

QUARZO CQS S.R.L.

(incorporated with limited liability under the laws of the Republic of Italy)
€98,000,000 Class A Asset Backed Floating Rate Notes due November 2033
€2,000,000 Class B Asset Backed Fixed Rate Notes due November 2033

Issue Price: 100 per cent.

This document constitutes a *Prospetto Informativo* for the purposes of article 2, sub-section 3 of Italian Law 30 April 1999 No. 130 as amended (the **Securitisation Law**) and a prospectus prepared in accordance with the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, the **Prospectus Directive**) for the purpose of article 5.3 of the Prospectus Directive in connection with the application for the Notes to be admitted to the official list of the Irish Stock Exchange (the **Prospectus**).

The 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 €98,000,000 Class A Asset Backed Floating Rate Notes due November 2033 (the **Class A Notes** or the **Senior Notes**) which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Class A Notes issued by Quarzo CQS S.r.l., a *società a responsabilità limitata* incorporated under the Securitisation Law, having its registered office at Galleria del Corso, 2, 20122 Milan, Italy, Fiscal Code and registration with the Companies Register in Milan No. 08960060963 and registered with the register of special purpose vehicles (*elenco delle società veicolo di cartolarizzazione – SPV*) held by the Bank of Italy pursuant to article 3, paragraph 3, of the Securitisation Law, and the order of the Bank of Italy (*provvedimento*) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*) under No. 35176.7 (the **Issuer**), to be admitted to the official list of the Irish Stock Exchange (the **Official List**) and to trading on its regulated market (the **Main Securities Market**). No application has been made to list €2,000,000 Class B Asset Backed Fixed Rate Notes due November 2033 (the **Class B Notes** or the **Junior Notes** and together with the Class A Notes, the **Notes**) on any stock exchange nor will this Prospectus be approved by the Central Bank of Ireland in relation to the Class B Notes. The Notes will be issued on the Issue Date (such date falling on or about 27 March 2018).

The proceeds of the issue of the Notes will be applied by the Issuer to fund the payment of the purchase price of the portfolio of monetary receivables and other connected rights (the **Portfolio**) arising out of personal loan agreements secured by *cessione del quinto* or *delegazione di pagamento* originated by Futuro S.p.A. (the **Originator**) and transferred to the Issuer on 26 February 2018.

Interest in respect of the Notes will accrue on a daily basis and will be payable in Euro in arrears on the 18th day of each month (or, if such day is not a Business Day, the next following Business Day). The rate of interest applicable to the Class A Notes will be the higher of (a) the aggregate of one month Euribor (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two weeks and one month deposits in Euro will be substituted for Euribor) and 37 basis points *per annum* and (b) zero (such rate, the **Class A Notes Rate of Interest**). The rate of interest applicable to the Class B Notes will be 200 basis points *per annum* (such rate, the **Class B Notes Rate of Interest**). In addition to the Class B Notes Rate of Interest, any residual amount available in accordance with the applicable Priority of Payments will be paid as a premium on the Class B Notes.

The Notes and interest accrued on the Notes will not be obligations or responsibilities of any person other than the Issuer.

The Class A Notes are expected, on issue, to be rated “Aa2” by Moody’s Investor Service (**Moody’s**) and “AA(low)” by DBRS Ratings Limited (**DBRS** together with Moody’s, the **Rating Agencies**). The Class B Notes are not expected to be rated on issue.

The credit ratings included or referred to in this Prospectus have been issued by Moody’s or DBRS, each of which is established in the European Union and each of which is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No 462/2013 (the **CRA Regulation**), as evidenced in the latest update of the list published by ESMA, in accordance with article 18(3) of the CRA Regulation, on the ESMA’s website. European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by any one or all of the Rating Agencies.

All payments in respect of the Notes will be made free and clear of and without withholding or deduction for any Taxes imposed, levied, collected, withheld or assessed by applicable law other than a Decree 239 Deduction, where applicable, or unless the Issuer, the Noteholders Representative or the Paying Agent or any paying agent (as the case may be) is required by law to make any Tax Deduction. In that event the Issuer, the Noteholders Representative or such Paying Agent (as the case may be) will make such payments after such Tax Deduction and will account to the relevant authorities for the amount so withheld or deducted. 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 Noteholders Representative, the Account Bank, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Subordinated Loan Provider, the Corporate Servicer, the Cash Manager, the Calculation Agent, the Paying Agent, the Listing Agent, the Hedging Counterparty, the Reporting Delegate, the Sole Arranger, the Joint Lead Managers or the Quotaholders. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes are issued in dematerialised form (*forma dematerializzata*) and will be held in such form on behalf of the Noteholders, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders in accordance with article 83-bis and ff. of the Legislative Decree 24 February 1998, No. 58 (the **Financial Services Act**), and the joint resolutions

of the Bank of Italy and Consob dated 22 February 2008. Title to the Notes will at all times be evidenced by book-entries in accordance with the applicable law. No certificate or 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 in accordance with the Conditions, the Notes shall be redeemed on the Final Maturity Date (as defined below). Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the meanings as defined in the Terms and Conditions of the Notes (the **Conditions**).

The Originator will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the Securitisation in accordance with each of option (1)(d) of article 405 of Regulation (EU) No. 575/2013 (the **CRR**), option (1)(d) of article 51 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 (the **AIFM Regulation**) and option 2(d) of article 254 of the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 (the **Solvency II Regulation**). As at the Issue Date, such interest will be comprised of an interest in the Junior Notes which is not less than 5% of the nominal value of the securitized exposures. The manner in which the net economic interest is retained by the Originator may be changed (but without obligation to do so) in connection with any amendment to, or change in the interpretation of the CRR, the AIFM Regulation and/or the Solvency II Regulation.

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” included in this Prospectus. Prospective Noteholders should be aware of the aspects of the issuance of the Notes that are described in that section.

This Prospectus is dated 26 March 2018

SOLE ARRANGER

Mediobanca – Banca di Credito Finanziario S.p.A.

JOINT LEAD MANAGERS

Mediobanca – Banca di Credito Finanziario S.p.A.

Banco Santander, S.A.

Banca IMI S.p.A.

UniCredit Bank A.G.

IMPORTANT NOTICES

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Originator, the Noteholders Representative, the Sole Arranger, the Joint Lead Managers or any other person that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements, in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering.

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance in any applicable laws and regulations. The Sole Arranger and the Joint Lead Managers have represented and undertook in the Senior Notes Subscription Agreement that all offers and sales by it will be made on such terms. Persons into whose possession this Prospectus, any advertisement or other offering material come are required by the Issuer, the Sole Arranger and the Joint Lead Managers to inform themselves about and to observe any such restrictions. Neither this Prospectus nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer, the Originator, the Noteholders Representative, the Sole Arranger or the Joint Lead Managers to subscribe for or purchase any of the Notes and neither this Prospectus, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof) see the section entitled “*Subscription, Sale and Selling Restrictions*”.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Futuro S.p.A. accepts responsibility for the information contained in the sections of this Prospectus entitled “*The Portfolio*”, “*The Originator and the Servicer*”, “*The Credit and Collection Policies*” and any other information contained in this Prospectus relating to itself, the Receivables and the Loan Agreements. Futuro S.p.A. has also provided certain data used as assumptions to make the calculations contained in the section headed “*Estimated weighted average life of the Senior Notes*” on the basis of which the information and assumptions contained in the same section have been extrapolated and, together with the Issuer, accepts responsibility for such data. The Issuer accepts responsibility for the other information and assumptions contained in such section as described above. To the best of the knowledge and belief of Futuro S.p.A. (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Futuro S.p.A. also accepts responsibility for the information contained in the section of this Prospectus headed “*Regulatory Disclosure*”.

Other than as described above, none of the Sole Arranger, the Joint Lead Managers, the Issuer Secured Creditors or any other person to this Prospectus have separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Sole Arranger, the Joint Lead Managers, the Issuer Secured Creditors or any other person to this Prospectus as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes.

Each person receiving this Prospectus acknowledges that such person has not relied on the Sole Arranger, the Joint Lead Managers, the Issuer Secured Creditors or any other person to this Prospectus or on any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer

or by the Sole Arranger, the Joint Lead Managers, the Issuer Secured Creditors or any of their respective affiliates, associated bodies or shareholders or the quotaholders of the Issuer. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes will, under any circumstances, constitute a representation or create any implication that there has been any change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer, which obligations will be limited recourse obligations in accordance with the terms thereof and the Securitisation Law.

The Issuer is not, and will not be, regulated by the Central Bank of Ireland by virtue of the issuance of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank of Ireland.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) 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) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as amended, (the "**PRIIPs Regulation**") (a "**KID**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Solely for the purposes of the 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 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 HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION OR ANY OTHER U.S. OR STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

OFFEREE ACKNOWLEDGEMENTS

Each person receiving this Prospectus, by acceptance hereof, hereby acknowledges that this Prospectus has been prepared by the Issuer solely for the purpose of article 5.3 of the Prospectus Directive in connection with the application for the Senior Notes to be admitted to the official list of the Irish Stock Exchange and article 2, sub-section 3 of Securitisation Law. Notwithstanding any investigation that the Sole Arranger or the Joint Lead Managers may have made with respect to the information set forth herein, this Prospectus does not constitute, and will not be construed as, any representation or warranty by the Sole Arranger or the Joint Lead Managers to the adequacy or accuracy of the information set forth herein. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor will not be entitled to, and must not rely on this Prospectus unless it was furnished to such prospective investor directly by the Issuer or the Sole Arranger or each of the Joint Lead Managers. The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described in this Prospectus, and all of the statements and information contained in this Prospectus are qualified in their entirety by reference to such documents. This Prospectus contains summaries of certain of these documents, which the Issuer believes to be accurate to the extent that the relevant statements constitute a summary of such documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which are available for inspection by physical or electronic means free of charge during usual business hours (on giving reasonable notice) at the specified office of the Paying Agent and the Servicer and at the registered office of the Issuer (see “*General Information – Documents available for inspection*”, below).

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON THE SOLE ARRANGER OR THE JOINT LEAD MANAGERS OR ANY PERSON AFFILIATED WITH THE SOLE ARRANGER OR THE JOINT LEAD MANAGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

Certain matters contained in this Prospectus are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on repayment, prepayment and certain other characteristics of the Portfolio and reflect significant assumptions and subjective judgments that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as may, will, could, believes, expects, projects, anticipates, continues, intends, plans or similar terms. Consequently, future results may differ from the expectations of the Issuer generally due to a variety of factors, including (but not limited to) the economic environment and changes in laws and regulations, fiscal policy, planning or tax laws in Italy. Other factors not presently known to the Issuer generally or that the Issuer presently believe are not material could also cause results to differ materially from those expressed in the forward-looking statements included in this Prospectus. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Issuer, the Originator, the Sole Arranger, the Joint Lead Managers or any other person has attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto. Prospective investors should not therefore, place undue reliance on any of these forward-looking statements. None of the Issuer, the Originator, the Sole Arranger, the Joint Lead Managers or any other person assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

REFERENCES TO CURRENCIES

All references in this Prospectus to euro, EUR or € are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

1. the audited financial statements of the Issuer for the financial year ending 30 June 2017;
2. the audited financial statements of the Issuer for the financial year ending 30 June 2016.

This Prospectus and the documents herein incorporated by reference will be published on the internet site of the Irish Stock Exchange at the following link www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=-1&uID=6995&FIELDSORT=docId.

Other than the website mentioned above under “*Documents incorporated by Reference*”, websites referred to in this Prospectus do not form part of this Prospectus.

