to time.

Class A2 Notes means the Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061.

Class J Noteholders means the Holders of the Class J Notes from time to time.

Class J Notes means the Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061.

Clearstream means Clearstream Banking, *société anonyme*.

Co-Arranger means each of FISG and Natixis and **Co-Arrangers** means both of them.

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 Collection Period.

Collection Account means the Euro denominated account with IBAN IT 92 G 03479 01600 000802226000 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Collection Period means a 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.

Computation Agent means Securitisation Services or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

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 Legislative Decree No. 385 of 1 September 1993, as amended and implemented from time to time.

Corporate Servicer means Securitisation Services or any other person acting as corporate servicer pursuant to the Corporate Services Agreement from time to time.

Corporate Services Agreement means the corporate services agreement entered into on or about the Issue 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, deed or other document expressed to be supplemental thereto.

CR Bolzano means Cassa di Risparmio di Bolzano S.p.A., a bank incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, whose registered office is at Via Cassa di Risparmio 12, 39100 Bolzano Italy, Fiscal Code, VAT number and enrolment with the Bolzano Companies Register number 00152980215, registered under No. 6045.9 with the roll of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

Debtor means any borrower and any other person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due under a Mortgage Loan Agreement, as a consequence of having granted any Guarantee to the Originator or having assumed the borrower's obligation under an assumption (*accollo*), or otherwise.

Decree 239 Deduction means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

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.

Eligible Account means each of the Cash Reserve Account, the Collection Account, the Payments Account and the Securities Account and **Eligible Accounts** means all of them.

Eligible Institution means any entity which is authorised to carry on banking activities and, as from the date on which a rating is assigned to the Senior Notes:

(a) a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

(i) with a "A2" long-term unsecured and unsubordinated rating by Moody's or, in the

event of a depository institution which does not have a long-term rating by Moody's, a "P-1" short-term unsecured and unsubordinated rating by Moody's; and

(ii) with a long-term unsecured and unsubordinated rating of at least "A-" by S&P,

or such other rating which does not negatively affect the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies; or

(b) any other institution whose obligations under the Transaction Documents to which is a party are guaranteed by a first demand, irrevocable an unconditional guarantee by an Eligible Institution, as to not negatively affecting the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies.

Eligible Investment means:

(a) euro-denominated senior (unsubordinated) debt securities or other debt instruments or time deposits provided that (I) such investments have a maturity date falling not later than the next following Eligible Investment Maturity Date; (II) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (III) such investments have the ratings indicated below on items (i) and (ii):

(i) with respect to S&P's ratings:

(A) a short-term unsecured and unsubordinated rating of at least "A-1" for Eligible Investments maturing within 60 days or less, or a long-term unsecured and unsubordinated rating at least "AA-" or a short-term unsecured and unsubordinated rating at least "A-1+" for investment maturing within 365 days or less, or such other rating which does not negatively affect the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies; or

(B) such other rating as acceptable to S&P from time to time;

(ii) with respect to Moody's ratings:

(A) either "Baa1" in respect of long term unsecured and unsubordinated rating or, in the event of an investment which does not have a long-term rating, "P-1" in respect of short term unsecured and unsubordinated rating; or

(B) such other rating as acceptable to Moody's from time to time, and

(b) a euro-denominated bank account or deposit (excluding, for the avoidance of doubt, a time deposit) opened with an Eligible Institution provided that (i) such investments are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling not later than the next following Eligible Investment Maturity Date; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (iii) within 60 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer; and

(c) repurchase transactions between the Issuer and an Eligible Institution in respect of euro-denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investment Maturity Date and in any case shorter

than 60 days, and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

(d) Euro denominated money market funds which have at least the following ratings:

(i) a Moody's rating equal to "Aaa-mf"; and

(ii) a S&P's rating equal to "AAAm",

which permit daily liquidation of investments without penalty, provided that in case of disposal, the principal amount upon disposal is at least equal to the principal amount invested and provided that funds standing to the credit of the Debt Service Reserve Account cannot be invested in money market funds, provided that, in any event, (A) 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 as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested, and (B) such Eligible Investments are held directly with the Account Bank and/or through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer or, only to the extent registration in the name of the Issuer is not possible, in the name of the Account Bank and in no case Eligible Investments are held through a sub-custodian.

Eligible Investments Maturity Date means each day falling the 4th (fourth) Business Day immediately preceding each Payment Date.

EURIBOR means:

(a) the Euro-Zone Inter-Bank offered rate for three month Euro deposits which appears

(i) on Bloomberg Page EUR003M index (except in respect of the Initial Interest Period, where an interpolated interest rate based on three and six month deposits in Euro will be substituted for three month EURIBOR); 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.

Euro and **€** refer to the single currency introduced in the Member States of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, 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.

EU Insolvency Regulation means Regulation (EU) No. 848 of 20 May 2015 on insolvency proceedings, as amended and supplemented from time to time.

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).

Expense Account means the account with IBAN IT 62 F 01030 61622 000001798689 opened in the name of the Issuer with Banca Monte dei Paschi di Siena or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

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.

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.

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.

Fanes means Fanes S.r.l., a company incorporated under the laws of the Republic of Italy, Fiscal Code and enrolment with the Treviso-Belluno Companies Register number 04213700265, having its registered office at Via Vittorio Alfieri No.1, 31015 Conegliano (TV), Italy and having as its sole corporate object the realisation of securitisation transactions pursuant to the Securitisation Law.

Final Maturity Date means the Payment Date falling in December 2061.

Financial Laws Consolidated Act means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

First Payment Date means the Payment Date falling in September 2018.

FISG means FISG S.r.l., a company with sole shareholder incorporated under the laws of the Republic of Italy as a società per azioni con socio unico, having its registered office at Via V. Alfieri, No. 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the Companies' Register of Treviso-Belluno number 04796740266, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A..

FSMA means the Financial Services and Markets Act 2000.

Further Securitisation means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with Condition 5.2 (*Further Securitisations*) and the other Transaction Documents.

Guarantee means any guarantee (other than a Mortgage) issued in favour of the Originator and guaranteeing the repayment of the Receivables.

Holder of a Note means the beneficial owner of a Note.

Individual Purchase Price means the price of the Receivables relating to each Mortgage Loan, as indicated in Schedule 3 of the Transfer Agreement, with the aggregate of the Individual Purchase Prices being equal to the Purchase Price.

Initial Interest Period means the period comprised between the Issue Date (included) and the First Payment Date (excluded).

Insolvency Event means in respect of any company or corporation that:

(a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of Further Securitisations), 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 paragraph (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 Mortgage 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 executed by the relevant Debtor in relation to each Real Estate Asset.

Insurance Premia means any amount to be paid as insurance premia under an Insurance Policy.

Intercreditor Agreement means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders (on its own behalf and as agent of the Noteholders), the Other Issuer Creditors and the Quotaholder, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Interest Determination Date means, with respect to the Initial Interest Period, the date falling 2 (two) Business Days prior to the Issue Date and with respect to each subsequent Interest Period, the date falling 2 (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*) of the Senior Notes Conditions and in Condition 7.4 (*Interest and Premium - Calculation of Interest Payments*) of the Junior Notes Conditions.

Interest Period means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

Investors Report means the investors report to be prepared and delivered by the Computation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

Investors Report Date means the 3rd (third) Business Day after each Payment Date.

IRAP means the regional tax on productive activities (*imposta regionale sulle attività produttive*).

IRES means *imposta sul reddito delle società* applied on the corporate taxable income.

Issue Date means 18 June 2018 or such other date on which the Notes are issued.

Issue Price means the percentage of the principal amount of the Notes at which the Notes will be issued, being, in respect of the Notes of each Class, 100 per cent. of their principal amount upon issue.

Issuer means Fanes.

Issuer Available Funds means, in respect of any Payment Date, the aggregate amounts (without double counting) of:

(a) all Collections received or recovered in respect of the Receivables during the immediately preceding Quarterly Collection Period (but excluding any Collection to be applied towards repayment of any Limited Recourse Loan advanced by the Originator pursuant to the Warranty and Indemnity Agreement);

(b) any other amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Quarterly Collection Period (including, for the avoidance of doubt, any adjustment of the Purchase Price paid to the Issuer pursuant to the Transfer Agreement, any proceeds deriving from the repurchase of individual Receivables pursuant to the Intercreditor Agreement, any amount paid by the Originator in case of renegotiation of the rate of interest applicable to the Mortgage Loans pursuant to the Servicing Agreement and the proceeds of any Limited Recourse Loan advanced or indemnity paid by the Originator pursuant to the Warranty and Indemnity Agreement);

(c) all amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Priority of Payments on that date (or, in respect of the First Payment Date, the Cash Reserve Initial Amount);

(d) any interest paid on the amounts standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period (net of any applicable withholding or expenses);

(e) all amounts on account of principal, interest, premium or other profit received, up to the immediately preceding Eligible Investments Maturity Date, from any Eligible Investments made in accordance with the Cash Allocation Management and Payments Agreement using funds standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;

(f) all amounts received from any sale of the Portfolio (in whole or in part) pursuant to the Intercreditor Agreement;

(g) the Issuer Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement; and

(h) any other amount received by the Issuer from any other party to the Transaction Documents during the immediately preceding Quarterly Collection Period and not already included in any of the other items of this definition of Issuer Available Funds,

provided that, prior to the delivery of a Trigger Notice or the redemption of the Notes in Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, only a portion of the Issuer Available Funds corresponding to the amounts necessary to make payments under items from (i) (*First*) to (iii) (*Third*) (inclusive) of the Pre-Enforcement Priority of Payments will be applied in accordance with the Pre-Enforcement Priority of Payments

Issuer's Rights means 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.

Junior Noteholders means the Class J Noteholders.

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, deed or other document expressed to be supplemental thereto.

Junior Notes Premium means the amount that may or may not be payable on the Junior Notes in Euro on each Payment Date once the Senior Notes have been redeemed in full in accordance with the relevant Priority of Payments, which will be equal to any Issuer Available Funds available after making all payments ranking in priority to the Junior Notes Premium and may be equal to 0 (zero).

Junior Notes Subscriber means CR Bolzano as subscriber of the Junior Notes under the Junior Notes Subscription Agreement.

Junior Notes Subscription Agreement means the subscription agreement relating the Junior Notes entered into on or about the Issue Date between the Originator, the Junior Notes Subscriber, 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, deed or other document expressed to be supplemental thereto.

Lead Manager means Natixis.

Letter of Undertakings means the letter of undertakings entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereof.

Limited Recourse Loan means any limited recourse loan advanced by the Originator to the Issuer pursuant to the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Originator pursuant to the Warranty and Indemnity Agreement which is not cured within a period of 10 (ten) Business Days, in an amount equal to the Mortgage Loan Value.

Mandate Agreement means the mandate agreement entered into on or about the Issue 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, deed 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 all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

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.

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 on or about the Issue Date between the Issuer and Monte Titoli, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Moody's means Moody's Italia S.r.l..

Mortgage Loan or **Loan** means a residential loan granted by the Originator to a borrower and secured by a Mortgage, the receivables in respect of which have been transferred by CR Bolzano to the Issuer pursuant to the Transfer Agreement.

Mortgage Loan Agreements or **Loan Agreements** means the residential mortgage loan agreements pursuant to which the Mortgage Loans have been granted and out of which the Receivables arise and **Mortgage Loan Agreement** or **Loan Agreement** means each of them.

Mortgage Loan Value means, in respect of any Mortgage Loan, (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 (at a rate equal to the latest EURIBOR determined by the Paying Agent in accordance with the Terms and Conditions plus a margin of 2 per cent. per annum, calculated on a 360 days basis) between the date on which the Limited Recourse Loan is granted and the maturity date of the relevant Loan Agreement.

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 Receivables.

Most Senior Class of Noteholders means the holders of the Most Senior Class of Notes.

Most Senior Class of Notes means:

(a) prior to the delivery of a Trigger Notice, (i) until redemption in full of the Class A1 Notes, the Class A1 Notes; or (ii) following redemption in full of the Class A1 Notes, the Class A2 Notes; or (iii) following redemption in full of the Class A2 Notes, the Class J Notes; or

(b) following the delivery of a Trigger Notice, (i) until redemption in full of the Class A Notes, the Class A Notes; or (ii) following redemption in full of the Class A Notes, the Class J Notes.

Natixis means a credit institution incorporated under the laws of France as a *société anonyme*, enrolled in the companies' register of Paris under number 542 044 524, having its registered office at 30, avenue Pierre Mendès-France, 75013 Paris, France.

Noteholders means the Holders of the Senior Notes and the Junior Notes, collectively.

Notes means the Senior Notes and the Junior Notes, collectively.

Organisation of the Noteholders means the association of the Noteholders, organised pursuant to the Rules of the Organisation of the Noteholders.

Originator means CR Bolzano.

Other Issuer Creditors means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Back-Up Servicer Facilitator, the Paying Agent, the Cash Manager, the Co-Arrangers, the Senior Notes Subscriber, the Junior Notes Subscriber, the Account Bank 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 Principal 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 plus (iii) the Accrued Interest as at that 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.