REGULATORY DISCLOSURE

The Originator has undertaken in the Intercreditor Agreement that, from the Issue Date, it will:

- (i) for so long the Notes are outstanding, retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the Receivables transferred to the Issuer under the Securitisation in accordance with each of option (1)(d) of article 405 of Regulation (EU) No. 575/2013 (the “**CRR**”), option (1)(d) of article 51 of Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012 (the “**AIFM Regulation**”) and option 2(d) of Article 254 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (the “**Solvency II Regulation**”);
- (ii) comply with the disclosure obligations imposed on the originator, sponsor or original lender under the CRR, the AIFM Regulation and the Solvency II Regulation, including without limitation the manner in which retained interest is held, the level of such retained interest, and any matters that could undermine the maintenance of the minimum required net economic interest as referred to above, including such information in the Investor Report prepared by the Calculation Agent;
- (iii) not change the manner in which the material net economic interest set out above is held until the Notes are outstanding, unless a change is required due to exceptional circumstances and such change is not used as a means to reduce the amount of retained interest in the Securitisation;
- (iv) provide confirmation on a quarterly basis to the Calculation Agent that it continues to retain a material net economic interest of not less than 5 per cent. in the nominal value of the Receivables transferred to the Issuer under the securitisation, for inclusion of such information in the Investor Report prepared by the Calculation Agent and published on the Calculation Agent’s website (<https://sf.citidirect.com/>);
- (v) notify to the Calculation Agent any change to the level or manner in which such retained interest is held (to the extent permitted under paragraph (iii) above), for inclusion of such information in the Investor Report prepared by the Calculation Agent; and
- (vi) with reference to any further information required by the CRR, the AIFM Regulation and the Solvency II Regulation (including, without limitation, information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil monitoring and due diligence duties under articles 405 and 409 (inclusive) of the CRR, and/or chapter 3, section 5 of the AIFMR and/or Article 256 of the Solvency II Regulation), to the extent not covered under paragraphs (i) to (iv) above, provide upon request of any Noteholder or prospective investor in the Notes such information by way of a notice published on the website referred to under point (iii) above,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the CRR, the AIFM Regulation and the Solvency II Regulation are applicable to the Securitisation, and provided further that the Originator will not be in breach of any such undertakings, if it fails to comply due to events, actions or circumstances beyond its control.

As at the Issue Date, such interest will be comprised of an interest in the Junior Notes which is not less than 5% of the nominal value of the securitised exposures. The Originator undertakes that the retention requirement is not to be subject to any credit risk mitigation, any short position or any other hedge and it is not to be sold, within the limits of article 405 of the CRR.

Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of the Solvency II Regulation (including article 254) and any corresponding national measure which may be relevant and none of the Issuer, the Originator, the Servicer, the Sole Arranger, the Joint Lead Managers or any

other party to the Transaction Documents makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

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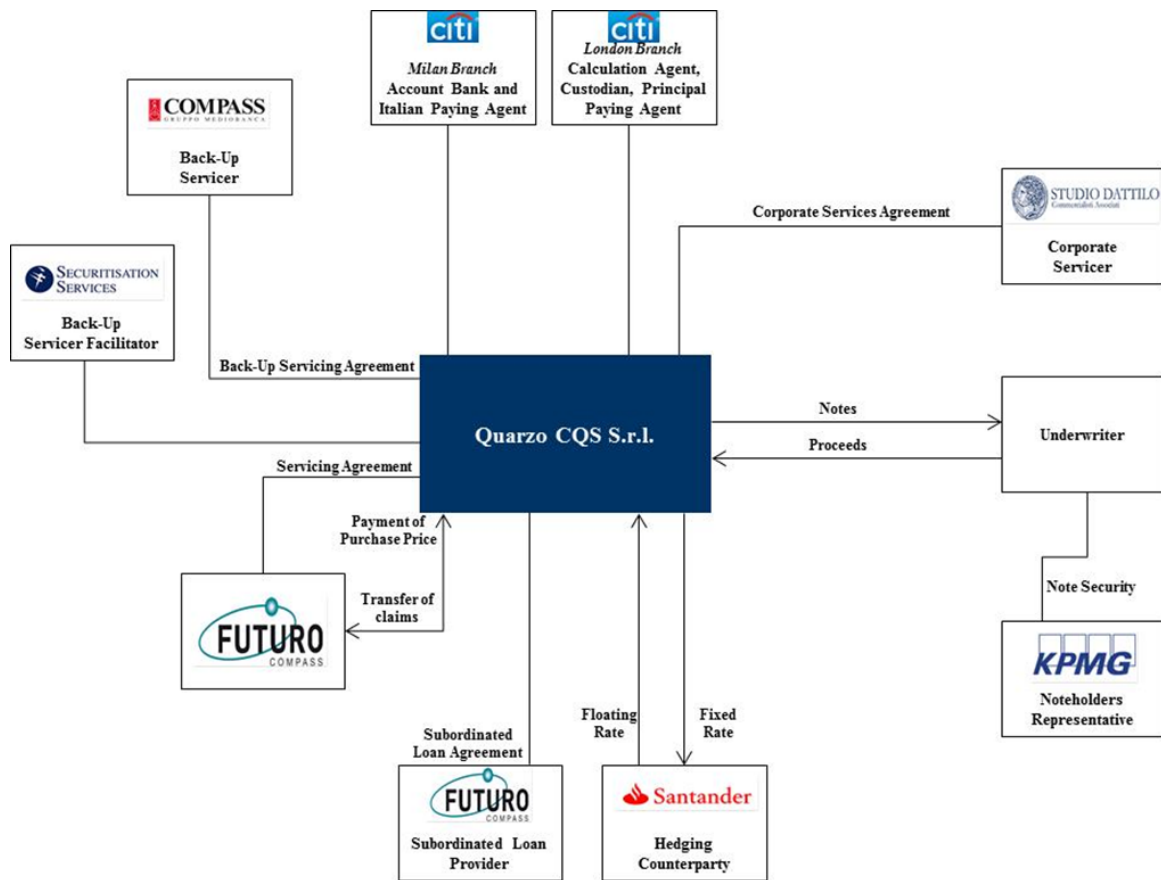
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OVERVIEW OF THE TRANSACTION

The following information is a summary of the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and the Transaction Documents.

Structure diagram of the transaction

The following structure diagram does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus will have the same meanings in this structure diagram.



1. Transaction Parties on the Issue Date

Issuer	Quarzo CQS S.r.l. , a limited liability company (<i>società a responsabilità limitata</i>) incorporated in the Republic of Italy under article 3 of the Securitisation Law, having its registered office at Galleria del Corso, 2, 20122, Milan, Italy, Fiscal code, VAT number and registration with the Companies' Register of Milan No. 08960060963, registered under No. 35176.7 with the register of special purpose vehicles (<i>Elenco delle società veicolo di cartolarizzazione – SPV</i>) held by the Bank of Italy pursuant to article 3, paragraph 3, of the Securitisation Law and the order of the Bank of Italy (<i>provvedimento</i>) dated 7 June 2017 (<i>Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione</i>) (the Issuer).
Quotaholders	The issued corporate capital of the Issuer is equal to Euro 10,000 and is held by the Originator (90%) and SPV Holding S.r.l. (10%).
Originator	Futuro S.p.A. , a joint stock company (<i>società per azioni</i>) with a sole shareholder incorporated under the laws of the Republic of Italy, having its registered office at via Caldera, 21, 20153, Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan No. 01277730030, registered with No. 2 with the register of financial intermediaries held by the Bank of Italy pursuant to article 106 of the Banking Act, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A. is the Originator pursuant to the Receivables Purchase Agreement (Futuro or the Originator).
Noteholders Representative	KPMG Fides Servizi di Amministrazione S.p.A. , a joint stock company (<i>società per azioni</i>) with a sole shareholder incorporated under the laws of the Republic of Italy, having its registered office at Via Vittor Pisani, 27, 20124, Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan No. 00731410155 is the representative of the holders of the Notes (the Noteholders Representative) pursuant to the Conditions, the Intercreditor Agreement and the Subscription Agreements.
Corporate Services Provider	Studio Dattilo Commercialisti Associati , with registered office at Galleria del Corso, 2, 20122, Milan, Italy, VAT number 10246540156, is the corporate services provider to the Issuer (the Corporate Servicer) pursuant to the Corporate Services Agreement.
Servicer	Futuro will collect, recover and administer the Receivables on behalf of the Issuer pursuant to the Servicing Agreement, in such capacity, Futuro as servicer (the Servicer).
Back-Up Servicer	Compass Banca S.p.A. a joint stock company (<i>società per azioni</i>) with a sole shareholder incorporated under the laws of the Republic of Italy, having its registered office at Via Caldera, 21, 20153, Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan No. 00864530159, under the direction and

coordination of Mediobanca – Banca di Credito Finanziario S.p.A., (**Compass**) will act as back-up servicer pursuant to the Back-Up Servicing Agreement (the **Back-Up Servicer**).

Back-Up Servicer Facilitator

Securitisation Services S.p.A., a joint stock company with sole shareholder (*società per azioni con socio unico*) incorporated under the laws of the Republic of Italy, having its registered office at via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy, Fiscal Code, VAT number and enrolment with the companies' register of Treviso No. 03546510268, registered under No. 50 with the register of financial intermediaries (*Elenco degli Intermediari Finanziari*) held by the Bank of Italy pursuant to article 106 of the Banking Act, under the direction and coordination of Banca Finanziaria Internazionale S.p.A, belonging to the banking group known as “Gruppo Banca Finanziaria Internazionale”, will act as back-up servicer facilitator pursuant to the Servicing Agreement (**Securitisation Services** or the **Back-Up Servicer Facilitator**).

Subordinated Loan Provider

Futuro is the subordinated loan provider pursuant to the Subordinated Loan Agreement, in such capacity, Futuro as subordinated loan provider (the **Subordinated Loan Provider**).

Account Bank and Italian Paying Agent

Citibank N.A., Milan Branch, will act as the account bank (in such capacity, the **Account Bank**) and as Italian paying agent (in such capacity, the **Italian Paying Agent**) to the Issuer pursuant to the Agency Agreement.

Calculation Agent, Custodian and Principal Paying Agent

Citibank N.A., London Branch, will act as the calculation agent (in such capacity, the **Calculation Agent**), as custodian (in such capacity, the **Custodian**) and principal paying agent (in such capacity, the **Principal Paying Agent**) to the Issuer pursuant to the Agency Agreement.

Cash Manager

Mediobanca – Banca di Credito Finanziario S.p.A. (Mediobanca) will act as the cash manager (in such capacity, the **Cash Manager**) to the Issuer pursuant to the Agency Agreement.

Hedging Counterparty and Reporting Delegate

Banco Santander, S.A. will act as hedging counterparty and reporting delegate (in such capacity, the **Hedging Counterparty** and the **Reporting Delegate**) to the Issuer pursuant to the Hedging Agreement.

Joint Lead Managers and Sole Arranger

Mediobanca – Banca di Credito Finanziario S.p.A. will act as the sole arranger (in such capacity, the **Sole Arranger**) and as a joint lead manager pursuant to the Senior Notes Subscription Agreement (in such capacity, a **Joint Lead Manager**).

Each of **Banco Santander, S.A., Banca IMI S.p.A. and UniCredit Bank A.G.** will act as a joint lead manager pursuant to the Senior Notes Subscription Agreement (each of them, a **Joint Lead Manager** and together with Mediobanca, the **Joint Lead Managers**).

Other parties relevant for the Notes

Listing Agent: McCann FitzGerald Listing Services Limited, Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.

Irish Stock Exchange: The Irish Stock Exchange plc, with registered office at 28 Anglesea Street, Dublin 2, Ireland.

Clearing System: Monte Titoli S.p.A., with registered office at Piazza degli Affari 6, 20123 Milan, Italy.

Rating Agencies: DBRS Ratings Limited, with registered office at 1 Minster Court 10th Floor, Mincing Lane, London EC3R 7AA, United Kingdom (**DBRS**) and **Moody's Deutschland GmbH**, with registered office at An der Welle 5, 60322 Frankfurt am Main, Germany (**Moody's**).

2. Summary of the Notes

Please refer to the section headed "Terms and Conditions of the Notes" for further details in respect of the Notes.

The Notes

On or about 27 March 2018 (the **Issue Date**), the Issuer will issue:

- (a) €98,000,000 Class A Asset Backed Floating Rate Notes due November 2033 (the **Class A Notes** or the **Senior Notes**);
- (b) €2,000,000 Class B Asset Backed Fixed Rate Notes due November 2033 (the **Class B Notes** or the **Junior Notes** and, together with the Class A Notes, the **Notes**).

The Notes will constitute direct and limited recourse obligations of the Issuer. In addition, the Notes are secured over certain assets of the Issuer pursuant to the Deed of Charge. The Notes will be governed by Italian law.

Form and Denomination of the Notes

The Notes are issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Notes will be issued in dematerialised form (*emesse in forma dematerializzata*) and will be held by Monte Titoli on behalf of the Noteholders until redemption and cancellation for the account of each relevant Monte Titoli Account Holder.

The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provisions of article 83-*bis* and following of the Financial Services Act and the implementing regulations issued by the Bank of Italy and Consob. No certificate or physical document of title will be issued in respect of the

Notes.

Issue Price

On the Issue Date, the Notes will be issued and subscribed for at the following percentages of their principal amount:

Class	Issue Price
Class A Notes	100%
Class B Notes	100%

Ranking

In respect of repayment of principal and payment of interest and other amounts, the Notes will rank among themselves in accordance with the applicable Priority of Payments.

Limited Recourse

The obligations of the Issuer to each of the holders of the Notes will be limited recourse obligations of the Issuer. The Noteholders will have a claim against the Issuer only to the extent of the actual amount received or recovered from time to time by or on behalf of the Issuer or the Noteholders Representative in respect of the Receivables, the Deed of Charge and the other Transaction Documents, in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Costs

The costs of the transaction (including the amounts payable to the various agents of the Issuer appointed in connection with the issue of the Notes) will be funded from the Available Funds and will therefore be included in the Priority of Payments.

Interest on the Notes

The Notes will bear interest on their Principal Amount Outstanding payable from time to time in relation to each Interest Period at a rate equal to:

- (a) in respect of the Class A Notes, the higher of (i) the aggregate of one month Euribor and 37 basis points *per annum* (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two weeks and one month deposits in Euro will be substituted for Euribor) and (ii) zero, (such rate, the **Class A Notes Rate of Interest**);
- (b) in respect of the Class B Notes, 200 basis points *per annum*, (such rate, the **Class B Notes Rate of Interest**).

In addition to the Class B Notes Rate of Interest, any residual amount available in accordance with the applicable Priority of Payments will be paid as a premium on the Class B Notes.

Interest on the Notes is payable in Euro in arrears on the 18th day of each month (or if such day is not a Business Day, the immediately following Business Day) (each, a **Payment Date**). The first Payment Date will be on 18 April 2018. The period from and including the Issue Date to but excluding the first Payment Date is referred to herein as the **Initial Interest Period** and each successive period from and including a Payment Date to but excluding the next succeeding Payment Date is

referred to as an **Interest Period**.

Interest will cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the due date for final redemption unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest will continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to each Class of Notes until whichever is the earlier of (i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder and (ii) the Cancellation Date.

Final Maturity Date and Cancellation Date

Unless previously redeemed in full, the Issuer will redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Payment Date falling in November 2033 (the **Final Maturity Date**).

If the Notes of any Class cannot be redeemed in full on their Final Maturity Date as a result of the Issuer having insufficient Available Funds for application in or towards such redemption, any amount unpaid will remain outstanding and the Conditions will continue to apply in full in respect of such Notes until the later of: (i) the Payment Date falling in November 2036; (ii) the date when the outstanding amount of the Portfolio will have been reduced to zero; and (iii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer, at which date (the **Cancellation Date**) any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes of any Class will be finally and definitively cancelled.

Acceleration Events

- (i) (*Non-payment*): the Issuer fails to pay any amount of interest in respect of the most senior Class of Notes within 5 days of the due date for payment; or, to the extent the Issuer has sufficient Available Funds for such purpose, the Issuer fails to repay any principal in respect of the most senior Class of Notes within 5 days of the due date for payment; or fails to repay any amount of principal in respect of any Notes on the Final Maturity Date;
- (ii) (*Breach of other obligations*): the Issuer defaults in the performance of any of its obligations under the Conditions or any of the Transaction Documents (other than any payment obligation referred to in paragraph (i) above) in any material respect, and such default is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 30 days (or for such longer period as the Noteholders Representative may determine) after the Noteholders Representative has given written notice to the Issuer requiring the same to be remedied;
- (iii) (*Misrepresentation*): any representation made or deemed to be made by the Issuer pursuant of the Transaction Documents proves to have been incorrect or misleading in any material

respect when made or deemed to be made, and such misrepresentation is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 30 days (or for such longer period as the Noteholders Representative may determine) after the Noteholders Representative has given written notice to the Issuer requiring the same to be remedied;

- (iv) (*Unlawfulness*): it is or becomes unlawful for the Issuer to perform any of its obligations under the Conditions or any material obligations under the Transaction Documents;
- (v) (*Insolvency*): an order is made or a resolution is passed for the winding-up of the Issuer; the Issuer stops payment of its debts, or becomes unable to pay its debts as they fall due, or otherwise becomes insolvent within the meaning of the applicable insolvency law; Insolvency Proceedings are initiated by or against the Issuer, save where such proceedings are frivolous or vexatious and are being contested in good faith by the Issuer.

Insolvency Proceedings means any bankruptcy, liquidation, administration, insolvency, winding up, composition or reorganization proceedings under the Bankruptcy Law and other laws of the Republic of Italy (including, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*amministrazione straordinaria*”, “*concordato preventivo*” and “*accordi di ristrutturazione dei debiti*”) or similar proceedings under the laws of any relevant jurisdiction.

Acceleration Notice

If any Acceleration Events occurs and is continuing, the Noteholders Representative may, and will if so requested by the Noteholders as set out below, serve a written enforcement notice on the Issuer (an **Acceleration Notice**). The Noteholders Representative must promptly serve an Acceleration Notice and institute proceedings if so requested by a quorate resolution of the most senior Class of Notes.

Upon the service of an Acceleration Notice, the Notes will become immediately due and payable without any further action or formality at their Principal Amount Outstanding, together with accrued and unpaid interest, in accordance with the Post-Enforcement Priority of Payments.

At any time after an Acceleration Notice has been served on the Issuer, the Noteholders Representative may, at its discretion and without further notice, take such steps and institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of other amounts due to the Noteholders.

Withholding tax on the Notes

Certain Italian resident Noteholders and non-Italian resident Noteholders will receive amounts of interest payable on the Notes net of the Italian tax deduction referred to as a “substitutive tax” (any such deduction for or on account of Tax under Decree 239, a **Decree 239 Deduction**).

All payments in respect of the Notes by or on behalf of the Issuer will be made free and clear of and without a withholding or deduction for or on

account of Tax other than a Decree 239 Deduction or unless the Issuer, the Noteholders Representative or any of the Paying Agents or any paying agent (as the case may be) is required by law to make any Tax Deduction. Upon the occurrence of any Decree 239 Deduction or withholding or deduction for or on account of tax required by law from any payments of amounts due under the Notes, no person will have any obligation to pay any additional amount to any Noteholders.

Security for the Notes

By operation of the Securitisation Law, the Issuer's right, title and interest in and to the Receivables is segregated from all other assets of the Issuer and the amounts deriving therefrom will only be available, both prior to and following the commencement of winding-up proceedings in relation to the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the other Issuer Secured Creditors and any third party creditors in relation to the securitisation of the Receivables. In addition, the Notes are secured over certain assets of the Issuer pursuant to the Deed of Charge. The rights arising from the Deed of Charge in favour of the Noteholders are incorporated in each of the Notes and are transferred together with the transfer of any Note at the time of transfer of such Note. Each holder of any of the Notes from time to time will have the benefit of such rights.

Intercreditor Agreement

On or about the Issue Date, the Issuer, the Noteholders Representative on its own behalf and on behalf of the Noteholders and the other parties to the Transaction Documents have entered into an intercreditor agreement (the **Intercreditor Agreement**) pursuant to which the Issuer Secured Creditors, *inter alia*, (i) have agreed to the limited recourse nature of the obligations of the Issuer and to the Priority of Payments and (ii) have empowered the Noteholders Representative to take such action in the name of the Issuer, following the delivery of an Acceleration Notice, as the Noteholders Representative may deem necessary to protect the interests of the Noteholders and the other Issuer Secured Creditors. The Intercreditor Agreement is governed by Italian law.

Purchase of the Notes

The Issuer may not purchase any Notes at any time, save as permitted under the Conditions and the other provisions of the Transaction Documents.

Approval, Listing and Admission to trading of the Notes

The Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as competent authority under the **Prospectus Directive**. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and trading on the Main Securities Market. Such approval relates only to the Class A Notes which are to be admitted to trading on the Main Securities Market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Rating

Upon issue it is expected that:

- (a) the Class A Notes will be rated “Aa2” by Moody’s and “AA(low)” by DBRS; and
- (b) the Class B Notes will be unrated.

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 if, in its judgment, circumstances (including, without limitation, the underlying characteristics of the Originator’s business from time to time) in the future so warrant.

Selling Restrictions

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

Governing law

The Notes are governed by, and will be construed in accordance with, Italian law.

3. The Portfolio

Transfer of the Portfolio

On 26 February 2018 the Issuer purchased from Futuro without recourse (*pro soluto*) a portfolio of monetary receivables and other connected rights (the **Portfolio**) arising out of personal loan agreements entered into between Futuro, in its capacity as lender, and certain individuals resident in Italy, in their capacity as borrowers, secured by *cessione del quinto* or *delegazione di pagamento* (each a **Loan**).

Under the provisions of the Receivables Purchase Agreement, Futuro has given certain representations and warranties in favour of the Issuer in relation to, *inter alia*, the Portfolio and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with, *inter alia*, the purchase and ownership of the Receivables comprised in the Portfolio. The Receivables Purchase Agreement is governed by Italian law.

The payment of the purchase price of the Portfolio will be financed through the proceeds of the issue of the Notes on the Issue Date.

Servicing and Credit and Collection Policies

Pursuant to the Servicing Agreement, the Servicer has agreed to administer and service the Portfolio on behalf of the Issuer, including without limitation in respect of default and delinquent receivables, and manage the relationship with the underlying debtors and obligors.

Any monies received or recovered in respect of the Loans and the related Receivables (the **Collections**) will be paid to Futuro in its capacity as Servicer and will remain in the accounts of Futuro until transferred to the Collection Account of the Issuer. All Collections are required to be transferred by the Servicer into the Collection Account on a daily basis and in any case not later than 5 p.m. (Italian time) of the second Business Day after the date on which such amounts have been duly collected or recovered in accordance with the Credit and Collection Policies described in the Servicing Agreement.

Collections in respects of the Loans will be calculated by reference to monthly periods. The first Collection Period will begin on (and exclude) the Valuation Date and end on (and include) the first Collection Date; each Collection Period thereafter will begin (and exclude) a Collection Date and end on (but include) the next succeeding Collection Date.

Collection Date means the last day of each month.

The Servicer has undertaken to prepare and submit to the relevant parties and the Rating Agencies, by no later than the 8th day of each month, or the Business Day immediately after, a report in the form set out in the Servicing Agreement and containing information as to the Portfolio and any Collection in respect of the preceding Collection Period (the **Servicer Report**).

Servicing fees

As a consideration for the services provided by the Servicer pursuant to the Servicing Agreement, and in accordance with the applicable Priority of Payments, the Issuer will pay to the Servicer fees as better described under the Servicing Agreement.