Payment Date means (i) prior to the delivery of a Trigger Notice, the 24 calendar day of March, June, September and December 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 24 September 2018; or (ii) following the delivery of a Trigger Notice, any such Business Day as determined by the Representative of the Noteholders on which payments are to be made under the Securitisation.

Payments Account means the Euro denominated account with IBAN IT 69 H 03479 01600 000802226001 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Payments Report means the report to be prepared by the Computation Agent on or prior to each Calculation Date before the delivery of a Trigger Notice, 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 Pre-Enforcement Priority of Payments.

Portfolio means the portfolio of mortgage loan receivables purchased by the Issuer from the Originator pursuant to the terms of the Transfer Agreement.

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 to be prepared by the Computation Agent on or prior to each Calculation Date following the delivery of a Trigger Notice, 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 Post-Enforcement Priority of Payments.

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*).

Previous Notes means the asset backed securities issued by the Issuer on 31 July 2014 in connection with the Previous Securitisation.

Previous Portfolio means the portfolio of mortgage loan receivables purchased by the Issuer from the Originator in the context of the Previous Securitisation.

Previous Securitisation means the the securitisation transaction carried out by the Issuer in July 2014 through the issuance of two classes of asset-backed notes with final maturity in October 2060, as increased in November 2016.

Principal Amount Outstanding means, with respect to any Note on any date, the principal amount thereof upon issue less the aggregate amount of all principal payments that have been made in respect of that Note prior to such date.

Principal Instalment means the principal component of each Instalment.

Priority of Payments means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

Prospectus means the prospectus prepared in connection with the issue of the Notes.

Prospectus Directive means Directive 2003/71/EC, as amended and supplemented from time to time.

Purchase Price means the purchase price paid to the Originator by the Issuer as consideration for the acquisition of the Portfolio pursuant to the Transfer Agreement.

Quarterly Collection Period means each period of three months commencing on (and including) 1 December, 1 March, 1 June and 1 September of each year and ending, respectively, on (and including) the last day of February, May, August and November of each year, provided that the first Quarterly Collection Period will commence on the Valuation Date (included) and will end on 31 August 2018 (included).

Quarterly Servicer's Report means the report to be prepared by the Servicer on each Quarterly Servicer's Report Date pursuant to the Servicing Agreement, setting out information on the performance of the Receivables and the Mortgages during the relevant Quarterly Collection Period.

Quarterly Servicer's Report Date means the 15° (fifteenth) day of March, June, September and December in each year, or if such day is not a Business Day, the immediately following Business Day, provided that the first Quarterly Servicer's Report Date will be 17 September 2018.

Quota Capital Account means the account with IBAN IT 75 M 01030 61621 000001206533 opened by the Issuer with Banca Monte dei Paschi di Siena.

Quotaholder Agreement means the agreement entered into on or about on the Issue 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, deed or other document expressed to be supplemented thereto.

Rate of Interest shall have the meaning ascribed to it in Condition 7.2 (*Interest - Rate of Interest*).

Rating Agency means each of Moody's and S&P 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 Mortgage Loan Agreements and **Real Estate Asset** means each of them.

Receivables means each and every claim arising under and/or related to the Mortgage Loan Agreements including but not limited to:

(a) the claim relating to:

(i) principal amounts not yet due as at the Valuation Date;

(ii) Accrued Interest as at the Valuation Date;

(iii) principal amounts and interest amounts (including default interest) due but unpaid as at the Valuation Date;

(iv) the amounts due as at the Valuation Date or that will accrue starting from (but excluding) the Valuation Date as reimbursement of costs (including legal and judicial amounts), liabilities, costs and indemnities in relation to the Mortgages, including penalties (if any);

(v) any other amount due to the Originator as at the Valuation Date or that will accrue starting from (but excluding) the Valuation Date in relation to the Mortgages, the Mortgage Loan Agreements and Collateral Securities;

(vi) monetary claims deriving from the enforcement of the Collateral Securities; and

(vii) monetary claims and all the amounts recovered from any judicial proceeding;

(b) any other claim related to or connected with the Mortgages and the Mortgage 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 Mortgages, 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; and

(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 Mortgages, the Collateral Securities, the Insurance Policies or the related object.

Reference Banks means 3 (three) major banks in the Euro-Zone Inter-Bank market selected by the Paying Agent after consultation with the Issuer and with the prior approval of the Representative of the Noteholders.

Regulation 22 February 2008 means the regulation, regarding post-trading systems, issued by the Bank of Italy and the CONSOB on 22 February 2008, as amended and supplemented from time to time.

Representative of the Noteholders means Securitisation Services or any other person acting as representative of the Noteholders pursuant to the Subscription Agreements, the Terms and Conditions and Rules of the Organisation of the Noteholders from time to time.

Required Cash Reserve Amount means, in relation to each Payment Date, an amount equal to the lesser of (without taking into account any principal payment to be made to the Noteholders on such Payment Date):

(a) Euro 9,000,000.00; and

(b) the higher of: (i) 4.04 per cent. of the Principal Amount Outstanding of the Senior Notes as at the immediately preceding Payment Date (after having made on such Payment Date the relevant payments in accordance with the applicable Priority of Payments); and (ii) Euro 891,800.00,

provided that on the earlier of (i) the Payment Date following the delivery of a Trigger Notice, and (ii) the Payment Date on which the Class A Notes will be redeemed in full (also by applying the amounts standing to the credit of the Cash Reserve Account), the Required Cash Reserve Amount will be equal to 0 (zero).

Retention Amount means an amount equal to Euro 20,000.00.

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, deed or other document expressed to be supplemental thereof.

S&P means Standard & Poor's Credit Market Services Italy S.r.l., a division of the McGraw Hill Companies.

Scheduled Instalment Date means any date on which payment is due pursuant to each Mortgage Loan Agreement.

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

Securities Account means the Euro denominated account opened in the name of the Issuer with the Account Bank with No. 2226000 or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

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.

Securitisation Services means Securitisation Services S.p.A., a joint stock company 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 V. Alfieri no. 1, 31015 Conegliano (TV), Italy, fiscal code, VAT code and enrolment with the companies' register of Treviso-Belluno under number 03546510268, with a share capital of Euro 2,000,000.00 (fully paid-up), company registered under number 50 in the register of the Financial Intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A. pursuant to articles 2497 and following of the Italian civil code.

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 Noteholders means the Class A Noteholders.

Senior Notes means, collectively, the Class A1 Notes and the Class A2 Notes.

Senior Notes Conditions means these terms and conditions of the Senior Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Senior Notes Subscription Agreement means the subscription agreement relating to the Senior Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator, the Co-Arrangers, the Senior Notes Subscriber, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Servicer means CR Bolzano or any other person acting as Servicer pursuant to the Servicing Agreement from time to time.

Servicing Agreement means the agreement entered into on 23 May 2018 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Sole Quotaholder means SVM.

Stock Exchange means the Irish Stock Exchange plc trading as Euronext Dublin.

Subscription Agreements means the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement, collectively.

SVM means SVM Securitisation Vehicles Management S.r.l., a limited liability company, with a sole quotaholder, incorporated under the laws of the Republic of Italy, fiscal code, VAT code and enrolment with the Treviso-Belluno Companies Register No. 03546650262, quota capital Euro 30,000 fully paid up, having its registered office at Via V. Alfieri No. 1, 31015 Conegliano (TV), Italy.

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.

Transaction Documents means the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Corporate Services Agreement, the Cash Allocation, Management and Payment Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Mandate Agreement, the Quotaholder Agreement, the Letter of Undertakings, the Subscription Agreements, the Master Definitions Agreement, the Terms and Conditions, the Prospectus and any other deed, act, document or agreement executed in the context of the Securitisation.

Transfer Agreement means the transfer agreement entered into on 23 May 2018 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Transfer Date means 23 May 2018.

Trigger Event means any of the events described in Condition 13 (*Trigger Events*).

Trigger Notice means the notice described in Condition 13 (*Trigger Events*).

Valuation Date means 30 April 2018 at 23:59 Italian time.

VAT means the value added tax (*imposta sul valore aggiunto*) as defined in the Italian Presidential Decree No. 633 of 26 October 1972, as amended, and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

Warranty and Indemnity Agreement means the warranty and indemnity agreement entered into on 23 May 2018 between the Issuer and the Originator, as from time to time modified in accordance with the provisions herein contained and including any agreement, deed or other document expressed to be supplemental thereof.

3. FORM, DENOMINATION AND TITLE

3.1 Form

The Senior Notes will be issued in bearer form (*al portatore*) and held in dematerialised form (*in forma dematerializzata*) on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders.

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 22 February 2008. No physical document of title will be issued in respect of the Notes.

3.3 Denomination

The Senior Notes will be issued in the denomination of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.

4. STATUS, PRIORITY AND SEGREGATION

4.1 Status

The Senior Notes constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the Issuer Available Funds available to make such payments in accordance with Condition 9 (*Non Petition and Limited Recourse*). The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person. 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 rights, title and interest in and to the Portfolio and under the Transaction Documents will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditors 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 and the Other Issuer Creditors, 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 discretions 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.

4.3 Ranking and Subordination

Both prior to and following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of the principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A Notes.

Prior to the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes;

(b) the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A1 Notes; and

(c) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A1 Notes, the repayment of principal on the Class A2 Notes and the payment of interest on the Class J Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal on the Class A1 Notes and the Class A2 Notes, the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the repayment of principal and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes and the repayment of principal on the Class A Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes:

(a) the Class A1 Notes and the Class A2 Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of interest on the Class J Notes, the repayment of principal on the Class J Notes and the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes; and

(b) the Class J Notes will rank *pari passu* without preference or priority amongst themselves and in priority to the payment of the Junior Notes Premium (if any) on the Class J Notes, but subordinated to the payment of interest on the Class A Notes, the repayment of principal on the Class A Notes and the payment of interest on the Class J Notes.

The rights of the Noteholders in respect of the priority of payment of interest and repayment of principal on the Notes, as well as payment of the Junior Notes Premium (if any) on the Class J Notes, are set out in Condition 6.1 (*Pre-Enforcement Priority of Payments*) or Condition 6.2 (*Post-Enforcement Priority of Payments*), as the case may be, and are subject to the provisions of the Intercreditor Agreement and subordinated to certain prior ranking amounts due by the Issuer as set out therein.

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 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 the Previous Securitisation and any Further Securitisation and to the extent that such Security Interest is created over assets which form part of the segregated assets of such Previous Securitisation or Further Securitisation, as the case may be), 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 the Previous Securitisation or 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, to the extent any 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 already incurred in relation with the Previous Securitisation or 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*

have an interest in any bank account other than the Accounts and any bank account opened or to be opened in the context of the Previous Securitisation and 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 by compulsory provisions of Italian law or by the competent regulatory authorities; or

5.1.10 *Centre of interest*

move its "centre of main interest" (as that term is used in 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 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.

5.2 **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 other previous 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;

(f) the Rating Agencies have been notified in advance of 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, 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 Expenses during the immediately preceding Interest Period); and

(b) to credit to the Expense Account an amount necessary to bring the balance of the Expense Account up to (but not exceeding) the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Back-Up Servicer Facilitator and the Servicer;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and the Class A2 Notes;

(iv) *Fourth*, to credit to the Cash Reserve Account an amount necessary to bring the balance of the Cash Reserve Account up to (but not exceeding) the Required Cash Reserve Amount;

(v) *Fifth*, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class A1 Notes, until the Class A1 Notes are redeemed in full;

(vi) *Sixth*, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Class A2 Notes, until the Class A2 Notes are redeemed in full;

(vii) *Seventh*, to pay any amount due and payable to the Originator as adjustment of the Purchase Price pursuant to the Transfer Agreement;

(viii) *Eighth*, to pay, *pari passu* and *pro rata*, any other amount due and payable by the Issuer under any Transaction Document which are not due and payable under the other items of this Pre-Enforcement Priority of Payments;

(ix) *Ninth*, to pay, *pari passu* and *pro rata*, interest due and payable on the Class J Notes;

(x) *Tenth*, subject to the Class A Notes having been redeemed in full, to pay the Principal Amount Outstanding of the Class J Notes (in the case of all Payment Dates other than the Cancellation Date, up to an amount that makes the aggregate Principal Amount Outstanding of all the Class J Notes not lower than Euro 1,000);

(xi) *Eleventh*, subject to the Class A Notes having been redeemed in full and the payment in full of any other amount due under the items above, to pay, *pari passu* and *pro rata*, the Junior Notes Premium (if any).