4. The Accounts of the Issuer

The Accounts

Pursuant to the terms of the Agency Agreement, the Issuer has opened the following accounts in Italy with the Account Bank (collectively, the **Italian Accounts**):

- (a) a Euro denominated bank account, IBAN IT17D0356601600000127767017 (the **Collection Account**): for the deposit of all amounts collected or recovered by the Servicer in respect of the Receivables pursuant to the Servicing Agreement; funds standing to the credit of the Collection Account and referred to the immediately preceding Collection Period (as evidenced in the relevant Payments Report) will be transferred to the Payments Account two Business Days prior to each Payment Date;
- (b) a Euro denominated bank account, IBAN IT07G0356601600000127767025 (the **Payments Account**): for the deposit of the amounts standing to the credit of the other Accounts (other than the Collateral Account, subject to the provision below) on the second Business Day preceding each Payment Date; for the deposit of the cash proceeds of the Eligible Investments, including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments and for the deposit prior to each Payment Date or, in any case, by 9:00 a.m. CET on each Payment Date of the amounts paid by the Hedging Counterparty; one day prior to each Payment Date no later than 11:00 am C.E.T., funds standing to the credit of the Payments Account will be transferred to the Principal Paying Agent to make payments and transfers on behalf of the Issuer in accordance with the applicable Priority of Payments;

- (c) a Euro denominated bank account IBAN IT82G0356601600000127767033 (the **Expenses Account**): for the deposit and replenishment of the retention amount up to Euro 30,000 (the **Retention Amount**), starting from the first Payment Date; funds standing to the credit of the Expenses Account will be used for the payment of any Expenses which fall due on a date which is not a Payment Date; funds standing to the credit of the Expenses Account will be transferred to the Payments Account two Business Days prior to each Payment Date;
- (d) a bank account IBAN IT60G0356601600000127767041 (the **Liquidity Reserve Account**): for the deposit, on each Payment Date, of amounts available under item (vii) of the Pre-Enforcement Priority of Payments; funds standing to the credit of the Liquidity Reserve Account will be transferred to the Payments Account two Business Days prior to each Payment Date, only to the extent that such amounts qualify as Available Funds, subject to the provisions of the Conditions;
- (e) a bank account IBAN IT62T0356601600000127767068 (the **Cash Reserve Account**): for the deposit, on each Payment Date and until the Class A Notes are redeemed in full, of amounts available under item (ix) of the Pre-Enforcement Priority of Payments; funds standing to the credit of the Cash Reserve Account will be transferred to the Payments Account two Business Days prior to each Payment Date; and
- (f) a bank account IBAN IT40T0356601600000127767076 (the **Collateral Account**): for the deposit of the collateral to be posted by the Hedging Counterparty in accordance with the Hedging Agreement. The amounts standing to the credit of the Collateral Account will be transferred to the Payments Accounts two Business Days prior to each Payment Date only to the extent that such amounts qualify as Available Funds, or returned to the Hedging Counterparty in accordance with the Hedging Agreement.

The above Accounts will be held with the Account Bank and the relevant sums credited thereon invested in Eligible Investments by the Account Bank upon instructions of the Cash Manager in accordance with the Agency Agreement.

Pursuant to the terms of the Agency Agreement, the Issuer has additionally opened a securities account with the Custodian (the **Eligible Investments Account** and, together with the Italian Accounts, the “**Accounts**”) for the deposit of the Eligible Investments made on behalf of the Issuer (in so far as such investments can be deposited in such account) out of the funds credited on the Collection Account, the Liquidity Reserve Account and the Cash Reserve Account; the cash proceeds of the Eligible Investments, including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments, will be

transferred to the Payments Account in accordance with the Agency Agreement.

In addition, the Issuer has opened a Euro denominated account IBAN IT46T1063101600000070201083 (the **Corporate Capital Account**) which will be held in Italy with Mediobanca – Banca di Credito Finanziario S.p.A., into which the issued and paid up corporate capital of the Issuer has been deposited. In addition, the Issuer has opened certain other accounts in the context of the Previous Securitisation.

Provisions relating to the Cash Manager	Pursuant to the Agency Agreement, the Cash Manager has agreed to give instructions to the Account Bank to invest in Eligible Investments on behalf of the Issuer.
Provisions relating to the Account Bank and the Custodian	Pursuant to the Agency Agreement, the Account Bank and the Custodian have, <i>inter alia</i> , agreed to provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies and securities, as applicable, from time to time standing to the credit of the Accounts.
Provisions relating to the Paying Agent	Pursuant to the Agency Agreement, the Paying Agents have, <i>inter alia</i> , agreed to provide the Issuer with certain services in connection with the determination of amounts due under the Notes and payments to the Noteholders and the other Issuer Secured Creditors.
Provisions relating to the Calculation Agent	<p>Pursuant to the Agency Agreement, the Calculation Agent has agreed to provide the Issuer with certain calculation, notification and reporting services in relation to the Receivables and the Notes.</p> <p>On each Calculation Date the Calculation Agent will prepare and deliver a monthly report (the Payments Report) setting out, <i>inter alia</i>, the amount of the Available Funds and the payments to be made in accordance with the Priority of Payments set out in the Intercreditor Agreement.</p> <p>Within two Business Days following each Payment Date, the Calculation Agent will prepare and deliver a monthly report (the Investor Report) setting out, <i>inter alia</i>, certain information in respect of the Portfolio and the Notes.</p>
Provisions relating to the replacement of the Hedging Counterparty	The Hedging Agreement contains provisions for the replacement of the Hedging Counterparty upon default and specified events.
Payments under the Notes	Based on the Payments Report, the Paying Agents will make the payments under the Notes set forth in the relevant Priority of Payments described below.

5. Priority of Payments

Available Funds

On each Calculation Date and in respect of the immediately following **Payment Date**, the Calculation Agent will calculate the Available Funds in an amount equal to the sum of (without double counting):

- (a) any amounts collected, recovered or otherwise received by or on behalf of the Issuer in respect of the Receivables during the immediately preceding Collection Period;
- (b) any amounts deriving from the investment in, and disinvestment of, the Eligible Investments during the immediately preceding Collection Period;
- (c) any amounts paid to the Issuer by the Hedging Counterparty under the Hedging Agreement, other than any collateral posted by the Hedging Counterparty on the Collateral Account;
- (d) following the date on which the Hedging Agreement is terminated, any amounts standing to the credit of the Collateral Account, up to the amount (if any) that would be payable as termination amount by the Hedging Counterparty to the Issuer in accordance with the Hedging Agreement;
- (e) the Cash Reserve;
- (f) any other amounts standing to the credit of the Collection Account, Payments Account, Cash Reserve Account and Expenses Account at the end of the relevant Collection Period, including for the avoidance of doubt any accrued interest;
- (g) any interest accrued on the Liquidity Reserve Account;
- (h) any other amount received by the Issuer under the Transaction Documents during the immediately preceding Collection Period, including for the avoidance of doubt any proceeds from the sale of all or part of the Portfolio in accordance with the Transaction Documents;
- (i) to the extent that the funds under (a) to (h) (inclusive) above would not be sufficient to make the payments falling due on the relevant Payment Date under items (i) to (vi) of the Pre-Enforcement Priority of Payments, the Liquidity Reserve;
- (j) following the delivery of an Acceleration Notice, all amounts standing to the credit of the Liquidity Reserve Account and any proceeds from the sale of all or part of the Portfolio in accordance with the Transaction Documents;
- (k) on the Payment Date on which the Class A Notes are redeemed in full (inclusive), all amounts standing to the credit of the Liquidity Reserve Account.

Class A Target Principal Amount

In respect of each Payment Date, the Class A Target Principal Amount is the lesser of:

- (a) the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately preceding that Payment Date; and
- (b) any excess of the principal amount outstanding of all Receivables (other than Defaulted Receivables) as of the immediately preceding Collection Date over the aggregate Principal Amount Outstanding of the Class B Notes as of such Calculation Date.

The Class A Target Principal Amount will be calculated by the Calculation Agent on the basis of the Servicer Report.

Expenses

Any and all documented fees, costs, expenses and taxes payable by the Issuer to a person other than a Noteholder or a party to the Transaction Documents in order to preserve the corporate existence and status of the Issuer, maintain it in good standing, or comply with any applicable law.

Pre-Enforcement Priority of Payments

Prior to the service of an Acceleration Notice, the Available Funds in respect of each Payment Date will be applied in accordance with the priority of payment set forth below (the **Pre-Enforcement Priority of Payments**):

- (i) to pay any and all documented Expenses, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such Expenses, and to replenish the Expenses Account up to the Retention Amount;
- (ii) to pay all outstanding fees, costs and expenses required to be paid in the connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs and expenses;
- (iii) to pay all amounts due and payable to the Back-Up Servicer, the Back-Up Servicer Facilitator, the Custodian, the Cash Manager, the Paying Agents, the Calculation Agent, the Account Bank, the Corporate Servicer, the Listing Agent and the Noteholders Representative under the Transaction Documents;
- (iv) to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (xii) below, but including in any event any Hedging Replacement Premium to be paid by the Issuer to the Hedging Counterparty;
- (v) to pay all amounts due and payable to the Servicer under the Transaction Documents;
- (vi) to pay interest on the Class A Notes;
- (vii) to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;

- (viii) to repay the principal on the Class A Notes in an amount equal to the excess, if any, of their Principal Amount Outstanding over the Class A Target Principal Amount;
- (ix) to replenish the Cash Reserve Account up to the Target Cash Reserve Amount;
- (x) to pay interest due to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (xi) to repay principal to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (xii) to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the “*Defaulting Party*” or the sole “*Affected Party*” under an “*Additional Termination Event*” relating to the rating downgrade of the Hedging Counterparty (as such terms are defined in the Hedging Agreement);
- (xiii) to pay all amounts of interest due and payable on the Class B Notes;
- (xiv) following redemption in full of the Class A Notes, to repay the principal on the Class B Notes, until the aggregate Principal Amount Outstanding of the Class B Notes is equal to €30,000;
- (xv) up to, but excluding, the Final Redemption Date, to pay the additional remuneration to the Class B Notes; and
- (xvi) on the Final Redemption Date, to repay the principal on the Class B Notes and to pay the additional remuneration (if any) to the same.

It being understood that (a) payments of the same priority will be made *pro rata* and *pari passu* according to their respective amount; (b) without prejudice to the Acceleration Event under Condition 12.1(i) (*Non-payment*), payments of a lower priority will be made only if payments of a higher priority have been made in full.

Final Redemption Date means the Payment Date following the earlier of: (i) the date when the outstanding amount of the Portfolio will have been reduced to zero; and (ii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

Post-Enforcement Priority of Payments

Following the service of an Acceleration Notice, the Available Funds in respect of each Payment Date will be applied in accordance with the priority of payment set forth below (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Priority of Payments, the **Priority of Payments**):

- (i) to pay any and all documented Expenses, to the extent that amounts standing to the credit of the Expenses Account are

insufficient to pay such Expenses;

- (ii) to pay all outstanding fees, costs and expenses required to be paid in the connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs and expenses;
- (iii) to pay all amounts due and payable to the Back-Up Servicer, the Back-Up Servicer Facilitator, the Custodian, the Cash Manager, the Paying Agents, the Calculation Agent, the Account Bank, the Corporate Servicer, the Listing Agent and the Noteholders Representative under the Transaction Documents;
- (iv) to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (x) below, but including in any event any Hedging Replacement Premium, or portion of it, to be paid by the Issuer of the Hedging Counterparty;
- (v) to pay all amounts due and payable to the Servicer under the Transaction Documents;
- (vi) to pay interest on the Class A Notes;
- (vii) to repay the principal on the Class A Notes;
- (viii) to pay interest due to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (ix) to repay principal to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (x) to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the “*Defaulting Party*” or the sole “*Affected Party*” under an “*Additional Termination Event*” relating to the rating downgrade of the Hedging Counterparty (as such terms are defined in the Hedging Agreement);
- (xi) to pay interest on the Class B Notes;
- (xii) to repay the principal on the Class B Notes;
- (xiii) to pay the additional remuneration (if any) to the Class B Notes.

6. Redemption of the Notes

Final Redemption

Unless previously redeemed in full and cancelled in accordance with the Conditions, the Issuer will redeem the Notes in full at their Principal Amount Outstanding on the Final Maturity Date.

Mandatory Redemption of the

Prior to the service of an Acceleration Notice and if there are sufficient funds available for such purpose, on each Payment Date the Issuer will

Notes

apply the Available Funds in or towards the mandatory redemption of the Notes of each Class, in full or in part, in accordance with the applicable Priority of Payments.

Optional Redemption

Provided that no Acceleration Notice has been served, the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued and unpaid interest in accordance with the Post-Enforcement Priority of Payments, on any Payment Date falling on or after the date on which the outstanding principal of the Portfolio is equal to or less than 10 per cent. of the outstanding principal of the Portfolio as of the Issue Date, subject to:

- (i) the Issuer having given not more than 60 days and not less than 30 days' notice to the Noteholders Representative and the Noteholders;
- (ii) the Issuer having provided to the Noteholders Representative, prior to the delivery of the above notice, a directors' certificate confirming that the Issuer will, on the relevant redemption date, have the funds required to redeem the Notes and pay other amounts ranking in priority to or *pari passu* with the Notes in accordance with the Post-Enforcement Priority of Payments.

The above directors' certificate will be binding on the Noteholders and the other Issuer Secured Creditors, and the Noteholders Representative may rely on it without further investigation.

Redemption for taxation or illegality

Provided that no Acceleration Notice has been served, if at any time, following the occurrence of legislative or regulatory changes, or official interpretations or administration or application thereof by the competent authorities after the Issue Date:

- (i) on any Payment Date: (x) the Issuer would be required to make a Tax Deduction (other than in respect of a Decree 239 Deduction) in respect of any payment of principal, premium or interest on the Notes; or (y) amounts payable to the Issuer in respect of the Receivables would be subject to a Tax Deduction; or
- (ii) the segregated assets (*patrimonio separato*) of the Issuer in respect of the Securitisation becomes subject to Tax prior to the Final Maturity Date; or
- (iii) is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued but unpaid interest, in accordance with the Post-Enforcement Priority of Payments,

on any Payment Date, subject to:

- (i) the Issuer having given not more than 60 days and not less than 30 days' notice to the Noteholders Representative and the Noteholders; and
- (ii) the Issuer having provided to the Noteholders Representative, prior to the delivery of the above notice, a directors' certificate confirming that the above circumstances cannot be avoided by taking measures reasonably available to the Issuer.

The above directors' certificate will be binding on the Noteholders and the other Issuer Secured Creditors, and the Noteholders Representative may rely on it without further investigation.

Estimated weighted average life of the Senior Notes and assumptions

The estimated weighted average life of the Senior Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations of the possible estimated weighted average life of the Senior Notes have been based on certain assumptions including, *inter alia*, that the Loans are subject to a constant prepayment rate as shown in the section headed "*Estimated Weighted Average Life of the Senior Notes*".

7. Credit Structure

Cash Reserve

On the Issue Date, the Issuer has established a reserve fund on the Cash Reserve Account by drawing down the Subordinated Loan. On each Payment Date prior to the service of an Acceleration Notice and until the Class A Notes are redeemed in full, the Issuer will replenish the Cash Reserve Account in accordance with the Pre-Enforcement Priority of Payments.

Cash Reserve means the monies standing to the credit of the Cash Reserve Account at any given time.

On each Calculation Date the Cash Reserve will be included in the Available Funds.

Target Cash Reserve Amount means:

- (i) on the Issue Date €9,750,000, funded through part of the proceeds of the Subordinated Loan made available by the Subordinated Loan Provider;
- (ii) in respect of each Payment Date thereafter and for so long as any Class A Note is outstanding, the lower of (A) €9,750,000 and (B) 1.5 per cent. of the principal amount outstanding of the Portfolio at the end of the preceding Collection Period, *provided that* in no event will the Target Cash Reserve Amount be lower than €2,000,000; and
- (iii) following the Payment Date on which the Class A Notes are redeemed in full (inclusive), zero.

Liquidity Reserve

On the Issue Date, the Issuer has established a reserve fund on the Liquidity Reserve Account by drawing down the Subordinated Loan. On each Payment Date prior to the service of an Acceleration Notice, provided that on any such Payment Date the Liquidity Reserve (or part thereof) has been included in the Available Funds, the Issuer will replenish the Liquidity Reserve Account in accordance with the Pre-Enforcement Priority of Payments.

Liquidity Reserve means the monies standing to the credit of the Liquidity Reserve Account at any given time.

Upon the occurrence of certain specified events, the Liquidity Reserve (or part thereof) will be included in the Available Funds.

Target Liquidity Reserve Amount means €2,392,000 and, following the Payment Date on which the Class A Notes are redeemed in full (inclusive), zero.

Eligible Investments

Pursuant to the Agency Agreement, the Cash Manager will instruct the Custodian to invest in Eligible Investments on behalf of the Issuer in accordance with the provisions of the Agency Agreement.

Governing Law

The Notes and the Transaction Documents are governed by Italian law.

Jurisdiction

The Notes and the Transaction Documents are subject to the jurisdiction of the Italian courts.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes of any Class, prospective investors should carefully consider the risk factors described, and the special considerations summarised, below together with the other information contained in this Prospectus and any document incorporated by reference herein.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes. Most 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. In addition, factors that are material for the purpose of assessing the market risks associated with Notes are also described below.

This summary is not intended to be exhaustive. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, repay principal or pay other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Should any of such predictable or unpredictable events occur, the value of the Notes may decline, the Issuer may not be able to pay all or part of the interest or principal on the Notes and investors may lose all or part of their investment.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any document incorporated by reference herein, and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

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

Words and expressions defined in the “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

Risk factors and special considerations related to the Issuer and the Transaction Documents

Limited liability under the Notes

The Notes constitute direct and limited recourse obligations solely of the Issuer. The Issuer will be the only entity which has obligations to pay any amount due in respect of the Notes. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity. Accordingly, nobody other than the Issuer has or accepts any liability whatsoever to the Noteholders related to any failure by the Issuer to pay any amount due and payable under the Notes. The Notes have also the benefit of the security created or purported to be created pursuant to the Deed of Charge. If not repaid in full on the Cancellation Date, amounts outstanding under the Notes will be written off.

Limited resources of funds to make payments under the Notes

The Issuer is a special purpose entity with no business operations other than the Previous Securitisation, the issue of the Notes, the entering into of the Transaction Documents and the transactions ancillary thereto. The assets of the Issuer will themselves be limited.

The Issuer will not have any significant assets to be used for making payments under the Notes other than the Receivables, any amounts and/or securities standing to the credit of the Accounts and its rights under the Transaction Documents (including, for the avoidance of doubt, the Hedging Agreement).

Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes (including, without limitation, those costs and expenses required to preserve the corporate existence and status of the Issuer, maintain it in good standing, or comply with any applicable law or regulation). Consequently, there is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of an Acceleration Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes or to repay the Notes in full. If the Issuer is required to comply with certain obligations under applicable law or regulation (including, without limitation, EMIR and/or FATCA) which may give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Notes.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on, *inter alia*, the timely payment of amounts due under the Loans by the Debtors and the Assigned Debtors, the receipt by the Issuer of the Collections received on its behalf by the Servicer in respect of the Receivables comprised in the Portfolio, as well as on the receipt of any other amounts required to be paid to the Issuer by the various agents and counterparties to the Issuer pursuant to terms of the 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.

Securitisation Law

As of the date of this Prospectus, only limited interpretation of the application of the Securitisation Law has been issued by Italian governmental or regulatory authority; therefore it is possible that further regulations, relating to the Securitisation Law or the interpretation thereof, are issued in the future, the impact of which cannot be predicted by the Issuer or any other party to the Transaction Documents, as of the date of this Prospectus.

Limited recourse obligations of the Issuer

The Notes will be limited recourse obligations solely of the Issuer. On enforcement of the Notes, in the event that the proceeds of such enforcement are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes), then the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Enforcement action in respect of the Notes and the Issuer's Rights are the only substantive remedy available for the purposes of recovering amounts owed in respect of the Notes.

If, upon default by one or more Debtors and Assigned Debtors under the Loans and after the exercise by the Servicer of all usual remedies in respect of such Loans, the Issuer does not receive the full amount due from those Debtors or the Assigned Debtors, then the Noteholders may receive by way of principal repayment an amount less than the face value of the Notes and the Issuer may be unable to pay in full interest due on the Notes.

Subordination

Payments of interest and principal will be made to Noteholders in the priorities set forth in the relevant Priority of Payments. For further details regarding the Priority of Payments, see Condition 6 (*Priority of Payments*) under "*The Terms and Conditions of the Notes*". There is no assurance that the subordination arrangements will protect the holders of the Class A Notes or the holders of the most senior Class of Notes from all risk of loss. As a result of this subordination structure and other risks, under certain circumstances investors in one or more Classes of Notes may not recover their initial investment. Certain amounts payable by the Issuer to third parties such as the Servicer, the Paying Agent, the Calculation Agent, the Cash Manager, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Account Bank, the Noteholders Representative and the Corporate Servicer rank in priority to payments of principal and interest on the Notes, both before and after the occurrence of an Acceleration Event with respect to the Notes.

Claims of unsecured creditors of the Issuer

By operation of Italian law, the rights, title and interests of the Issuer in and to the Loans will be segregated from all other assets of the Issuer (including any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and any amounts deriving therefrom (including any moneys and deposits held by or on behalf of the Issuer with other depositories, to the extent identifiable) will be available both prior to and on a winding up of the Issuer only in or towards satisfaction, in accordance with the relevant Priority of Payments, of the payment obligations of the Issuer to the Noteholders, to the other Issuer Secured Creditors and in relation to any other unsecured costs of the securitisation of the Loans incurred by the Issuer and will not be available to any other creditor of the Issuer whose costs were not incurred in connection with the Securitisation. Under Italian law and the Transaction Documents, 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 Noteholders Representative (on behalf of the Noteholders) and any third party creditors having the right to claim for amounts due in connection with the Securitisation would have the right to claim in respect of the Loans, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will only be entitled to pay any amounts due and payable to any third parties who are not Issuer Secured Creditors in accordance with the Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Loans, which would likely result in delays in any payments due to the Noteholders and no assurance can be given as to the length or costs of any such winding up proceedings.

Reliance on agents

Certain of the business activities of the Issuer are to be carried out on behalf of the Issuer by agents appointed by the Issuer for such purpose. Neither the Issuer nor the Corporate Servicer will have any role in determining or verifying the data received from the Servicer, the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agent, the Noteholders Representative and any calculations derived therefrom.

Rights available to holders of Notes of different Classes

In performing its duties and exercising its powers as representative of the Noteholders, the Noteholders Representative will have regard to the interests of all of the Noteholders as a Class. Where there is a conflict between the interests of the holders of one Class of Notes and the holders of another Class of Notes, the Noteholders Representative will only have regard to the interests of the holders of the most Senior Class of Notes in respect of which the conflict arises, subject as provided in the Intercreditor Agreement and the Conditions. For these purposes, the interests of individual Noteholders will be disregarded and the Noteholders Representative will determine interests viewing the holders of any particular Class of Notes as a whole.

Prospective investors in more junior Classes of Notes should, therefore, be aware that conflicts with more senior Classes of Notes will be resolved in favour of the latter Classes.

Risks relating to the deferral of interest on certain Classes of Notes

If, on any Payment Date prior to delivery of an Acceleration Notice, there are insufficient funds available to the Issuer to pay accrued interest on any Class of Notes, other than accrued interest on the most senior Class of Notes then outstanding, such failure to pay interest will not constitute an Acceleration Event and the Issuer's liability to pay such accrued interest will be deferred until the earlier of (a) the next following Payment Date on which the Issuer has, in accordance with the relevant Priority of Payments, sufficient funds available to pay such deferred amounts and (b) the date on which the relevant Notes are due to be redeemed in full.

There is a risk that any deferred interest may not be paid to the relevant Noteholders on maturity of the Notes (please see “*Limited resources of funds to make payments under the Notes*”).

Change of counterparties

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Account Bank and the Hedging Counterparty) are required to satisfy certain criteria in order to remain a counterparty to the Issuer. These criteria include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase.

This may reduce amounts available to the Issuer to make payments of interest on the Notes. Furthermore, it may not be possible to identify an entity with the requisite rating which will agree to act as a replacement entity at all.

Risk factors related to the Portfolio and the Loans

Performance of the Portfolio

The Portfolio comprises Loans which were classified as performing (*crediti in bonis*) by the Originator. See “*The Portfolio*” below. There can be no guarantee that (i) the Debtors will not default under such Loans or that they will continue to perform thereunder; (ii) the Employer/Pension Authority will continue to perform under the Salary Assignment and the Payment Delegation; or (iii) the Insurance Companies will perform their obligations under the Insurance Policies. It should be noted that adverse changes in economic conditions may affect the ability of the Debtors and of the Assigned Debtors to repay the Loans.