6.2 **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 Expenses during the immediately preceding Interest Period); and

(b) to credit to the Expense Account an amount necessary to bring the balance of the Expense Account up to (but not exceeding) the Retention Amount;

(ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all fees, costs and expenses of, and all other amounts due and payable to, the Representative of the Noteholders, the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Back-Up Servicer Facilitator and the Servicer;

(iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, interest due and payable on the Class A1 Notes and the Class A2 Notes;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, the Principal Amount Outstanding of the Class A1 Notes and the Class A2 Notes, until the Class A1 Notes and the Class A2 Notes are redeemed in full;

(v) *Fifth*, to pay any amount due and payable to the Originator as adjustment of the Purchase Price pursuant to the Transfer Agreement;

(vi) *Sixth*, to pay, *pari passu* and *pro rata*, any other amount due and payable by the Issuer under any Transaction Document which are not due and payable under the other items of this Post-Enforcement Priority of Payments;

(vii) *Seventh*, to pay, *pari passu* and *pro rata*, interest due and payable on the Class J Notes;

(viii) *Eighth*, subject to the Class A Notes having been redeemed in full, to pay the Principal Amount Outstanding of the Class J Notes (in the case of all Payment Dates other than the Cancellation Date, up to an amount that makes the aggregate Principal Amount Outstanding of all the Class J Notes not lower than Euro 1,000);

(ix) *Ninth*, subject to the Class A Notes having been redeemed in full and the payment in full of any other amount due under the items above, to pay, *pari passu* and *pro rata*, the Junior Notes Premium (if any).

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 until final redemption or cancellation as provided for in Condition 8 (*Redemption, Purchase and Cancellation*). Interest in respect of the Senior 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 on the Senior Notes will be due on the Payment Date falling in September 2018 in respect of the period from (and including) the Issue Date up to (but excluding) such date.

Payment of interest on any Class of Notes (other than the Senior Notes) will be subject to deferral to the extent that there are insufficient Issuer Available Funds on any Payment Date prior to the Final Maturity Date in accordance with the applicable Priority of Payments to pay in full the relevant interest amount which would otherwise be due on such Class of Notes. The amount by which the aggregate amount of interest paid on any Class of Notes (other than the Senior Notes) on any Payment Date prior to the Final Maturity Date falls short of the aggregate amount of interest which otherwise would be due on such Class of Notes on that Payment Date shall be aggregated with the amount of, and treated as if it were, interest amount due on such Class of Notes on the immediately following Payment Date and will be payable on such Payment Date in accordance with the applicable Priority of Payments. No interest will accrue on any amount so deferred. Any interest amount due but not payable on the Senior Notes on any Payment Date prior to the Final Maturity Date will not be deferred and any failure to pay such interest amount will constitute a Trigger Event pursuant to Condition 13 (*Trigger Events*).

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 on the Senior Notes will be:

(a) in respect of the Class A1 Notes, a floating rate equal to EURIBOR (as determined in accordance with the Senior Notes Conditions) plus a margin of 0.80 per cent. per annum, provided that, if such rate of interest falls below 0 (zero), the applicable rate of interest shall be equal to 0 (zero); and

(b) in respect of Class A2 Notes, a fixed rate equal to 0.90 per cent. per annum.

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 EURIBOR and 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 Class A1 Notes;

(ii) the Euro amount (the **Interest Payment Amount**) due as interest on the Senior Notes in respect of such Interest Period. The Interest Payment Amount due 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 Issuer shall notify (or cause the Paying Agent to notify) the EURIBOR and the Rate of Interest applicable to the Interest Period beginning after the relevant Interest Determination Date

(or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Class A1 Notes, the Interest Payment Amount payable on the Senior Notes in respect of such Interest Period and the Payment Date in respect of the Interest Payment Amount 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 Corporate Servicer, Monte Titoli and the Stock Exchange 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 Issuer does not at any time for any reason determine (or cause the Paying Agent to determine) the EURIBOR and the Rate of Interest applicable to the Interest Period beginning after the relevant Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Class A1 Notes, the Interest Payment Amount payable on the Senior Notes in respect of such Interest Period and the Payment Date in respect of the Interest Payment Amount in accordance with the foregoing provisions of this Condition 7, the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall:

(i) determine the EURIBOR and the Rate of Interest in respect of the Class A1 Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

(ii) calculate the Interest Payment Amount for the Senior Notes in the manner specified in Condition 7.3 (*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.

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, 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 misconduct, 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, 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 **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 Redemption**

8.1.1 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 that 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 *pro rata* on the Payment Date falling in September 2018 and on each Payment Date thereafter prior to the Final Maturity Date, 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 Pre-Enforcement Priority of Payments as set out in Condition 6.1 (*Pre-Enforcement Priority of Payments*).

It is understood that, prior to the delivery of a Trigger Notice or the redemption of the Notes in accordance with Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, no amount of principal will be due and payable in respect of the Notes.

8.3 **Optional Redemption**

8.3.1 Provided that no Trigger Notice has been served, the Issuer may its option, having given not less than 30 (thirty) days' prior written notice to the Representative of the Noteholders (with copy to the Servicer, the Computation Agent and the Rating Agencies) and the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), redeem the Junior Notes (in whole but not in part, unless the Class J Noteholders have consented to a partial redemption of the Class J Notes) at their Principal Amount Outstanding, together with interest accrued but unpaid thereon up to (and including) the date fixed for redemption, on any Payment Date falling after the date on which the Class A Notes have been redeemed in full. On or prior to the delivery of the notice of redemption referred to above, the Issuer shall provide evidence satisfactory to the Representative of the Noteholders that the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge at least all of its outstanding liabilities in respect of the Class J Notes (unless the Class J Noteholders have consented to a partial redemption of the Class J Notes) and any amount required to be paid, according to the applicable Priority of Payments, in priority to or *pari passu* with the Class J 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 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 Provided that no Trigger Notice has been served, if the Issuer at any time provides evidence satisfactory to 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 at least all of its outstanding liabilities in respect of the Notes of the Affected Class and any amount required to be paid, according to the applicable Priority of Payments, in priority to or *pari passu* with the Notes of the Affected Class,

then the Issuer may at its option, on any such Payment Date having given not less than 30 (thirty) days' prior written notice to the Representative of the Noteholders (with copy to the Servicer, the Computation Agent and the Rating Agencies) and to the Noteholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable), 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.

8.4.2 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, subject to the terms and conditions of the Intercreditor Agreement.

8.5 **Principal Payment on the Senior Notes, Redemption Amounts and Principal Amount Outstanding**

8.5.1 On each Calculation Date, the Issuer shall determine (or cause the Computation Agent to determine):

(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 misconduct, gross negligence, bad faith or manifest error) be final and binding on all persons.

8.5.3 The Issuer will, on each Calculation Date, notify (or cause the Computation Agent to notify) the determination of a principal payment on the Senior Notes (if any) and the Principal Amount Outstanding of the Senior Notes (through the Payments Report or the Post Trigger Report, as the case may be) to the Representative of the Noteholders, the Rating Agencies, the Paying Agent and the Stock Exchange. The Issuer will notify (or cause the Paying Agent to notify) each determination of a principal payment on the Senior

Notes and of the Principal Amount Outstanding of the Senior Notes to Monte Titoli and in accordance with Condition 16 (*Notices*).

8.5.4 The principal amount redeemable in respect of each Senior 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 Senior Notes on such date, calculated with reference to the ratio between (A) the then Principal Amount Outstanding of such Senior Note and (B) the then Principal Amount Outstanding of all the Senior Notes (rounded down to the nearest cent), provided always that no such principal payment may exceed the Principal Amount Outstanding of the relevant Senior Note.

8.5.5 If no principal payment on the Senior Notes or the 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, 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 8.5 and each such determination or calculation shall be deemed to have been made by the Computation Agent.

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 to the Rating Agencies and to the Noteholders 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.

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 will be finally and definitively cancelled on the Cancellation Date, being:

(a) (i) the Final Maturity Date, or (ii) the earlier date on which the Notes are redeemed pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*); or

(b) if the Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, the later of (i) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables will have been paid in full; and (ii) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables then outstanding will have been entirely written off by the Issuer as a consequence of the Servicer having certified to the Representative of the Noteholders, and the Representative of the Noteholders having notified the Noteholders in accordance with Condition 16 (*Notices*), that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and the Issuer's Rights (whether arising from judicial enforcement proceedings or otherwise) which would be available to pay unpaid amounts outstanding under the Notes.

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 and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations, save as provided by the Rules of the Organisation of the Noteholders. In particular:

(a) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) 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;

(b) until the date falling 2 (two) years and one day after the date on which all the Previous Notes, the Notes and any other notes issued in the context of any securitisation transaction carried out by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes following the occurrence of a Trigger Event and only if the representatives of the noteholders of all Further Securitisation carried out by the Issuer, if any, have been so directed by an extraordinary resolution of their respective holders of the most senior class of notes following the occurrence of a trigger event under the relevant securitisation transaction) shall be entitled to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

(c) no Noteholder (nor any person on its behalf) shall be entitled to take or join in the taking of any corporate action, legal proceeding or other procedure or step which would result in the Priority of Payments not being complied with.

9.2 Limited recourse obligations of Issuer

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

(a) each Noteholder 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) on the Cancellation Date, 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. As payment is made through Euroclear and Clearstream the financial services are carried out also in Luxembourg.

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 (thirty) 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 or any other withholding or deduction which may be 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 will constitute a Trigger Event:

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

(i) any amount of interest due on the Senior Notes, provided that such default remains unremedied for 5 (five) Business Days; or

(ii) any amount of principal due on the Senior Notes on the Final Maturity Date or any other date of early redemption in full of the Senior Notes, provided that such default remains unremedied for 5 (five) Business Days; or

(iii) any amount of principal due and payable on the Senior Notes on any Payment Date prior to the Final Maturity Date or any other date of early redemption in full of the Senior Notes (to the extent the Issuer has sufficient Issuer Available Funds to make such repayment of principal in accordance with the applicable Priority of Payments), provided that such default remains unremedied for 5 (five) Business Days (it being understood that, prior to the delivery of a Trigger Notice or the redemption of the Notes in Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional*

Redemption) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, no amount of principal will be due and payable in respect of the Notes); 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 paragraph (a) above) which is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 (thirty) 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 opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 (thirty) 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 respect deemed to be material by the Representative of the Noteholders) when made or repeated, unless it has been remedied within 15 (fifteen) 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 breach is not capable of remedy in which case no term of 15 (fifteen) days will be given); 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, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall; and/or

(c) in the case of a Trigger Event under Condition 13.1(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 (with copy to the Servicer, the Computation Agent and the Rating Agencies). Upon the service of a Trigger Notice, the Notes shall (subject to Condition 8 (*Non Petition and Limited Recourse*)) become immediately due and repayable at their Principal Amount Outstanding, together with any accrued but unpaid interest thereon, without any further action, notice or formality, 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, the Issuer may (subject to the prior written 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.

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 by the Representative of the Noteholders shall (in the absence of wilful misconduct, 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 prior written 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.

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 listed on the Stock Exchange and the rules of such exchange so require, if published on the website of the Stock Exchange (www.ise.ie) or in accordance with the rules of the Stock Exchange. 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 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 Bolzano.

EXHIBIT 1

TO THE SENIOR NOTES 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 Fanes S.r.l. of and subscription for the Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061 (the **Class A1 Notes**), the Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes** or the **Senior Notes**) and the Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061 (the **Class J Notes** or the **Junior Notes**) 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 Senior Notes 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:

Affiliates means, in respect of CR Bolzano, (i) a company controlled directly or indirectly by CR Bolzano, (ii) a company or natural person controlling directly or indirectly CR Bolzano, (iii) a company controlled directly or indirectly by a company or a natural person controlling directly or indirectly CR Bolzano, or (iv) a company in respect of which CR Bolzano can exercise (directly or indirectly, including through any of the entities under paragraphs (i), (ii) and (iii)) a material influence by virtue of contractual arrangements. For the purposes of this definition the concept of control must be construed in accordance with article 2359 of the Italian civil code.

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 Notes of any Class;

(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.

Disenfranchised Matter means any of the following matters:

(a) the revocation of CR Bolzano in its capacity as Servicer;

(b) the delivery of a Trigger Notice in accordance with Condition 13 (*Trigger Events*);

(c) the direction of the disposal of the Portfolio after the delivery of a Trigger Notice in accordance with Condition 14 (*Enforcement*);

(d) the enforcement of any of the Issuer's rights under the Transaction Documents against CR Bolzano in any of its capacities under the Securitisation; and

(e) any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, may exist a conflict of interest between the Class A Noteholders (in such capacity) and CR Bolzano in any of its capacities (other than as Class A Noteholder) under the Securitisation.

Disenfranchised Noteholder means CR Bolzano or any of its Affiliates, as long as CR Bolzano holds any (but not all) of the Class A Notes.

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 22 February 2008, as subsequently amended and supplemented, stating *inter alia*:

(a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and

(b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

24 hours means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office.

48 hours means 2 consecutive periods of 24 hours.

3. Purpose of the Organisation

3.1 *Membership*

Each Noteholder is a member of the Organisation of the Noteholders.

3.2 *Purpose*

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

TITLE II

MEETINGS OF NOTEHOLDERS

4. Voting Certificates and Validity of the Proxies and Voting Certificates

4.1 *Participation in Meetings*

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by depositing a Block Voting Instruction at the specified office of the Representative of the Noteholders not later than 24 hours before the relevant Meeting.