The recovery of overdue amounts in respect of the Loans will be affected by the length of enforcement proceedings in respect of the Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken.

Potential Conflict of Interests

Certain parties to the Securitisation, such as the Originator, may perform multiple roles. Futuro is, in addition to being the Originator, also the Servicer, the Subordinated Loan Provider and the initial subscriber of the Junior Notes. Futuro will have only those duties and responsibilities expressly agreed to by it in the relevant agreement and will not, by virtue of its or any of its affiliates acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each agreement to which it is a party.

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

The Originator in particular may hold and/or service claims against the Debtors other than the Receivables. The interests or obligations of Futuro, in its respective capacities with respect to such other roles may in certain aspects conflict with the interests of the Noteholders. Futuro may engage in commercial relationships and provide general investment and other financial services to the Debtors and other parties. In such relationships Futuro is not obliged to take into account the interests of the Noteholders. In addition, Futuro, in its capacity as, present or future, holders of any Notes, may exercise its voting rights in respect of the Notes held by it also in a manner that may be prejudicial to other Noteholders.

Insurance coverage

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

No independent investigation in relation to the Portfolio

None of the Issuer, the Sole Arranger, the Joint Lead Managers nor any other party to the Transaction Documents (other than Futuro) has undertaken or will undertake any loan file review, searches or other actions to verify the details of the Receivables and the Portfolio, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtor, Assigned Debtor or any other debtor thereunder. There can be no assurance that the assumptions used in the modelling of the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loans.

The Issuer will rely instead on the representations and warranties given by the Originator in the Receivables Purchase Agreement. See "*The Receivables Purchase Agreement*" below.

Claw Back of the Sale of the Portfolios

Assignments executed under the Securitisation Law may be clawed back under article 67 of the Bankruptcy Law but only in the event that the Originator was insolvent when the assignment was entered into and the adjudication of bankruptcy of the Originator is made within three months or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction (under the Securitisation Law the 2 years and 1 year suspect periods provided by article 67 of the Bankruptcy Law are reduced to 6 months and 3 months respectively). Under the Receivables Purchase Agreement, the Originator has represented and warranted that it was and it will be solvent as of the relevant date of execution of the Receivables Purchase Agreement, the Legal Effective Date and the Issue Date.

In this respect, the Originator (i) delivered comfort documents to the Issuer upon the entry into of the Receivables Purchase Agreement, and (ii) undertook to do the same should it exercise the option to repurchase the Portfolio in accordance with the Receivables Purchase Agreement.

Claw-Back Action against the payments made to companies incorporated under the Securitisation Law

According to article 4 of the Securitisation Law, the payments made by an assigned debtor to the Issuer may not be subject to any claw-back action according to articles 67 and 65 of the Bankruptcy Law.

All other payments made to the Issuer by any party under a Transaction Document in the year/six months suspect period prior to the date on which such party has been declared bankrupt or has been admitted to the compulsory liquidation may be subject to claw-back action according to article 67 paragraphs 1 or 2, as applicable, of the Bankruptcy Law. The relevant payment will be set aside and clawed back if the receiver gives evidence that the recipient of the payments had knowledge of the state of insolvency when the payments were made. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court may in its discretion consider all relevant circumstances.

Servicing of the Portfolio

The Portfolio has always been serviced by Futuro up to the transfer of the relevant Receivable as owner of the Loans and the relevant Receivable. Following the transfer of the Receivables to the Issuer, the

Receivables will continue to be collected by Futuro, acting as Servicer pursuant to the Servicing Agreement. As a result, the net cash flows 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. See “*Servicing Agreement*” below.

The Servicer has been appointed by the Issuer as responsible for the collection of the Receivables transferred by it (as Originator) to the Issuer and for the cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*). In accordance with the Securitisation Law, the Servicer is therefore responsible for ensuring that the collection of the Receivables serviced by it and the relative cash and payment services comply with Italian law and with this Prospectus.

Payment Delegation and bankruptcy of the Servicer

The Payment Delegations relating to the Portfolio have been issued in favour of the Originator. Upon occurrence of any of the circumstances indicated in the Servicing Agreement, the Servicer shall be substituted. Such substitution could give rise to the termination of the relevant Payment Delegation.

As a result, in order for the Issuer to be entitled to receive the relevant quotas of the wages or salaries from the Employers of the relevant Debtors in discharge of the payment obligations under the Receivables, it would be necessary that (i) the Debtors issue new Payment Delegations in favour of the Issuer or the successor Servicer and (ii) the Employers accept such new Payment Delegations, subject to the requirements and limits provided for by general law provisions and by the applicable Circulars of the Minister of Treasury. In this respect, it has to be noted that the Debtors and the Employers are under no obligation to execute a new Payment Delegation and accept it, respectively.

Italian consumer protection legislation

Consumer loans, *i.e.* loans extended to individuals (the “consumers”) acting outside the scope of their entrepreneurial, commercial, craft or professional activities, are regulated by, *inter alia*: (a) articles 121 to 126 of the Banking Act and (b) regulation of the Bank of Italy dated 29 July 2009 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*), as later amended. Under the current legislation, consumer loans are only those granted for amounts respectively lower and higher than the maximum and minimum levels set by sub-section 1 and 1-*bis* of article 122 of the Banking Act, such levels being currently fixed at Euro 75,000 and Euro 200, respectively (save in case of unsecured loans granted for the purpose of refurbishing a property, which are not subject to the Euro 75,000 threshold).

The following risks, *inter alia*, could arise in relation to a consumer loan contract:

- (i) pursuant to sub-section 1 of article 125-sexies of the Banking Act, borrowers under consumer loan contracts have the right to prepay, in whole or in part, any consumer loan without penalty and with the additional right to a pro rata reduction in the aggregate costs and interests of the loan. It should, however, be noted that, in the event of prepayment by the borrower, the lender, under certain circumstances, is entitled to a compensation which cannot exceed equal to 1% of the prepaid amount of the consumer loan if the residual duration of the consumer loan is longer than one year, and equal to 0.5% of the same amount, if shorter;
- (ii) pursuant to sub-section 1 of article 125-septies of the Banking Act, borrowers are entitled to exercise, against the assignee of any lender under a consumer loan contract, any defence (including set-off) which they had against the original lender, in derogation to the provisions of article 1248 of the Italian civil code (that is even if the borrower has accepted the assignment or has been given written notice thereof). This could result in Debtors obtaining a right of set-off or other right of defence against the Issuer in respect of any of the Originator’s obligations to the Debtor. On the other hand, pursuant to article 4 of the Securitisation Law, irrespective of any other different provisions of

law, the debtors assigned in the context of securitisation transactions cannot raise any set-off exception towards the assignee with respect to the assigned receivables and any claim arisen following the date of publication of the assignment in the Italian Official Gazette or following the implementation of the formalities provided for by law 21 February 1991, n. 52. Accordingly, in the context of the Securitisation of the Receivables, the Debtors should be entitled to exercise a right of set-off against the Issuer in respect of the Originator's obligations towards the relevant Debtor only up to the date on which the formalities described above are satisfied with reference to the Receivables; and

- (iii) pursuant to sub-section 2 of article 125-septies of the Banking Act, there is no obligation to inform the consumer of the assignment of the rights of the lender under a consumer loan contract when the original lender maintains the servicing of the relevant claims. In addition, regulation of the Bank of Italy dated 29 July 2009 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*), as later amended, provides that notices of assignment shall be made in accordance with, respectively, article 58 of the Banking Act with respect to the assignment of claims to be carried out in accordance with article 58 of the Banking Act and article 4 of the Securitisation Law with respect to the securitisation transaction of claims. Prior notice of the purchase of the Receivables under the Receivables Purchase Agreement was not, and will not be, given to the Debtors as the Originator will continue to service the relevant Receivables and the Debtors' payment procedure will not be subject to change. Since no notice of the assignment of the Receivables to the Issuer is being given there is a risk that Debtors who qualify as a "consumer" pursuant to the Banking Act could raise a defence in any enforcement action taken by the Issuer in respect of the relevant Loans qualifying as "consumer loans" extended to them that the assignment of the Receivables cannot be enforced against them if the Originator does not continue to service the relevant Receivables and the Debtors' payment procedure are subject to change, until they receive formal notice of the assignment.

In this respect, should the Back-Up Servicer succeed to the Servicer, the Back-Up Servicer will inform the Debtors and the Assigned Debtors about such replacement of the Servicer in accordance with the provisions of the Back-up Servicing Agreement and the Servicing Agreement.

The Loans disbursed to Debtors qualifying as a "consumer" pursuant to the Italian Banking Act are regulated, *inter alia*, by article 1469 bis of the Italian civil code and by the legislative decree 6 September 2005, No. 206 (*Codice del consumo, a norma dell'articolo 7 della legge 29 luglio 2003, n. 229*) (the **Consumer Code**), which implement EC Directive 93/13/CEE on unfair terms in consumer contracts, and provide that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract, is deemed to be unfair and is not enforceable against the consumer whether or not the consumer's counterparty acted in good faith. Article 33 of the Consumer Code identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually individually negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, *inter alia*, clauses which give the right to the non-consumer contracting party to (a) terminate the contract or (b) modify the conditions of the contract without reasonable cause. However, with regard to financial contracts, if there is a valid reason, the provider is empowered to modify the economic terms but must inform the consumer immediately; in this case, the consumer has the right to terminate the contract. Pursuant to article 36 of the Consumer Code, the following clauses, *inter alia*, are considered null and void as a matter of law and are not enforceable: (a) any clause which has the effect of excluding or limiting the remedies of the consumer in case of total or partial failure by the non-consumer contracting party to perform its obligations under the consumer contract; and (b) any clause which has the effect of making the consumer party to be bound by clauses he has not had any opportunity to consider and evaluate before entering into the consumer contract. Futuro has represented and warranted in the Receivables Purchase Agreement that the

Loans comply with all applicable laws and regulations. Under the terms of the Receivables Purchase 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

The interest payments and other remuneration paid by the Debtors under the Loans are subject to Italian law No. 108 of 7 March, 1996 (the **Usury Law**), which 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 Ministry of Economy and Finance. In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific situations of the transaction and the average rate usually applied for similar transactions); and (ii) the person who paid or agreed to pay them 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.

If the Loans are found to contravene the Usury Regulations, the Debtors might be able to claim relief on any interest previously paid and oblige the Issuer to accept a reduced rate of interest, or potentially no interest on the relevant Loan. In such cases, the ability of the Issuer to maintain scheduled payments of interest and principal on the Notes may be adversely affected.

In a scenario in which market rates decline, interest can be below the threshold at the outset of the financing, but result in an excess at a later stage. In this context, law decree No. 394 of 29 December, 2000 clearly states that interest is deemed usurious if it exceeds the maximum threshold set by the law at the time that the interest is agreed by the parties, "independently from the time of its actual payment". As clarified by the Italian Supreme Court in Decision No. 24,675/17, this provision is to be taken literally – compliance with the usury threshold is relevant only at the time of execution of the contract, regardless of the time of payment and of any subsequent change to the reference threshold. This ruling applies to contracts entered into both before and after the enactment of law No. 108/1996 and law-decree No. 394/2000.

Compounding of interest (*anatocismo*)

Pursuant to article 1283 of the Italian Civil Code, accrued interest in respect of a monetary claim or receivable may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual 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 normativi*) to the contrary. Banks and financial companies 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 judgments from Italian courts (including the judgments from the Italian Supreme Court (*Corte di Cassazione*) No. 2374/99 and No. 24418/2010 and more recent judgments from lower Courts) have held that such practices are not *uso normativo*. Consequently, if customers of the Originator were to challenge this practice and such interpretation of the Italian civil code were to be upheld before other courts in the Republic of Italy, there could be a negative effect on the returns generated from the consumer loans.

Futuro has consequently represented in the Receivables Purchase Agreement that the Loans do not violate any provision under articles 1283 of the Italian Civil Code; a breach of such representation shall trigger an obligation for Futuro to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge in respect of interest on interest.

In this respect, it should be noted that article 25, paragraph 3, of legislative decree No. 342 of 4 August, 1999 (**Law No. 342**), enacted by the Italian Government under a delegation granted pursuant to law No. 142 of 19 February, 1992, 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 is no longer possible upon the terms established by a resolution of the CICR issued on 22 February, 2000. Law No. 342 has been challenged and decision No. 425 of 17 October, 2000 of the Italian Constitutional Court has declared as unconstitutional the provisions of Law No. 342 regarding the validity of the capitalisation of accrued interest made by banks prior to the date on which Law No. 342 came into force.

Article 17-*bis* of law decree No. 18 of 14 February, 2016 (as converted into law with amendments by law No. 49 of 8 April, 2016) amended article 120, paragraph 2, of the Banking Act, providing that interests (other than defaulted interests) shall not accrue on capitalised interests. Article 120, paragraph 2 of the Banking Act delegated the CICR the establishment of the methods and criteria for compounding of interest. In this respect, the CICR, with a resolution dated 3 August, 2016 has provided, *inter alia*, that: (i) negative accrued interests and principal are to be accounted separately; (ii) in accordance with the new provision of article 120 of the Banking Act, interests are due as from 1 March of the year following the year of the relevant accrual. In any case, such interests shall become payable and the relevant debtor shall be considered in default only after a period of 30 days starting from the day the debtor is aware of the amount to be paid; and (iii) the debtor and the bank may agree, also in advance, to charge the interests due and payable directly to the relevant debtor's account (in such event, the charged amount shall be considered as principal amount and interests shall accrue on such amount). Intermediaries are supposed to have complied with the 2016 CICR resolution by 1 October 2016.

Prepayments under loan agreements

Pursuant to article 65 (**Article 65**) of Royal Decree No. 267 of 16 March, 1942 (the **Bankruptcy Law**), payments made by a debtor with respect to debts that fall due on or after the date on which the relevant debtor is declared bankrupt are ineffective against the creditors of the relevant debtor, if such payments are made within the two years prior to the declaration of bankruptcy. Any such ineffective payment may therefore be clawed- back by the bankruptcy receiver of the payor regardless of whether the debtor was insolvent at the time when the payment was made. In this respect, it should be noted that the Securitisation Law, provides that (i) the claw-back provisions set forth in Article 67 of the Bankruptcy Law do not apply to payments made by Debtors to the Issuer in respect of the securitised Receivables and (ii) prepayments made by Debtors under securitised Receivables are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law.

Interest Rate Risk

The Issuer is, as a result of issuing the Notes, exposed to the risks of adverse interest rate movements between the interest on the Portfolio received by the Issuer and the payment obligations of the Issuer with respect to the Notes. In order to hedge itself against such risk, the Issuer will enter into a confirmation with the Hedging Counterparty (the "**Confirmation**"). The Confirmation will be entered into with the Hedging Counterparty, under a 1992 ISDA Master Agreement (Multicurrency – Cross Border) as amended and supplemented by the relevant schedule thereto (the "**Schedule**"), together with a credit support annex (the "**Credit Support Annex**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (the "**ISDA Master Agreements**" and together with each Confirmation, the Schedule and the Credit Support Annex, the "**Hedging Agreement**").

Prospective Noteholders should note that hedging agreements generally expose participants to certain risks depending on the nature and terms of such agreements and carefully evaluate how the terms of any such hedging transaction might affect the Notes.

The ability of the Issuer to meet its obligations under the Notes will be dependent, *inter alia*, on the receipt by it of payments due from the Hedging Counterparty under the Hedging Agreement.

To seek to reduce this risk, provisions dealing with the actions to be carried out in case of a downgrading of the rating assigned to the unguaranteed, unsubordinated and unsecured debt obligations of the Hedging

Counterparty by the Rating Agencies have been included in the Hedging Agreement.

Should an early termination of the Hedging Agreement occur, the Issuer may be exposed to an interest rate risk in relation to the floating rates of interests it is required to pay in respect of the Senior Notes. Furthermore, in the event of insolvency of the Hedging Counterparty, the Issuer will be treated by the relevant receiver as a general creditor of such Hedging Counterparty.

The Hedging Agreement will contain certain termination events and events of default which will entitle either party to terminate the Hedging Agreement. If the Hedging Agreement is terminated for any reason, the Issuer may be required to pay an amount to the Hedging Counterparty as a result of the termination. Following such a termination any payments by the Issuer to the Hedging Counterparty will be made in accordance with the applicable Priority of Payments.

Restructuring arrangements in accordance with Law No. 3 of 27 January 2012

Following the enactment of Law No. 3 of 27 January 2012, a debtor who is neither subject nor eligible to be subject to ordinary insolvency procedures in accordance with the Bankruptcy Law is entitled to enter into a restructuring arrangement with his/her creditors. The new law applies, therefore, to debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law and who are in a state of over indebtedness, being a situation where there is a continuing imbalance between the debtor's obligations and his/her highly liquid assets and the relevant debtor is no longer capable of duly performing his/her relevant obligations. A debtor in a state of over indebtedness is entitled to submit to his/her creditors, with the assistance of a competent body (*Occ-Organismi per la Composizione della Crisi*), a draft restructuring arrangement providing that, among others, those creditors not adhering to such arrangement and those creditors having security interests over the debtor's assets will be repaid in full.

Such draft arrangement will set out, among others, the revised terms for payments due to the creditors, the security interests which may be created to secure such payments and the conditions for the dismissal of the debtor's assets. If the debtor's assets and income are not sufficient to ensure the implementation of the draft arrangement, the draft arrangement must be endorsed by one or more third parties who undertake to provide, also by way of security, additional assets or income.

Subject to certain conditions, the draft arrangement may provide for a moratorium on payments due to those creditors not adhering to such arrangement for a period of up to one year.

Upon filing of the draft arrangement and the supporting documents with the competent court, the judge appointed for the procedure is entitled to order an hearing to the extent that the relevant arrangement meets the requirements provided for by the applicable law. The draft arrangement and the decree are subject to appropriate publication and communication to creditors. During the hearing, the judge may award an automatic stay of up to 120 days with respect to the enforcement actions over the assets of the relevant debtor. The automatic stay however will not apply to those creditors having title to receivables which cannot be attached.

A favourable vote of creditors representing at least 70% of the relevant claims is required for the approval of the draft restructuring arrangement.

Once the draft restructuring arrangement is approved, the competent body shall deliver to all creditors a report on the approval procedure attaching the restructuring arrangement and the relevant creditors may challenge such arrangement within 10 days of receipt of such report.

Upon expiry of such term, the competent body will deliver the relevant report (including any challenge received and a feasibility assessment of the draft restructuring arrangement) to the competent judge who will be entitled, subject to appropriate final verification, to certify (*omologa*) the restructuring arrangement.

The competent body will be in charge to supervise the duly performance of the obligations arising from the relevant restructuring arrangement. Such arrangement, however, remains subject to termination or may be declared null and void in specific circumstances provided for by applicable law.

Given the novelty of this new legislation, the impact thereof on the cash flows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus.

Legislation setting out a reform of Italian insolvency proceedings has recently been approved by the Italian Parliament (*Legge Delega* No. 155/2017). Over the course of 2018, the Government is expected to enact one or more legislative decree(s) amending Bankruptcy Law as currently in force. Insofar Law No. 3/2012 arrangements are concerned, the overriding objective of the reform includes, *inter alia*, a clear distinction between debtors in good faith (who may, subject to certain eligibility requirements, be discharged as a result of the procedure) and debtors who acted with wilful misconduct, bad faith or fraud. Moreover, the reform will expressly extend the scope of these arrangements to indebtedness backed by salary or pension assignment. The timing, detailed content and impact of such reforms cannot be predicted.

Administration and reliance on third parties

The ability of the Issuer to make payments in respect of the Notes will depend upon the due performance by the parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are each a party. In particular, without limitation, the punctual 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 Receivables Purchase Agreement in respect of the Portfolio.

The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party. In each case, the performance by the Issuer of its obligations under the Transaction Documents is also dependent on the solvency of, *inter alios*, Futuro.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED IN THE CONTEXT OF THE SECURITISATION

Risks relating to the Notes

Secondary market and liquidity risk

There is not at present an active and liquid secondary market for the Senior Notes. Although an application has been made to the Irish Stock Exchange for the Senior Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Regulated Market of the Irish Stock Exchange, there can be no assurance that a secondary market for the 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 the Senior Notes with the liquidity of investments or that it will continue until the final redemption or cancellation of such Senior Notes. In addition, illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have a severe adverse effect on the market value of the Notes. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

The Notes may not be suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) consider all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; and
- (vi) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Rating of the Notes

The ratings assigned to the Notes are based among other things, on the Rating Agencies' determination of the value of the Portfolio, the reliability of the payments on the Portfolio and the availability of credit enhancement. The ratings assigned by Moody's address the likelihood of timely payment of interest and the ultimate repayment of principal on or before the Final Maturity Date, not that such payments will be paid when expected or scheduled. The ratings assigned by DBRS address the risk of default, being the risk that the Issuer will fail to satisfy its financial obligations in accordance with the terms under which the Notes have been issued.

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

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

Ratings are not a recommendation to buy, sell or hold any security. 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.

There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any or all of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. Any Rating Agency may reduce or withdraw its rating if, in the sole judgment of that Rating Agency, the credit quality of the Notes has declined or is in question. If any rating assigned to the Notes is reduced or withdrawn, the market value of the Notes may be affected.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The proposed European financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). Such proposal was approved by the European Parliament on 3 July 2013. However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals 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.

The FTT proposal remains subject to negotiation between the participating Member States and may 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.

U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code ("**FATCA**") impose a new reporting regime and potentially a withholding tax with respect to certain payments to any non-U.S. financial institution (a "**FFI**") that does not enter into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA.

According to the intergovernmental agreement ("**IGA Italy**") signed by the United States of America and the Republic of Italy on January 10, 2014 and implemented in Italy by Law No. 95 of 18 June 2015, a FFI is not generally subject to withholding under FATCA on any payments it receives. Furthermore, a FFI is not required to withhold from payments it makes (unless it has agreed to do so under the U.S. "qualified intermediary" regime, according to which, in certain cases, a 30% withholding tax is applied on the payments from sources within the United States).

Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Regulation affecting investors in securitisations

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 number 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 Corporate Servicer, the Noteholders

Representative, the Account Bank, the Calculation Agent, the Paying Agent, the Cash Manager, the Sole Arranger, the Joint Lead Managers and the Servicer makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Investors should be aware of articles 405-410 of the CRR and any implementing rules in relation to a relevant jurisdiction, which applies in general to newly-issued securitisations after 31 December 2010. Article 405(1) of the CRR restricts EU regulated credit institutions from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an on-going basis, a net economic interest of not less than five per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by article 405(1). Article 406 also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the securitisation notes it has acquired and the underlying exposures and that procedures are established for such due diligence activities to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in articles 404-410 will result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor. Articles 404-410 of the CRR apply in respect of the Notes. Investors which are EU regulated credit institutions should therefore make themselves aware of the requirements of articles 404-410 in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

Similar requirements to those set out in articles 404-410 of the CRR have been implemented for certain alternative investment fund managers and other EU regulated investors (such as, insurance and reinsurance undertakings), as better detailed below:

- (i) pursuant to article 71 of Directive 2011/61/EU (AIFMD), the AIFM Regulation contains level 2 measures directly applicable in each Member States similar to those set out in CRR, permitting EU managers of alternative investment funds (“**AIFMs**”) to invest in securitisation transactions on behalf of the alternative investment funds (“**AIFs**”) they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than 5 (five) per cent in respect of certain specified credit risk tranches or asset exposure (Article 51 of the AIFM Regulation) and also to undertake certain due diligence requirements. Although certain requirements in the AIFMR are similar to those which apply under the CRR, they are not identical. In particular, the AIFMR requires AIFMs to ensure that the sponsor or originator of a securitisation transaction meets certain underwriting and originating criteria in granting credit, and imposes more extensive due diligence requirements on AIFMs investing in securitisations than the ones are imposed on prospective investors under the CRR. Furthermore, AIFMs who discover after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below 5 (five) per cent of the economic risk, are required to take such corrective action as is in the best interests of investors. It is unclear how this last requirement is expected to be addressed by AIFMs should those circumstances arise. The requirements of the AIFMR apply to new securitisations issued on or after 1 January 2011.
- (ii) pursuant to Directive (2009/138/EC) (“**Solvency II Directive**”), Commission Delegated Regulation (EU) No. 2015/35, as later amended (“**Solvency II Regulation**”), sets out, among other things, (i) under article 254, the requirements that will need to be met by originators of asset-backed securities in order for EU insurance and reinsurance companies to be allowed to invest in such instruments (including, *inter alia*, the requirement that the originator, the sponsor or the original lender retains a material net economic interest in the underlying assets of no less than 5 (five) per cent); and (ii) under article 256, the qualitative requirements that must be met by insurance or reinsurance companies that invest in such securities (including, *inter alia*, the requirement that insurance and reinsurance companies shall conduct adequate due diligence prior to make the investment, which shall include an assessment of the

commitment of the originator, sponsor or original lender to maintain a material net economic interest securitisation of no less than 5% on an on-going basis).