4.2 *Validity*

A Block Voting Instruction or a Voting Certificate shall be valid only if deposited at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, notarised copy of each Voting Certificate or Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Voting Certificate, a Block Voting Instruction or the identity of any Proxy.

4.3 *Mutually exclusive*

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

4.4 *Blocking and release of Notes*

References to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

5. Convening the Meeting

5.1 *Meetings convened by the Representative of the Noteholders*

The Representative of the Noteholders may convene a Meeting at any time.

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.

Any Disenfranchised Noteholders shall not be entitled to request to convene a Meeting in respect of the Disenfranchised Matters. It is understood that the Notes held by a Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the threshold set out above.

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 selected or approved by the Representative of the Noteholders.

6. Notice of Meeting and Documents Available for Inspections

6.1 *Notice of meeting*

At least 21 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 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 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.

8.3 Disenfranchised Noteholder

Any Disenfranchised Noteholder shall not be entitled to participate to a Meeting, nor to vote on any Resolution, concerning a Disenfranchised Matter. It is understood that the Notes held by a Disenfranchised Noteholder shall be treated as if it were not outstanding and shall not be counted in or towards the required quorum set out in paragraph 8.2 and 8.3.

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 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 time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

11. **Notice following adjournment**

11.1 *Notice required*

If a Meeting is adjourned in accordance with the provisions of Article 9 and 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 Principal Amount Outstanding of each Note represented or held by the Voter, when voting by poll.

15.2 *Exercise of multiple votes*

Unless the terms of any Block Voting Instruction or Voting Certificate borne by a Proxy state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes which he exercises in the same manner.

15.3 *Voting tie*

In case of a voting tie, the Chairman shall have the casting vote.

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 (*Trigger Events*));

(g) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;

(h) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;

(i) appoint and remove the Representative of the Noteholders; and

(j) authorise or object to individual actions or remedies of Noteholders under Article 23.

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 (*Ranking and Subordination*) and in accordance with the applicable Priority of Payments (to the extent that there are Notes outstanding ranking senior to such Class).

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 14 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 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 25.1, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

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, 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; and

(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.

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 misconduct (*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.

28.4 *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 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 misconduct (dolo) on the part of the Representative of the Noteholders;

(ii) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter, a certificate duly signed by the Issuer, and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless it has information which casts a doubt on the truthfulness of the certificates signed by the Issuer;

(iii) shall have the right to call for (or have the Issuer call for) and to rely on written attestations issued by any one of the parties to the Intercreditor Agreement or by any Other Issuer Creditor. The Representative of the Noteholders shall not be required to seek additional evidence and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so.

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 in accordance with article

83-*bis* of the Financial Laws Consolidated Act and Regulation 22 February 2008, 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 22 February 2008, 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 misconduct 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 misconduct (*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 Bolzano.

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 Prospectus, 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 entitled "*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 and (g) Law No. 96 of 21 June 2017, 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 Prospectus.

The Law Decree No. 145 of 23 December 2013

General

The following paragraphs set out a summary 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 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 trough 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 a summary of the key features of the amendments to the Securitisation Law introduced by Decree No. 91 which are relevant to securitisations transactions.

Decree No. 91 has been published on the Official Gazette on 24 June 2014 and is to be converted into Law within sixty days from its publication on the Official Gazette.

The conversion Law may provide amendments to the provisions set out by Decree No. 91 as described in this Prospectus.

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 the relevant other issuer's creditors; 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 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 Receivables from CR Bolzano to the Issuer has been (i) registered on the Companies Register of Treviso-Belluno on 30 May 2018 and (ii) published in the Official Gazette No. 63 Part II of 31 May 2018.

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 3 (three) months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within 6 (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, as would probably the case if the seller were to become insolvent.

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*") if granted by a borrower or a third party guarantor by way of a deed or "judicial" ("*ipoteche giudiziarie*") if registered in the appropriate land registry ("*Conservatoria dei Registri Immobiliari*") following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

A mortgage lender (whose debt is secured by a mortgage) may commence enforcement proceedings by seeking a court order or injunction for payment in the form of an enforcement order ("*titolo esecutivo*") from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed, a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof ("*formula esecutiva*") directly on the debtor without the need to obtain an enforcement order ("*titolo esecutivo*") from the court. After the service of the title, a writ of execution ("*atto di precetto*") is notified to the debtor together with either the enforcement order ("*titolo esecutivo*") or the loan agreement, as the case may be.

After 10 (ten) days of filing, but not later than 90 (ninety) days from the date on which notice of the writ of execution ("*atto di precetto*") is served, the mortgage lender may request the attachment of the mortgaged property. The property will be attached by a court order, which must then be filed with the appropriate land registry ("*Conservatoria dei Registri Immobiliari*"). The court will, at the request of the mortgage lender, appoint a custodian to manage the mortgaged property in the interest of the mortgage lender. If the mortgage lender does not make such a request, the debtor will automatically become the custodian of such property.

The mortgage lender is required to search the land registry to ascertain the identity of the current owner of the property and must then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender. Not earlier than 10 (ten) days and not later than ninety days after serving the attachment order, the mortgage lender may request the court to sell the mortgaged property.

The court may delay its decision in respect of the mortgage lender's request in order to hear any challenge by the debtor to the attachment.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral (i.e. land registry) certificates ("*certificati catastali*"), which usually take some time to obtain. Law No. 302 should reduce the duration of the enforcement proceedings by allowing the mortgage lender to substitute such cadastral certificates with certificates obtained from public notaries and by allowing public notaries to conduct various activities which were before exclusively within the powers of the courts.

The court appoints an expert to estimate the property's value. Such estimate is useful for the sale with auction ("*vendita con incanto*") because, on the basis of the expert's evaluation, the court shall determine the minimum bid price for the property at the auction and for the sale without auction ("*vendita senza incanto*"), because on that basis, the Judge shall determine the validity of the bids (which in fact are not valid if it is lower than one-fourth or more of the price determined in the judge's order).

The sale without auction takes place before the sale with auction.

In the sale without auction, the bidders file their bids with the clerk office of the judge, in a closed envelope and the judge decides on the bid after hearing the parties. If the bid is equal to or higher than the minimum bid price, the same bid is granted; if the bid is lower than one-fourth or more of the price determined in the judge's order, the offer is not valid. If the bid is lower than the price determined in the judge's order but does not fall below one-fourth of such price, the judge may proceed with the sale if he believes that there is no real possibility to obtain a higher price with a new sale. In case there are more bids, the judge invites the bidders to make offers on the basis of the highest bid. Should no offer be made, the judge may order the sale in favour of the best bidder or order the auction; in case motions for assignment are filed and the best bid is lower than the value of the real estate as determined in the judge's order, the judge does not proceed with the auction and he shall proceed with the assignment.

When the sale without auction is not successful, the sale by auction takes place before the judge with public hearings. When the judge orders the auction, he establishes the followings: (a) if the sale shall be accomplished by one or more lots; (b) auction base price, (c) day and hour of the auction, (d) the time limit which shall run from the accomplishment of the publicity forms and the auction; (e) the bond amount no higher than one-tenth of the auction starting price and the time limit by which it shall be deposited by the bidders; (f) the minimum amounts of the bids' increases; (g) the term, no longer than 60 days running from the award, by which the price shall be deposited and the modalities of deposit.

The bids are not valid if they do not exceed the auction base price or the previous offer made by others bidders in the minimum amount indicated by the judge. Once the auction is adjudicated, bids may still be made by the final time limit of 10 (ten) days, but they are valid only if the price offered exceeds one fifth of the price reached at the auction.

If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction. In the event that no offer is made during an auction, the mortgage lender may apply to the court for a direct assignment of the mortgaged property to the mortgage lender itself. In practice, however, the courts tend to hold auctions until the mortgaged property is sold.

The sale proceeds, after deduction of the expenses of the enforcement proceedings and any expenses for the deregistration of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that

proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings from the court order or injunction of payment to the final sharing out is very variable and it can be between two and five years. In the medium-sized central and northern Italian cities, it can be significantly less whereas in major cities or in southern Italy, the duration of the procedure can significantly exceed the average. Law No. 302 has been passed with the aim of reducing the duration of enforcement proceedings.

Italian Law No. 302 of 3 August 1998, Italian Law No. 80 of 15 May 2005, Italian Law No. 263 of 28 December 2005 and the Italian Code of Civil Procedure as amended thereby have introduced certain rules according to which some of the activities to be carried on in a foreclosure procedure may be entrusted to a notary public, lawyers or chartered accountants duly registered with the relevant register as kept and updated from time to time by the chairman of the competent court ("*Presidente del Tribunale*").

In particular, if requested by a creditor, a notary public may issue a notarial certificate attesting the results of the searches with the "catasto" and with the appropriate land registry ("*Conservatoria dei Registri Immobiliari*"). Such notarial certificate replaces several documents that are usually required to be attached to the motion for the auction and reduces the timing normally required to obtain the documentation from the relevant public offices. Moreover, if appointed by the foreclosure judge, the notary public may execute the sale by auction by: (a) determining the value of the property; (b) deciding on the offers received after the auction and concerning the payment of the relevant price; (c) initiating further auctions or transfer; (d) executing certain formal documents relating to the registration and filing with the land registry of the transfer decree prepared by the same notary public and issued by the foreclosure judge; and (e) preparing the proceeds' distribution plan and forwarding the same to the foreclosure judge.

With regard to the above, the involvement of a notary public by the foreclosure judge is permitted when: (a) the foreclosure judge has not yet decided on the motion for an auction; (b) a sale without auction has not been performed successfully and the foreclosure judge after consultation with the creditors decides to proceed with an auction; and (c) a possible receivership has ceased and the foreclosure judge decides to proceed with a sale by auction. On the other hand, the involvement of a notary public does not seem to be possible both when a decree providing for the sale without auction has already been issued and when an auction before the foreclosure judge has already been fixed. If the auction is concluded without a sale, it is possible that the foreclosure judge may delegate the power to execute further auctions to the notary public

***Mutui fondiari* foreclosure proceedings**

The Mortgage Loans include *inter alia* mortgage loans qualifying as "*mutui fondiari"*. Enforcement proceedings in respect of "*mutui fondiari"* commenced after 1 January 1994 are currently regulated by article 38 *et seq.* of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of mutui fondiari is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the "*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 *mutuo fondiario* loan.

Enforcement proceedings for mutui fondiari commenced on or before 31 December 1993 are regulated by the Royal Decree No. 646 of 16 July 1905, which confers on the mutuo fondiario lender rights and

privileges that are not provided for by the Consolidated Banking Act with respect to enforcement proceedings on mutui fondiari commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has taken the place of the borrower as debtor under the mutuo fondiario provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the mutuo fondiario agreement without having to have a further expert appraisal.

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 Law Decree of 31 January 2007 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*), as is the case for the securitised Mortgage 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 Mortgage Loans 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, paragraph 7-*ter* 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 3 (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 CR Bolzano (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 (thirty) 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 (thirty) 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 (thirty) 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.

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

Under Law No. 3/2012, in order to remedy to situations in which a debtor is definitively not able to fully and timely fulfil its obligations ("*sovraindebitamento*"), a debtor can enter into a Settlement Agreement in the context of a Settlement Procedure.

In particular, the debtor can accede to the Settlement Procedure if it:

(a) cannot be subject to the insolvency procedures provided by the Italian Bankruptcy Law;

(b) has not benefited of any Settlement Procedure in the past 5 (five) years.

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

(i) the debt restructuring plan is suitable to ensure payment of the relevant obligations within the relevant deadline provided for therein;

(ii) the execution of the debts restructuring plan has been entrusted to a liquidator appointed by the competent Court; and

(iii) the *moratorium* does not concern undistrainable (*impignorabili*) receivables.

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

The competent Court, in the absence of actions in prejudice of the creditors or fraud against them, provides that, for up to 120 days, the creditors cannot commence or continue foreclosure proceedings (*azioni esecutive*) and seizures (*sequestri conservativi*) and create pre-emption rights on the assets of the debtor.

The Settlement Agreement has to be agreed by creditors representing at least 70 per cent. of the debtor's debts and then be approved (*omologato*) by the competent Court. In case of approval (*omologazione*) the Settlement Agreement may produce the above mentioned preventive effects for a maximum period of one year starting from the date of such approval.

The provisions of Law No. 3/2012 have been amended by Law Decree No. 179 of 18 October 2012 converted into Law No. 221 of 17 December 2012 (**Law Decree 179**). Under Law Decree 179 the following main amendments have, *inter alia*, been introduced:

(a) a specific procedure is provided in relation to debtors who qualify as "consumers";

(b) a one-year *moratorium* can be provided in respect of payments in discharge of claims which enojoy privileged status (*crediti privilegiati*) or are secured by pledge or mortgage;

(c) more stringent eligibility requirements are set out for debtors in order to apply to the Settlement Procedures;

(d) the minimum threshold of creditors entering into the Settlement Agreements is reduced to 60 per cent of the debtor's debts and is limited to Settlement Agreements relating to debtors who do not qualify as "consumers";

(e) the Court may order that, until the date on which the decision of approval of the Settlement Agreement becomes irrevocable, creditors are not entitled to commence or continue foreclosure proceedings and seizures and create pre-emption rights on the debtor's assets.

TAXATION

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposal of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are subject to change potentially retroactively. Prospective Noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of 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.

Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Tax treatment of Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, by Italian companies incorporated pursuant to the Securitisation Law.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Noteholders under (a), (b) or (c) above opted for the application of the risparmio gestito regime – see under "Capital gains tax" below), interest, premium and other income relating to the Notes, are subject to a final withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity 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 the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1 (88-114) of Law No. 232 of 11 December 2016 (the **Finance Act 2017**).

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a non-Italian resident company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes are not subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities (**IRAP**)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001, converted into law with amendments by Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended payments of interest, premiums or other proceeds in respect of the Notes deposited with an authorised

intermediary made to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and article 14-bis of Law No. 86 of 25 January 1994 or Italian real estate SICAFs (**Real Estate SICAFs**), are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF.

If the investor is an Italian resident open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy (together the **Fund**) and either (i) the Fund or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are deposited with an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will neither be subject to *imposta sostitutiva* nor to any other income tax in the hands of the Fund. A withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to distributions made by the Fund in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the intermediary paying interest to a Noteholder (or by the Issuer should the interest be paid directly by this latter).

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant to article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the **White List**); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor incorporated in a country included in the White List, even if it does not possess the status of taxpayer in its own country.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves

of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy or who do not comply with the above mentioned provisions.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity 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 Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in article 1(88-114) of Finance Act 2017.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 (**Decree No. 66**), capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *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 (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of non-Italian resident intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository 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 upon the revocation of its mandate), net of any incurred capital loss, and

is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, 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 the capital gains in the annual tax return. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime 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 a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation 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 *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return. Pursuant to Decree No. 66, decreases in value of the management assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of 76.92 per cent. of the decreases in value registered from 1 January 2012 to 30 June 2014.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351, Law Decree No. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, apply or a Real Estate SICAF will be subject neither to imposta sostitutiva nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF, but subsequent distributions made in favour of unitholders or shareholders will be subject, in certain circumstances, to a withholding tax of 26 per cent..

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in article 1 (88-98) of Finance Act 2017.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is incorporated in a country included in the White List, even if it does not possess the status of taxpayer in its own country, and a proper documentation is filed.

If the conditions above are not met, capital gains realised by said non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. unless a reduced rate is provided for by an applicable double tax treaty, if any.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the 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 the sale or redemption of Notes.

Inheritance and Gift Tax

Italian Law No. 286 of 24 November 2006 (published on the Official Gazette No. 277 of 28 November 2006), which has converted into law, with amendments, article 2, paragraph 48 of Italian Law Decree No. 262 of 3 October 2006, has introduced inheritance and gift tax to be paid at the transfer of assets (such as the Notes) and rights by reason of death or gift. As regards the inheritance and gift tax to be paid at the transfer of the Notes by reason of death or gift, the following rates apply:

(1) transfers in favour of spouses and direct descendants or direct ancestors are subject to an an inheritance and gift tax applied at the rate of 4% on the value of the inheritance or the gift exceeding Euro 1,000,000.00 for each transferee;

(2) transfers in favour of brothers and sisters are subject to an an inheritance and gift tax applied at the rate of 6% on the value of the inheritance or the gift exceeding Euro 100,000.00 for each transferee;

(3) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject an inheritance and gift tax applied at the rate of 6% on the entire value of the inheritance or the gift;

(4) any other transfer is subject to an inheritance and gift tax applied at the rate 8% on the entire value of the inheritance or the gift;

(5) transfers in favour of seriously disabled persons are subject to a registration tax at the relevant rate as described above on the value of the inheritance or the gift exceeding Euro 1,500,000.00 for each transferee.

Transfer tax

According to article 37 of Italian Legislative Decree No. 248 of 31 December 2007, as converted with amendments into Law No. 31 of 28 February 2008, the transfer of the Notes is not subject to the Italian transfer tax.

The transfer of the Notes could be subject, in some specific cases, to the Italian registration tax at the fixed rate of 200.00 Euro.

Wealth Tax on foreign financial assets

According to article 19 of Decree of 6 December 2011, No. 201 (**Decree No. 201**), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding certain financial assets – including the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.20 per cent. The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory.

Stamp taxes and duties

According to article 19 of Decree No. 201, a proportional stamp duty applies on a yearly basis at the rate of 0.20 per cent. on the market value or – in the lack of a market value – on the nominal value or the

redemption amount of any financial product or financial instruments. For investors other than individuals the stamp duty cannot exceed the amount of € 14.000,00. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

European Withholding Tax Directive

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions including the Republic of Italy have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

1. THE SENIOR NOTES SUBSCRIPTION AGREEMENT

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date, the Senior Notes Subscriber has agreed to subscribe for the Senior Notes, subject to the terms and conditions set out thereunder.

The Senior Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Senior Notes Subscriber in certain circumstances prior to payment for the Senior Notes to the Issuer. The Issuer has agreed to indemnify the Senior Notes Subscriber against certain liabilities in connection with the issue of the Senior Notes.

No commission, fee or concession shall be due by the Issuer to the Senior Notes Subscriber 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 Bolzano 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 CR Bolzano 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 and the Junior Notes Premium (if any) payable on the Junior Notes, 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.

The Issuer will not pay any commission or concession to CR Bolzano 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 Bolzano 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 Subscriber:

3.1.1 *No action to permit public offering*

has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Senior Notes, or possession or distribution of any offering material in relation to the Senior Notes, in any country or jurisdiction where action for that purpose is required;

3.1.2 *Compliance with laws*

has represented and warranted to the Issuer that it has complied with and will undertake that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Senior Notes or has in its possession, distributes or publishes such offering material, in all cases at its own expense; and

3.1.3 *Publicity*

has represented and warranted to the Issuer that it has not made or provided and undertakes that it will not make or provide any representation or information regarding the Issuer or the Senior Notes save as contained in the Prospectus or as approved for such purpose by the Issuer or which is a matter of public knowledge.

3.2 **United States**

3.2.1 *No registration under the Securities Act*

The Senior Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person except in accordance with Regulation S or in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Senior Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the regulations thereunder.

3.2.2 *Compliance by the Issuer with United States securities laws*

The Issuer has represented, warranted and undertaken to the Senior Notes Subscriber that:

(a) neither it nor any of its affiliates nor any other person acting on its or their behalf has directly or indirectly, offered or sold, or will offer or sell, to any person any securities in any circumstances which would cause such securities to be integrated with the Senior Notes in a manner which would require the registration of any of the Senior Notes under the Securities Act or the qualification of any document related to the Senior Notes as an indenture under the United States Trust Indenture Act of 1939, as amended;

(b) neither it nor any of its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the Securities Act with respect to the Senior Notes;

(c) the Issuer is a "foreign issuer" (as defined in Regulation S) and there is no "substantial U.S. market interest" (as defined in Regulation S) in the securities of the Issuer of the same class as the Senior Notes, and the Issuer and its affiliates have complied with and will comply with the offering restrictions requirement of Regulation S under the Securities Act; and

(d) the Issuer is not, and after giving effect to the offering and sale of the Senior Notes will not be, a company registered or required to be registered as an "investment company", as such term is defined in the United States Investment Company Act of 1940, as amended.

3.2.3 *Senior Notes Subscriber's compliance with United States securities laws*

Terms used in the following paragraphs have the meanings given to them in Regulation S under the Securities Act. The Senior Notes Subscriber has represented, warranted and undertaken to the Issuer as follows:

(a) it has offered and sold the Senior Notes, and will offer or sell the Senior Notes

(i) as part of its distribution at any time, or

(ii) otherwise until the expiration of the distribution compliance period of 40 days after the later of the commencement of the offering of the Senior Notes and the Issue Date, only in accordance with Rule 903 of Regulation S under the Securities Act;

(b) at or prior to the confirmation of each sale of Senior Notes, it 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 distribution compliance period a confirmation or notice to substantially the following effect: "The securities covered hereby have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(iii), (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them in Regulation S";

(c) it, its affiliates and any persons acting on its behalf have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act;

(d) neither it, its affiliates nor any person acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the Securities Act with respect to the Senior Notes; and

(e) it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Senior Notes, except with its affiliates or with the prior written consent of the Issuer.

In addition, until the expiration of 40 days after the commencement of the offering, an offer or sale of the Senior Notes within the United States by any dealer, distributor or other person (whether or not participating in this offering) may violate the requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

3.3 **United Kingdom**

Under the Senior Notes Subscription Agreement, the Senior Notes Subscriber 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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of 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 Subscriber has represented, warranted and undertaken to the Issuer as follows:

3.4.1 *No offer to public*

the offering of the Senior Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Senior Notes have been or may be offered, sold or delivered, nor may copies of the Prospectus 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 100 of the Financial Laws Consolidated Act and article 34-ter, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation 11971**); or

(b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under article 100 of the Financial Laws Consolidated Act and article 34-ter, first paragraph, of Regulation 11971;

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 Professional Investors*

any offer, sale or delivery of the Senior Notes in the Republic of Italy or distribution of copies of the Prospectus 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) in compliance with article 129 of the Banking Act and with the implementing instructions of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the offering or issue of securities in the Republic of Italy; and

(c) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls, laws and regulations and any limitations which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

In accordance with article 100-bis of the Financial Laws Consolidated Act, 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.

3.5 **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Senior Notes Subscriber has represented and agreed that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Senior Notes to the public in that Relevant Member State from the time the Prospectus has been approved by the competent authority in Ireland and published in accordance with the Prospectus Directive as implemented in Ireland, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Senior Notes to the public in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require the Issuer or the Senior Notes Subscriber to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Senior Notes to the public** in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC as subsequently amended, and includes any relevant implementing measure in each Relevant Member State. Any purchase, sale, offer and delivery of all or part of the Junior Notes shall be made in compliance with article 405 of the CRR.

The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of article 4 (1) of Directive 2014/65/EU (**MiFID II**); or (b) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. Accordingly, none of the Issuer or the Co-Arranger expects to be required to prepare, and none of them has prepared, or will prepare, a "key information document" in respect of the Notes for the purposes of Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the **PRIIPs Regulation**).

An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment. It should be remembered that the price of securities and the income from them can go down as well as up.

4. REGULATORY DISCLOSURE AND RETENTION UNDERTAKING UNDER CRD IV AND THE CRR

On 26 June 2013, the European Parliament and the European Council adopted the Directive 2013/36/EC (the **CRD IV**) and the Regulation 575/2013/CE (the **CRR**) repealing in full the so-called capital requirements directive (being an expression making reference to Directive 2006/48/EC and Directive 2006/49/EC).

Pursuant to article 67 of the CRD IV, an institution is subject to administrative penalties and other administrative measures if, *inter alia*, it is exposed to the credit risk of a securitisation position without satisfying the conditions set out in article 405 of the CRR article 51 of the AIFM Regulation and article 254 of Solvency II Regulation. article 405 of the CRR, article 51 of the AIFM Regulation and article 254 of Solvency II Regulation specify that an EU regulated credit institution, other than when acting as originator, sponsor or original lender, may assume an exposure in the context of a securitisation in its trading or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to such credit institution that it will retain, on an ongoing basis, a material net economic interest not lower than 5% in such securitisation.

The CRR (including article 405) and the CRD IV are directly applicable and became effective on 1 January 2014. The CRR and the CRD IV have been implemented in Italy by the *Circolare n. 285 (Disposizioni di Vigilanza per le Banche)* entered into force in 1 January 2014.

Under the Senior Notes Subscription Agreement, CR Bolzano, in its capacity as seller, has undertaken to the Issuer and the Representative of the Noteholders that it will retain at the Issue Date and maintain on an ongoing basis a net economic interest in the Securitisation described in this Prospectus not lower than 5% in accordance with article 405 of the CRR, article 51 of the AIFM Regualtion and article 254 of Solvency II Regulation and the Bank of Italy Instructions so long as the Notes are outstanding and shall undertake that the Notes retained in compliance with the above shall not be subject to any credit risk mitigation or any short protection or other hedge.

Pursuant to Article 405, article 51 of the AIFM Regulation and article 254 of Solvency II Regulation, the Originator is prohibited from hedging or otherwise transferring the retained risk.

Articles 405-409 (inclusive) of the CRR, chapter 3, section 5 of the AIFM Regulation and chapter VIII, section 9 of the Solvency II Regulation requires originators, sponsors and original lenders to ensure that prospective investors have readily available access as at the Issue Date and on an ongoing basis to all information necessary to comply with their due diligence and monitoring obligations and all relevant data necessary to conduct comprehensive and well informed stress tests on the underlying exposures. Failure to comply with one or more of such requirements will result in the imposition of a higher capital requirement in relation to the relevant exposure by the relevant investor.

CR Bolzano, in its capacity as seller, (i) has made available on the Issue Date and (ii) has undertaken under the Senior Notes Subscription Agreement to make available on a quarterly basis, the information required by articles 405-409 (inclusive) of the CRR, chapter 3, section 5 of the AIFM Regulation and chapter VIII, section 9 of the Solvency II Regulation necessary to prospective investors for the purposes above. Such information will include: (a) aggregate amount of Collections related to the Receivables collected during the relevant Collection Period; (b) a description, by aggregate amounts, of the Portfolio during the relevant Collection Period similar to the information contained in the section headed "*The Portfolio*" in this Prospectus; (c) net economic interest held by Originator in the Securitisation; (d) a description, by aggregate amounts, of the Receivables comprised in the Portfolio and classified as Defaulted Receivables by the Servicer; (e) a description, by aggregate amounts, of the Receivables comprised in the Portfolio and classified as Delinquent Receivables by the Servicer; and (f) a description, by aggregate amounts, of the Recoveries collected by the Servicer; and (g) any further information, required by articles 405-409 (inclusive) of the CRR, chapter 3, section 5 of the AIFM Regulation and chapter VIII, section 9 of the Solvency II Regulation, as implemented from time to time, and not covered under points (a) to (f) above.

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (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 coming new requirements and the current requirements including with respect to the 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 may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

For further details see the section entitled "*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the asset backed securities*".

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with the CRD IV and the CRR and none of the Issuer, nor the Sole Arranger or the Subscriber or any other parties to the Transaction Documents make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the CRD IV and the CRR in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

GENERAL INFORMATION

Listing and admission to trading

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (the **Stock Exchange**) for the Senior Notes to be admitted to the official list of the Stock Exchange and trading on the regulated market of the Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer and a legal notice relating to the issue of the Senior Notes will be deposited prior to listing with the Listing Agent and the Representative of the Noteholders, where such documents will be available for inspection and where copies thereof may be obtained upon.

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 resolutions of the Quotaholder passed on 21 May 2018 and 11 June 2018.

Clearing of the Notes

The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

Series	***ISIN***	***Common Code***
Series 2018-1-A1	IT0005336018	184210851
Series 2018-1-A2	IT0005336026	184210959
Series 2018-1-J	IT0005336034	184210983

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.

No material adverse change

There has been no material adverse change in the financial position or prospects of the Issuer since the date of its last published audited financial statements.

Documents available for inspection

For as long as the Senior Notes are listed on the Stock Exchange, 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) Letter of Undertakings;

(x) Corporate Services Agreement;

(xi) Monte Titoli Mandate Agreement;

(xii) Master Definitions Agreement;

(xiii) Senior Notes Subscription Agreement;

(xiv) Junior Notes Subscription Agreement;

(xv) Rules of the Organisation of Noteholders;

(xvi) Issuer's annual audited financial statements;

(xvii) Payments Reports;

(xviii) Investors Report; and

(xix) Post Trigger Reports.

KPMG has given, and has not withdrawn, his consent to the inclusion of his report on the Issuer in this Prospectus in the form and context in which it is included. KPMG S.p.A. is a member of Assirevi, the Italian association of auditors.

Post Issuance Information

So long as any of the Senior Notes remains outstanding, the Issuer will provide the post issuance information described in this paragraph. Copies of the Payments Report, the Investor Report, the Surveillance Report and the Post Trigger Report shall be made available for collection at the registered offices of the Issuer, Paying Agent and the Representative of the Noteholders. The first Investor Report will be available at the registered office of the Issuer, Paying Agent and the Representative of the Noteholders on or about the Investors Report Date immediately succeeding the First Payment Date. The Investor Report will be produced on or prior to the Investors Report Date and will contain details of amounts paid on the Payment Date to which it refers in accordance with the Priority of Payments, including the amount payable as principal and Interest in respect of each Senior Note.

Fees and expenses

The estimated annual fees and expenses payable by the Issuer in connection with the transaction described herein amount to approximately € 120,000 (excluding servicing fees and any VAT, if applicable) and the estimated total expenses related to the admission to trading of the Senior Notes amount approximately to € 15,000 (excluding VAT, if applicable).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus, and may be inspected during normal business hours at the registered office of the Issuer and of the Representative of the Noteholders:

Documents	**Information contained**	**Reference Page**
Financial statement of the Issuer as of 31 December 2016	- Report of the Sole Director	Page 3
	- Balance sheet as at 31 December 2016	Page 14
	- Income statement (Profit and Loss Account)	Page 14
	- Notes to financial statements	Page 19
Financial statement of the Issuer as of 31 December 2017	- Report of the Sole Director	Page 3
	- Balance sheet as at 31 December 2017	Page 12
	- Income statement (Profit and Loss Account)	Page 12
	- Notes to financial statements	Page 16
Auditors' reports	- Auditors' report on financial statement as of 31 December 2016	Pages 108-109
	- Auditors' report on financial statement as of 31 December 2017	Page 85

The Prospectus and the documents incorporated by reference will be available on the Stock Exchange website (www.ise.ie).

Copies of documents deemed to be incorporated by reference in this Prospectus will be published on the website of the Stock Exchange at http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=-1&uID=3443&FIELDSORT=docId.

Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors or covered elsewhere in this Prospectus.

GLOSSARY

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

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

Account Bank Report means the report to be prepared by the Account Bank on each Account Bank Report Date pursuant to the Cash Allocation, Management and Payment Agreement, setting out information concerning, *inter alia*, the transfers and the balances relating to the Collection Account, the Cash Reserve Account and the Payments Account.

Account Bank Report Date means the 10° (tenth) day of each month or, if such day is not a Business Day, the immediately following Business Day.

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*).

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

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

AIFM Regulation means Regulation (EU) No. 231/2013, as amended and supplemented from time to time.

Article 65 means article 65 of the Italian Bankruptcy Law.

Back-Up Servicer Facilitator means Securitisation Services or any other person acting as back-up servicer facilitator pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

Banca Monte dei Paschi di Siena means Banca Monte dei Paschi di Siena S.p.A., Conegliano branch, a bank incorporated under the laws of the Republic of Italy, having its office at Via Vittorio Alfieri No. 1, 31015 Conegliano (TV) Italy, Fiscal Code and VAT number 00884060526, registered under No. 5274 with the roll of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

Bank of Italy Supervisory Regulations means supervisory regulations for banks issued by the Bank of Italy by Circular No. 229 of 21 April 1999 or Circular No. 285 of 17 December 2013, as the case may be, as amended and supplemented from time to time.

BNP Paribas Securities Services means BNP Paribas Securities Services, *société en commandite par actions*, a company incorporated under the laws of the Republic 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 MilanItaly.

BNP Paribas Securities Services, Luxembourg Branch means the Luxembourg branch of BNP Paribas Securities Services, with offices at 60 Avenue J.F. Kennedy, L 1855, Luxembourg.

Business Day means any day (other than Saturday or Sunday) which is not a public holiday or a bank holiday in Milan, London and Dublin and the Trans-European Automated Real Time Gross Express

Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2), or any successor thereto, is operative.

Calculation Date means the 4° (fourth) Business Day before the relevant Payment Date.

Cancellation Date means the date of cancellation of the Notes, being:

(a) (i) the Final Maturity Date, or (ii) the earlier date on which the Notes are redeemed pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*) or following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*); or

(b) if the Notes cannot be redeemed in full on the Final Maturity Date as a result of the Issuer having insufficient Issuer Available Funds for application in or towards such redemption, the later of (i) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables will have been paid in full; and (ii) the Payment Date immediately following the end of the Quarterly Collection Period during which all the Receivables then outstanding will have been entirely written off by the Issuer as a consequence of the Servicer having certified to the Representative of the Noteholders, and the Representative of the Noteholders having notified the Noteholders in accordance with Condition 16 (*Notices*), that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and the Issuer's Rights (whether arising from judicial enforcement proceedings or otherwise) which would be available to pay unpaid amounts outstanding under the Notes.

Cash Allocation, Management and Payment Agreement means the cash allocation, management and payment agreement executed on or about the Issue Date between the Issuer, the Computation Agent, the Account Bank, the Cash Manager, the Originator, the Servicer, the Back-Up Servicer Facilitator, the Paying Agent, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Cash Manager means CR Bolzano 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 to be prepared by the Cash Manager on each Cash Manager Report Date, setting out information relating to the Eligible Investments made during the immediately preceding Quarterly Collection Period.

Cash Manager Report Date means the 5° (fifth) Business Day before the relevant Payment Date.

Cash Reserve Account means the Euro denominated account with IBAN IT 46 I 03479 01600 000802226002 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Cash Reserve Initial Amount means an amount equal to Euro 9,000,000.00.

Class shall be a reference to a class of Notes, being the Class A1 Notes, the Class A2 Notes or the Class J Notes and **Classes** shall be construed accordingly.

Class A Noteholders means, collectively, the Class A1 Noteholders and the Class A2 Noteholders.

Class A Notes means, collectively, the Class A1 Notes and the Class A2 Notes.

Class A1 Noteholders means the Holders of the Class A1 Notes from time to time.

Class A1 Notes means the Euro 355,900,000.00 Series 2018-1-A1 Asset Backed Floating Rate Notes due December 2061.

Class A2 Noteholders means the Holders of the Class A2 Notes from time to time.

Class A2 Notes means the Euro 90,000,000.00 Series 2018-1-A2 Asset Backed Fixed Rate Notes due December 2061.

Class J Noteholders means the Holders of the Class J Notes from time to time.

Class J Notes means the Euro 61,315,000.00 Series 2018-1-J Asset Backed Fixed Rate and Variable Return Notes due December 2061.

Clearstream means Clearstream Banking, *société anonyme*.

Co-Arranger means each of FISG and Natixis and **Co-Arrangers** means both of them.

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 Collection Period.

Collection Account means the Euro denominated account with IBAN IT 92 G 03479 01600 000802226000 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Collection Period means a 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.

Computation Agent means Securitisation Services or any other person acting as computation agent pursuant to the Cash Allocation, Management and Payment Agreement from time to time.

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 Legislative Decree No. 385 of 1 September 1993, as amended and implemented from time to time.

Corporate Servicer means Securitisation Services or any other person acting as corporate servicer pursuant to the Corporate Services Agreement from time to time.

Corporate Services Agreement means the corporate services agreement entered into on or about the Issue 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, deed or other document expressed to be supplemental thereto.

CR Bolzano means Cassa di Risparmio di Bolzano S.p.A., a bank incorporated as a joint stock company (*società per azioni*) under the laws of the Republic of Italy, whose registered office is at Via Cassa di Risparmio 12, 39100 Bolzano Italy, Fiscal Code, VAT number and enrolment with the Bolzano Companies Register number 00152980215, registered under No. 6045.9 with the roll of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act.

CRA Regulation means Regulation (UE) No. 1060/2009, as amended and supplemented from time to time.

Credit and Collections Policies means the procedures for the management, collection and recovery of Receivables attached as Schedule 4 to the Servicing Agreement.

CRD IV means the Directive 2013/36/UE adopted on 27 June 2013 by the European Parliament and the European Council, as amended and supplemented from time to time.

Criteria means the objective criteria for the identification of the Receivables specified in Schedule 2 of the Transfer Agreement and described in the section entitled "*The Portfolio*".

CRR means the Regulation (UE) No. 575/2013, as amended and supplemented from time to time.

Current Balance means, on any given date and in relation to any Receivable, the sum of all Principal Instalments due on any subsequent Scheduled Instalment Date excluded the Principal Instalments due but unpaid (if any).

Debtor means any borrower and any other person who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due under a Mortgage Loan Agreement, as a consequence of having granted any Guarantee to the Originator or having assumed the borrower's obligation under an assumption (*accollo*), or otherwise.

Decree 239 Deduction means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

Decree No. 7 means Law Decree No. 7 of 31 January 2007 converted into law by Law No. 40 of 2 April 2007 as amended and supplemented from time to time.

Decree No. 66 means Law Decree of 24 April 2014 No. 66, converted into law by Law No. 89 of 23 June 2014.

Decree No. 91 means 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 Law Decree of 23 December 2013 No. 145 converted into law by Law No. 9 of 21 February 2014.

Decree No. 201 means Decree of 6 December 2011 No. 201 converted into law by Law No. 214 of 22 December 2011.

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 No. 351 means Italian Law Decree No. 351 of 25 September 2001, as amended and supplemented from time to time.

Defaulted Receivables means any Receivables arising from Mortgage Loan Agreements where either (A) (i) 3 semi-annual Instalments are past due and unpaid or (ii) 5 quarterly Instalments are past due and unpaid or (iii) 7 monthly Instalments are past due and unpaid or (iv) 3 two-monthly Instalments are past due and unpaid or (B) the relevant Debtor has been classified as being "*in sofferenza*" by the Servicer in accordance with the Credit and Collection Policies.

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 Mortgage Loan Agreement which is not a Defaulted Receivable and with respect to which there is at least one Delinquent Instalment.

ECB Guidelines means the guidelines issued by the European Central Bank on September 2011 ("*The Implementation of Monetary Policy in the Euro Area*"), as amended and supplemented from time to time.

Eligible Account means each of the Cash Reserve Account, the Collection Account, the Payments Account and the Securities Account and **Eligible Accounts** means all of them.

Eligible Institution means any entity which is authorised to carry on banking activities and, as from the date on which a rating is assigned to the Senior Notes:

(a) a depository institution organised under the laws of any state which is a member of the European Union or of the United States:

(i) with a "A2" long-term unsecured and unsubordinated rating by Moody's or, in the event of a depository institution which does not have a long-term rating by Moody's, a "P-1" short-term unsecured and unsubordinated rating by Moody's; and

(ii) with a long-term unsecured and unsubordinated rating of at least "A-" by S&P,

or such other rating which does not negatively affect the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies; or

(b) any other institution whose obligations under the Transaction Documents to which is a party are guaranteed by a first demand, irrevocable an unconditional guarantee by an Eligible Institution, as to not negatively affecting the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies.

Eligible Investment means:

(a) euro-denominated senior (unsubordinated) debt securities or other debt instruments or time deposits provided that (I) such investments have a maturity date falling not later than the next following Eligible Investment Maturity Date; (II) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (III) such investments have the ratings indicated below on items (i) and (ii):

(i) with respect to S&P's ratings:

(A) a short-term unsecured and unsubordinated rating of at least "A-1" for Eligible Investments maturing within 60 days or less, or a long-term unsecured and unsubordinated rating at least "AA-" or a short-term unsecured and unsubordinated rating at least "A-1+" for investment maturing within 365 days or less, or such other rating which does not negatively affect the rating of the Senior Notes (to the extent assigned), as previously communicated to the Rating Agencies; or

(B) such other rating as acceptable to S&P from time to time;

(ii) with respect to Moody's ratings:

(A) either "Baa1" in respect of long term unsecured and unsubordinated rating or, in the event of an investment which does not have a long-term rating, "P-1" in respect of short term unsecured and unsubordinated rating; or

(B) such other rating as acceptable to Moody's from time to time, and

(b) a euro-denominated bank account or deposit (excluding, for the avoidance of doubt, a time deposit) opened with an Eligible Institution provided that (i) such investments are immediately repayable on demand, disposable without any penalty or any loss and have a maturity date falling not later than the next following Eligible Investment Maturity Date; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and (iii) within 60 calendar days from the date on which the institution ceases to be an

Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer; and

(c) repurchase transactions between the Issuer and an Eligible Institution in respect of euro-denominated debt securities or other debt instruments provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investment Maturity Date and in any case shorter than 60 days, and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

(d) Euro denominated money market funds which have at least the following ratings:

(iii) a Moody's rating equal to "Aaa-mf"; and

(iv) a S&P's rating equal to "AAAm",

which permit daily liquidation of investments without penalty, provided that in case of disposal, the principal amount upon disposal is at least equal to the principal amount invested and provided that funds standing to the credit of the Debt Service Reserve Account cannot be invested in money market funds, provided that, in any event, (A) 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 as being instruments in which funds underlying asset backed securities eligible as collateral for monetary policy operations sponsored by the European Central Bank may not be invested, and (B) such Eligible Investments are held directly with the Account Bank and/or through Euroclear or Clearstream or other clearing systems and registered in the name of the Issuer or, only to the extent registration in the name of the Issuer is not possible, in the name of the Account Bank and in no case Eligible Investments are held through a sub-custodian.

Eligible Investments Maturity Date means each day falling the 4th (fourth) Business Day immediately preceding each 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.

EURIBOR means:

(a) the Euro-Zone Inter-Bank offered rate for three month Euro deposits which appears

(i) on Bloomberg Page EUR003M index (except in respect of the Initial Interest Period, where an interpolated interest rate based on three and six month deposits in Euro will be substituted for three month EURIBOR); 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.

Euro, **€** and **cents** refer to the single currency introduced in the Member States of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, 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.

EU Insolvency Regulation means Regulation (EU) No. 848 of 20 May 2015 on insolvency proceedings, as amended and supplemented from time to time.

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).

Expense Account means the account with IBAN IT 62 F 01030 61622 000001798689 opened in the name of the Issuer with Banca Monte dei Paschi di Siena or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

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.

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.

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.

Fanes means Fanes S.r.l., a company incorporated under the laws of the Republic of Italy, Fiscal Code and enrolment with the Treviso-Belluno Companies Register number 04213700265, having its registered office

at Via Vittorio Alfieri No.1, 31015 Conegliano (TV), Italy and having as its sole corporate object the realisation of securitisation transactions pursuant to the Securitisation Law.

Final Maturity Date means the Payment Date falling in December 2061.

Financial Laws Consolidated Act means the Italian Legislative Decree No. 58 of 24 February 1998, as amended and supplemented from time to time.

First Payment Date means the Payment Date falling in September 2018.

FISG means FISG S.r.l., a company with sole shareholder incorporated under the laws of the Republic of Italy as a *società per azioni con socio unico*, having its registered office at Via V. Alfieri, No. 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment in the Companies' Register of Treviso-Belluno number 04796740266, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A..

FSMA means the Financial Services and Markets Act 2000.

Further Securitisation means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with Condition 5.2 (*Further Securitisations*) and the other Transaction Documents.

Guarantee means any guarantee (other than a Mortgage) issued in favour of the Originator and guaranteeing the repayment of the Receivables.

Guarantor means any person (other than a Mortgagor) who has granted a Guarantee.

Holder of a Note means the beneficial owner of a Note.

Individual Purchase Price means the price of the Receivables relating to each Mortgage Loan, as indicated in Schedule 3 of the Transfer Agreement, with the aggregate of the Individual Purchase Prices being equal to the Purchase Price.

Initial Interest Period means the period comprised between the Issue Date (included) and the First Payment Date (excluded).

Insolvency Event means in respect of any company or corporation that:

(a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of Further Securitisations), 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 paragraph (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 Mortgage 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 executed by the relevant Debtor in relation to each Real Estate Asset.

Insurance Premia means any amount to be paid as insurance premia under an Insurance Policy.

Intercreditor Agreement means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders (on its own behalf and as agent of the Noteholders), the Other Issuer Creditors and the Quotaholder, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Interest Determination Date means, with respect to the Initial Interest Period, the date falling 2 (two) Business Days prior to the Issue Date and, with respect to each subsequent Interest Period, the date falling 2 (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*) of the Senior Notes Conditions and in Condition 7.4 (*Interest and Premium - Calculation of Interest Payments*) of the Junior Notes Conditions.

Interest Period means each period from (and including) a Payment Date to (but excluding) the next following Payment Date.

Investors Report means the investors report to be prepared and delivered by the Computation Agent pursuant to the Cash Allocation, Management and Payment Agreement.

Investors Report Date means the 3rd (third) Business Day after each Payment Date.

IRAP means the regional tax on productive activities (*imposta regionale sulle attività produttive*).

IRES means *imposta sul reddito delle società* applied on the corporate taxable income.

Issue Date means 18 June 2018 or such other date on which the Notes are issued.

Issue Price means the percentage of the principal amount of the Notes at which the Notes will be issued, being, in respect of the Notes of each Class, 100 per cent. of their principal amount upon issue.

Issuer means Fanes.

Issuer Available Funds means, in respect of any Payment Date, the aggregate amounts (without double counting) of:

(a) all Collections received or recovered in respect of the Receivables during the immediately preceding Quarterly Collection Period (but excluding any Collection to be applied towards repayment of any Limited Recourse Loan advanced by the Originator pursuant to the Warranty and Indemnity Agreement);

(b) any other amount received by the Issuer from any party to the Transaction Documents during the immediately preceding Quarterly Collection Period (including, for the avoidance of doubt, any adjustment of the Purchase Price paid to the Issuer pursuant to the Transfer Agreement, any proceeds deriving from the repurchase of individual Receivables pursuant to the Intercreditor Agreement, any amount paid by the Originator in case of renegotiation of the rate of interest applicable to the Mortgage Loans pursuant to the Servicing Agreement and the proceeds of any Limited Recourse Loan advanced or indemnity paid by the Originator pursuant to the Warranty and Indemnity Agreement);

(c) all amounts standing to the credit of the Cash Reserve Account on the immediately preceding Payment Date after making payments due under the Pre-Enforcement Priority of Payments on that date (or, in respect of the First Payment Date, the Cash Reserve Initial Amount);

(d) any interest paid on the amounts standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period (net of any applicable withholding or expenses);

(e) all amounts on account of principal, interest, premium or other profit received, up to the immediately preceding Eligible Investments Maturity Date, from any Eligible Investments made in accordance with the Cash Allocation Management and Payments Agreement using funds standing to the credit of the Collection Account, the Payments Account and the Cash Reserve Account during the immediately preceding Quarterly Collection Period;

(f) all amounts received from any sale of the Portfolio (in whole or in part) pursuant to the Intercreditor Agreement;

(g) the Issuer Available Funds relating to the immediately preceding Payment Date, to the extent not applied in full on that Payment Date due to the failure of the Servicer to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement; and

(h) any other amount received by the Issuer from any other party to the Transaction Documents during the immediately preceding Quarterly Collection Period and not already included in any of the other items of this definition of Issuer Available Funds,

provided that, prior to the delivery of a Trigger Notice or the redemption of the Notes in Condition 8.1 (*Redemption, Purchase and Cancellation - Final Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), if the Servicer fails to deliver the Quarterly Servicer's Report to the Computation Agent in a timely manner in accordance with the provisions of the Cash Allocation, Management and Payment Agreement, only a portion of the Issuer Available Funds corresponding to the amounts necessary to make payments under items from (i) (*first*) to (iii) (*third*) (inclusive) of the Pre-Enforcement Priority of Payments will be applied in accordance with the Pre-Enforcement Priority of Payments.

Issuer's Rights means 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.

Junior Noteholders means the Class J Noteholders.

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, deed or other document expressed to be supplemental thereto.

Junior Notes Premium means the amount that may or may not be payable on the Junior Notes in Euro on each Payment Date once the Senior Notes have been redeemed in full in accordance with the relevant Priority of Payments, which will be equal to any Issuer Available Funds available after making all payments ranking in priority to the Junior Notes Premium and may be equal to 0 (zero).

Junior Notes Subscriber means the entity acting as initial subscriber of the Junior Notes under the Junior Notes Subscription Agreement.

Junior Notes Subscription Agreement means the subscription agreement relating the Junior Notes entered into on or about the Issue Date between the Originator, the Junior Notes Subscriber, 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, deed or other document expressed to be supplemental thereto.

Lead Manager means Natixis.

Letter of Undertakings means the letter of undertakings entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereof.

Limited Recourse Loan means any limited recourse loan advanced by the Originator to the Issuer pursuant to the Warranty and Indemnity Agreement in the event of any misrepresentation or breach of any warranties or representations given by Originator pursuant to the Warranty and Indemnity Agreement which is not cured within a period of 10 (ten) Business Days, in an amount equal to the Mortgage Loan Value.

Listing Agent means BNP Paribas Securities Services, Luxembourg Branch.

Management of the Defaulted Receivables means any activities related to the management of the Defaulted Receivables.

Mandate Agreement means the mandate agreement entered into on or about the Issue 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, deed 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 all the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

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.

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 on or about the Issue Date between the Issuer and Monte Titoli, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed 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, provided that the first Monthly Collection Period will commence on the Valuation Date (excluded) and will end on 30 June 2018 (included).

Monthly Servicer's Report means the report to be prepared by the Servicer on each Monthly Servicer's Report Date pursuant to the Servicing Agreement, setting out information on the performance of the Receivables and the Mortgages during the relevant Monthly Collection Period.

Monthly Servicer's Report Date means the 15° (fifteenth) day of each month or, if such day is not a Business Day, the immediately following Business Day, provided that the first Monthly Servicer's Report Date will be 16 July 2018.

Moody's means Moody's Italia S.r.l..

Mortgage Loan or **Loan** means a residential loan granted by the Originator to a borrower and secured by a mortgage, the receivables in respect of which have been transferred by CR Bolzano to the Issuer pursuant to the Transfer Agreement.

Mortgage Loan Agreements or **Loan Agreements** means the residential mortgage loan agreements pursuant to which the Mortgage Loans have been granted and out of which the Receivables arise and **Mortgage Loan Agreement** or **Loan Agreement** means each of them.

Mortgage Loan Value means, in respect of any Mortgage Loan, (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 (at a rate equal to the latest EURIBOR determined by the Paying Agent plus a margin of 2 per cent. per annum, calculated on a 360 days basis) between the date on which the Limited Recourse Loan is granted and the maturity date of the relevant Loan Agreement.

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 Receivables.

Mortgagor means any person, either a borrower or a third party, who has granted a Mortgage in favour of the Originator to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

Most Senior Class of Noteholders means the holders of the Most Senior Class of Notes.

Most Senior Class of Notes means:

(a) prior to the delivery of a Trigger Notice, (i) until redemption in full of the Class A1 Notes, the Class A1 Notes; or (ii) following redemption in full of the Class A1 Notes, the Class A2 Notes; or (iii) following redemption in full of the Class A2 Notes, the Class J Notes; or

(b) following the delivery of a Trigger Notice, (i) until redemption in full of the Class A Notes, the Class A Notes; or (ii) following redemption in full of the Class A Notes, the Class J Notes.

Natixis means a credit institution incorporated under the laws of France as a *société anonyme,* enrolled in the companies' register of Paris under number 542 044 524, having its registered office at 30, avenue Pierre Mendès-France, 75013 Paris, France.

Noteholders means the Holders of the Senior Notes and the Junior Notes, collectively.

Notes means the Senior Notes and the Junior Notes, collectively.

Official Gazette means the *Gazzetta Ufficiale della Repubblica Italiana*.

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 the Originator to the Debtor in relation to each Loan agreement at the date of inception of such Loan Agreement.

Originator means CR Bolzano.

Other Issuer Creditors means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Back-Up Servicer Facilitator, the Paying Agent, the Cash Manager, the Co-Arrangers, the Senior Notes Subscriber, the Junior Notes Subscriber, the Account Bank 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 Principal 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 plus (iii) the Accrued Interest as at that 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.

Paying Agent Report means the report to be prepared by the Paying Agent no later than the first day of each Interest Period pursuant to the Cash Allocation, Management and Payment Agreement, setting out information in respect of certain calculations to be made on the Notes.

Payment Date means (i) prior to the delivery of a Trigger Notice, the 24 calendar day of March, June, September and December 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 24 September 2018; or (ii) following the delivery of a Trigger Notice, any such Business Day as determined by the Representative of the Noteholders on which payments are to be made under the Securitisation.

Payments Account means the Euro denominated account with IBAN IT 69 H 03479 01600 000802226001 opened in the name of the Issuer with the Account Bank or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Payments Report means the report to be prepared by the Computation Agent on or prior to each Calculation Date before the delivery of a Trigger Notice, 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 Pre-Enforcement Priority of Payments.

Portfolio means the portfolio of mortgage loan receivables purchased by the Issuer from the Originator pursuant to the terms of the Transfer Agreement.

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 to be prepared by the Computation Agent on or prior to each Calculation Date following the delivery of a Trigger Notice, 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 Post-Enforcement Priority of Payments.

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*).

Previous Notes means the asset backed securities issued by the Issuer on 31 July 2014 in connection with the Previous Securitisation.

Previous Portfolio means the portfolio of mortgage loan receivables purchased by the Issuer from the Originator in the context of the Previous Securitisation.

Previous Securitisation means the securitisation transaction carried out by the Issuer in July 2014 through the issuance of two classes of asset-backed notes with final maturity in October 2060, as increased in November 2016.

Principal Amount Outstanding means, with respect to any Note on any date, the principal amount thereof upon issue less the aggregate amount of all principal payments that have been made in respect of that Note prior to such date.

Principal Instalment means the principal component of each Instalment.

Priority of Payments means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as the case may be.

Privacy Rules means, collectively, the regulation issued by the Italian Privacy Authority (*Autorità Garante per la Protezione dei Dati Personali*) on 18 January 2007, the Regolamento (EU) No. 679 of 27 April 2016 and the subsequent implementing national measures.

Prospectus means this prospectus prepared in connection with the issue of the Notes.

Prospectus Directive means Directive 2003/71/EC, as amended and supplemented from time to time.

Purchase Price means the purchase price paid to the Originator by the Issuer as consideration for the acquisition of the Portfolio pursuant to the Transfer Agreement.

Quarterly Collection Period means each period of three months commencing on (and including) 1 December, 1 March, 1 June and 1 September of each year and ending, respectively, on (and including) the last day of February, May, August and November of each year, provided that the first Quarterly Collection Period will commence on the Valuation Date (included) and will end on 31 August 2018 (included).

Quarterly Servicer's Report means the report to be prepared by the Servicer on each Quarterly Servicer's Report Date pursuant to the Servicing Agreement, setting out information on the performance of the Receivables and the Mortgages during the relevant Quarterly Collection Period.

Quarterly Servicer's Report Date means the 15° (fifteenth) day of March, June, September and December in each year, or if such day is not a Business Day, the immediately following Business Day, provided that the first Quarterly Servicer's Report Date will be 17 September 2018.

Quota Capital Account means the account with IBAN IT 75 M 01030 61621 000001206533 opened by the Issuer with Banca Monte dei Paschi di Siena.

Quotaholder Agreement means the agreement entered into on or about on the Issue 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, deed or other document expressed to be supplemented thereto.

Rate of Interest shall have the meaning ascribed to it in Condition 7.2 (*Interest - Rate of Interest*).

Rating Agency means each of Moody's and S&P 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 Mortgage Loan Agreements and **Real Estate Asset** means each of them.

Receivables means each and every claim arising under and/or related to the Mortgage Loan Agreements including but not limited to:

(a) the claim relating to:

(i) principal amounts not yet due as at the Valuation Date;

(ii) Accrued Interest as at the Valuation Date;

(iii) principal amounts and interest amounts (including default interest) due but unpaid as at the Valuation Date;

(iv) the amounts due as at the Valuation Date or that will accrue starting from (but excluding) the Valuation Date as reimbursement of costs (including legal and judicial amounts), liabilities, costs and indemnities in relation to the Mortgages, including penalties (if any);

(v) any other amount due to the Originator as at the Valuation Date or that will accrue starting from (but excluding) the Valuation Date in relation to the Mortgages, the Mortgage Loan Agreements and Collateral Securities;

(vi) monetary claims deriving from the enforcement of the Collateral Securities; and

(vii) monetary claims and all the amounts recovered from any judicial proceeding;

(b) any other claim related to or connected with the Mortgages and the Mortgage 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 Mortgages, 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; and

(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 Mortgages, the Collateral Securities, the Insurance Policies or the related object.

Reference Banks means 3 (three) major banks in the Euro-Zone Inter-Bank market selected by the Paying Agent after consultation with the Issuer and with the prior approval of the Representative of the Noteholders.

Regulation 22 February 2008 means the regulation, regarding post-trading systems, issued by the Bank of Italy and the CONSOB on 22 February 2008, as amended and supplemented from time to time.

Representative of the Noteholders means Securitisation Services or any other person acting as representative of the Noteholders pursuant to the Subscription Agreements, the Terms and Conditions and Rules of the Organisation of the Noteholders from time to time.

Required Cash Reserve Amount means, in relation to each Payment Date, an amount equal to the lesser of (without taking into account any principal payment to be made to the Noteholders on such Payment Date):

(i) Euro 9,000,000.00; and

(j) the higher of: (i) 4.04 per cent. of the Principal Amount Outstanding of the Senior Notes as at the immediately preceding Payment Date (after having made on such Payment Date the relevant payments in accordance with the applicable Priority of Payments); and (ii) Euro 891,800.00,

provided that on the earlier of (i) the Payment Date following the delivery of a Trigger Notice, and (ii) the Payment Date on which the Class A Notes will be redeemed in full (also by applying the amounts standing to the credit of the Cash Reserve Account), the Required Cash Reserve Amount will be equal to 0 (zero).

Retention Amount means an amount equal to Euro 20,000.00.

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, deed or other document expressed to be supplemental thereof.

S&P means Standard & Poor's Credit Market Services Italy S.r.l., a division of the McGraw Hill Companies.

Scheduled Instalment Date means any date on which payment is due pursuant to each Mortgage Loan Agreement.

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

Securities Account means the Euro denominated account opened in the name of the Issuer with the Account Bank with No. 2226000 or any substitute account opened in accordance with the Cash Allocation, Management and Payment Agreement.

Securities Account Report means the report to be prepared by the Account Bank on each Account Bank Report Date pursuant to the Cash Allocation, Management and Payment Agreement, setting out information relating to the Eligible Investments consisting of securities made during the immediately preceding Quarterly Collection Period.

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.

Securitisation Services means Securitisation Services S.p.A., a joint stock company 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 V. Alfieri no. 1, 31015 Conegliano (TV), Italy, fiscal code, VAT code and enrolment with the companies' register of Treviso-Belluno under number 03546510268, with a share capital of Euro 2,000,000.00 (fully paid-up), company registered under number 50 in the register of the Financial Intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "*Gruppo Banca Finanziaria Internazionale*", registered with the register of the banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking

Act, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) of Banca Finanziaria Internazionale S.p.A. pursuant to articles 2497 and following of the Italian civil code.

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 Noteholders means the Class A Noteholders.

Senior Notes means, collectively, the Class A1 Notes and the Class A2 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, deed or other document expressed to be supplemental thereto.

Senior Notes Subscriber means the entity acting as initial subscriber of the Senior Notes under the Senior Notes Subscription Agreement.

Senior Notes Subscription Agreement means the subscription agreement relating to the Senior Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator, the Co-Arrangers, the Senior Notes Subscriber, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Servicer means CR Bolzano or any other person acting as Servicer pursuant to the Servicing Agreement from time to time.

Servicer Termination Event means any event referred to in clause 9.1 of the Servicing Agreement.

Servicing Agreement means the agreement entered into on 23 May 2018 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Servicing Fee means:

(a) for the management and collection of the Receivables (excluding the activities of recovery and compliance under paragraphs (a) and (b) below, respectively), on each Payment Date a fee equal to 0.45 per cent. *per annum* (plus VAT, if applicable) of the Collections in respect of performing Receivables (excluding Defaulted Receivables and Collected Insurance Premia) collected by the Servicer during the Quarterly 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 paragraph (c) below), on each Payment Date in respect of the immediately preceding Quarterly Collection Period, 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 Quarterly 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).

Sole Quotaholder means SVM.

Solvency II Regulation means Regulation (EU) No. 35/2015, as amended and supplemented from time to time.

Stock Exchange means the Irish Stock Exchange plc trading as Euronext Dublin.

Subscription Agreements means the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement, collectively.

Surveillance Report means the report prepared by the Rating Agencies in relation 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.

SVM means SVM Securitisation Vehicles Management S.r.l., a limited liability company, with a sole quotaholder, incorporated under the laws of the Republic of Italy, fiscal code, VAT code and enrolment with the Treviso-Belluno Companies Register No. 03546650262, quota capital Euro 30,000 fully paid up, having its registered office at Via V. Alfieri No. 1, 31015 Conegliano (TV), Italy.

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.

Transaction Documents means the Transfer Agreement, the Warranty and Indemnity Agreement, the Servicing Agreement, the Corporate Services Agreement, the Cash Allocation, Management and Payment Agreement, the Monte Titoli Mandate Agreement, the Intercreditor Agreement, the Mandate Agreement, the Quotaholder Agreement, the Letter of Undertakings, the Subscription Agreement, the Master Definitions Agreement, the Terms and Conditions, this Prospectus and any other deed, act, document or agreement executed in the context of the Securitisation.

Transfer Agreement means the transfer agreement entered into on 23 May 2018 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement, deed or other document expressed to be supplemental thereto.

Transfer Date means 23 May 2018.

Trigger Event means any of the events described in Condition 13 (*Trigger Events*).

Trigger Notice means the notice described in Condition 13 (*Trigger Events*).

Usury Law means, collectively, Italian Law No. 108 of 7 March 1996, as amended and supplemented from time to time, and Italian Law No. 24 of 28 February 2001, which converted into law the Law Decree No. 394 of 29 December 2000 (including the provisions of article 1, paragraphs 2 and 3 of such decree).

Valuation Date means 30 April 2018 at 23:59 Italian time.

VAT means the value added tax (*imposta sul valore aggiunto*) as defined in the Italian Presidential Decree No. 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to IVA) or elsewhere.

Warranty and Indemnity Agreement means the warranty and indemnity agreement entered into on 23 May 2018 between the Issuer and the Originator, as from time to time modified in accordance with the provisions herein contained and including any agreement, deed or other document expressed to be supplemental thereof.

ISSUER

Fanes S.r.l.
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31015 Conegliano (TV)
Italy

ORIGINATOR, SERVICER, CASH MANAGER AND JUNIOR NOTES SUBSCRIBER

Cassa di Risparmio di Bolzano S.p.A.
Via Cassa di Risparmio, No. 12
39100 Bolzano
Italy

ACCOUNT BANK AND PAYING AGENT

BNP Paribas Securities Services, Milan branch
Piazza Lina Bo Bardi, No. 3
20124 Milan
Italy

CORPORATE SERVICER, COMPUTATION AGENT, REPRESENTATIVE OF THE NOTEHOLDERS AND BACK-UP SERVICER FACILITATOR

Securitisation Services S.p.A.
Via Alfieri, No. 1
31015 Conegliano (TV)
Italy

QUOTAHOLDER

SVM Securitisation Vehicles Management S.r.l.
Via Alfieri, No. 1
31015 Conegliano (TV)
Italy

CO-ARRANGER AND LEAD MANAGER

Natixis
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75013 Paris
France

CO-ARRANGER

FISG S.r.l.
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LEGAL ADVISER
to the Co-Arrangers and the Lead Manager
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