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

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

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.

The relevant investors are required independently to assess and determine the sufficiency of the information described in this Prospectus, in any investor report and otherwise for the purposes of complying with articles 404-410 of the CRR, article 51 of the AIFM Regulation and article 256 of the Solvency II Regulation. None of the Issuer, the Corporate Servicer, the Originator, the Noteholders Representative, the Account Bank, the Calculation Agent, the Paying Agent, the Cash Manager, the Sole Arranger, the Joint Lead Managers and the Servicer makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, prospective investors should ensure that they comply with the implementing provisions in respect of article 405 and followings of the CRR, the provisions of the chapter 3, section 5 of the AIFM Regulation and of article 254 and following of the Solvency II Regulation in their relevant jurisdiction. Relevant investors should also carefully review the Commission Delegated Regulation No. 625/2014 of 13 March 2014 - supplementing CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk - to the extent applicable, in order to ensure that they understand their due diligence and monitoring obligations prior to becoming exposed to a securitisation. Relevant investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with articles 404-410 of the CRR should seek guidance from their regulator.

In addition, implementation of and/or changes to the Basel II framework (**Basel II**) may affect the capital requirements for and/or the liquidity of the Notes.

The Basel II framework is an international accord which while it is not itself binding on participating states or institutions sets out benchmark regulatory capital rules for banks.

The Basel II framework has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are, or may become, subject to capital adequacy requirements that follow the framework.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as **Basel III**), including new capital and a minimum leverage ratio for credit institutions. In particular, the changes include among other things, new requirements for the capital base held by credit institutions, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio**). Member countries have been required to implement the new capital standards from January

2013, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general, and the European Commission's corresponding proposals to implement the changes (through amendments to the Capital Requirements Directive) were published in July 2011 and came into force on 1 January 2014. The Basel III framework has been substantially reflected in the EU legislation by means of the recently agreed package consisting of the new Capital Requirements Directive (Directive 2013/36/EU; “**CRD IV**”) and CRR. The adoption of these measures will allow the set-up of a Single Rule book which is the key tool in the EU to allow a level playing field, to contrast regulatory arbitrage and foster the convergence of supervisory practices. CRD IV and the CRR were formally adopted by the European Council on 20 June 2013 and published in the Official Journal on 27 June 2013. The CRR entered into application on 1 January 2014. CRD IV has been partially implemented in Italy through the Bank of Italy Circular No. 285 issued on 17 December 2013 and Legislative Decree No. 72 of 12 May 2015 entered into force on 27 June 2015 that transposes in Italy those provisions of the CRD IV which were not implemented by means of the aforesaid Bank of Italy Circular. The provisions required by CRR and CRD IV are expected to be fully implemented by 1 January 2019. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

Investors should consult their own advisers as to the regulatory requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

STS Regulation

On 12 December 2017, the European Parliament and the Council adopted Regulation (UE) No. 2017/2402 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the “**STS Regulation**”). The STS Regulation will apply from 1 January 2019. At the present moment, no assessment has been made on whether the transaction complies with the requirements set in order for it to be designated as an “STS securitisation” under the STS Regulation.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and the rating assigned to the Notes are based on Italian law, Tax and administrative practice in effect at the date hereof, having due regard to the expected Tax treatment of all relevant entities under such law and practice. No assurance can be given as to any possible change to Italian law, Tax or administrative practice after the Issue Date.

Delisting of the Notes

The Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and to trading on the Main Securities Market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder’s ability to resell the Notes on the secondary market.

Risks related to the market generally

Set out below is a brief description of the principal market risks.

Absence of secondary market; Limited liquidity

The Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the

Official List and to trading on the Main Securities Market. However, if granted, there can be no assurance that a secondary market in the Class A Notes will develop or, if it does develop, that it will provide the holders of the Class A Notes with liquidity of investment, or that it will continue for the life of the Class A Notes. Consequently, any purchaser of the Class A Notes must be prepared to hold such Class A Notes for an indefinite period of time or until final redemption or maturity of such Class A Notes. Lack of liquidity could result in a significant reduction in the market value of the Class A Notes.

In addition, the market value of the Class A Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loans. Consequently, any sale of the Class A Notes by the holders of the Class A Notes in any secondary market which may develop may be at a discount to the original purchase price of those Class A Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

THE PORTFOLIO

The Receivables comprised in the Portfolio have been selected on the basis of certain eligibility criteria, which are set out in the Receivables Purchase Agreement and were published on 1 March 2018 on No. 25 Part II of the Official Gazette of the Republic of Italy.

Eligibility Criteria of the Portfolio

Receivables deriving from personal loan agreements to be reimbursed through the assignment of one fifth of the salary or pension and assisted by a delegation of payment entered into by the Originator in its capacity as lender which as at 24 February 2018 (the **Valuation Date**) have the following characteristics:

1. personal loan agreements governed by Italian law;
2. personal loan agreements disbursed to individuals resident in Italy at the date of execution of the relevant loan agreement and which, on that date and on the Valuation Date, were included in one of the following categories:
 - (i) employees of public administrations and, more generally, entities or companies referred to under article 1 of the Presidential Decree. n. 180 of 5 January 1950, as amended and supplemented from time to time (the **D.P.R. 180**) included, for sake of clarity, the pensioners of the same entities; or;
 - (ii) employees pursuant to article 409, paragraph 3), of the Italian Civil Procedure Code with entities and administrations referred to under article 1, first paragraph, of the D.P.R. 180 and the relevant pension takers;
3. personal loan agreements denominated in Euro;
4. personal loan agreements:
 - (i) collateralized by the assignment by the relevant Debtor of up to one fifth of its monthly salary, included for sake of clarity, the relevant pension, pursuant to the D.P.R. 180, granted by the relevant Debtor in favour of Futuro (*contratti di credito assistiti da cessione del quinto dello stipendio o della pensione*); or
 - (ii) repayable by way of a delegation of payment concerning the payment of a portion of the monthly salary of the Debtor by the relevant Employer to Futuro pursuant to article 1269 of the Italian Civil Code (*contratti di credito assistiti da delegazione di pagamento*) after transferring from the Debtor to its Employer of its irrevocable mandate pursuant to article 1723, second paragraph, of the Italian Civil Code;
5. that, in case of personal loan agreements repayable by way of a delegation of payment, this delegation of payment has been accepted by the relevant Employer;
6. personal loan agreements whose instalment payment (*pagamento rateale*) provides, in relation to each instalments, for the payment of both the interest component and the principal component of the instalment;
7. personal loan agreements assisted by an Insurance Policy in favour of Futuro, pursuant to the D.P.R. 180;
8. fixed rate personal loan agreements (*contratti di credito a tasso fisso*) with fixed-amount monthly instalments (*rate mensili di importo fisso*);
9. personal loan agreements with no more than 120 instalments;

10. personal loan agreements which have, at least, the first instalment paid within three months from relevant due date in accordance with the original amortization plan or, alternatively, in relation to which as at the Valuation Date at least 12 instalments have been paid;
11. personal loan agreements entirely disbursed;
12. personal loan agreements whose debtor is an Italian citizen and whose native country is not one country among Cuba, Iran, Syria, Sudan and North Korea;
13. personal loan agreements whose debtor is not an employee of Mediobanca Group;
14. personal loan agreements with no more than one due and unpaid instalment;
15. personal loan agreements in relation to which no event qualified as “life damage” (*sinistro vita*) or as “damage due to the loss of the job” (*sinistro perdita impiego*) has occurred, with the exception of the “damages” (*sinistri*) which have been subsequently cancelled (*annullati*);
16. personal loan agreements assisted by an Insurance Policy issued by one of the following insurance companies:
 - AXA FRANCE IARD S.A.;
 - AXA FRANCE VIE;
 - AXA MPS ASSICURAZIONI VITA S.p.A.;
 - CARDIF ASSURANCE VIE S.A.;
 - CARDIF ASSURANCE RISQUES DIVERS S.A.;
 - HDI ASSICURAZIONI S.p.A.;
 - METLIFE EUROPE LTD.;
 - NET INSURANCE LIFE S.p.A., in co-insurance regime pursuant to article 1911 of the Italian Civil Code with AXA FRANCE VIE;
 - NET INSURANCE S.p.A., in co-insurance regime pursuant to article 1911 of the Italian Civil Code with AXA FRANCE IARD S.A.;
 - SOGECAP-SOCIÈTE ANONYME D’ASSURANCE SUR LA VIE ED DE CAPITAL;
 - GAIL-GREAT AMERICAN INSURANCE LIMITED;
17. personal loan agreements identified by a file completed after 1 January 2015;
18. personal loan agreements whose principal amount outstanding is comprised between:
 - (i) Euro 10,378.72 and Euro 83,377.47, in case the relevant debtor was, as at the date of execution of the personal loan agreement, an employee of the Republic of Italy, of its Provinces, of its Municipalities, of its public welfare and charitable institutions and of any other entity or public institution under welfare protection (*istituto pubblico sottoposto a tutela*), or any other public institution subject to the supervision of the Public Administration (including self-governing companies providing for public municipalized services (*aziende autonome per i servizi municipalizzati*)) and companies having a concession to provide public communication or transport services (*le imprese concessionarie di un servizio pubblico di comunicazioni o di trasporto*);
 - (ii) Euro 5,152.39 and Euro 47,893.86, in case the relevant debtor was, as at the date of execution of the personal loan agreement, an employee of a private company;
 - (iii) Euro 10,298.97 and Euro 70,426.69, in case the relevant debtor was, as at the date of execution of the personal loan agreement, a pensioner.

But Excluding the receivables in relation to which the following event has occurred:

- following the loss of the job, the Debtor has assumed the obligation to directly extinguish the residual debt, without any further obligation to be performed by the original Employer.

Main characteristics of the Portfolio

The Receivables derives from personal loan agreements to be reimbursed through the assignment of one fifth of the salary or pension and assisted by a delegation of payment whose amortisation plan provides for monthly Instalments with a fixed interest rate.

As at the Valuation Date, no Loan Agreement has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Loans whose Receivables are transferred by the Originator to the Issuer pursuant to the Receivables Purchase Agreement.

As at the Valuation Date either the number of the Debtors or the number of the Loans is not less than 35,053.

As at the Valuation Date:

- no Loan has an outstanding principal balance greater than Euro 100,000; and
- the aggregate outstanding principal balance of the Loans greater than Euro 60,000 shall not exceed 5% of the aggregate outstanding principal balance of all the Loans.

The following tables set forth certain information as at the Valuation Date. In the Portfolio are comprised 35,053 Receivables for a total amount in principal of Euro 649,967,838.67.

All the Receivables comprised in the Portfolio have a maturity date which falls before the Final Maturity Date.

Average Statistics

Number of Loans	36.592
Number of Debtors	35.053
Tot Outstanding Principal	€ 649.967.839
Avg Outstanding Principal	€ 17.763
Avg Original Principal	€ 19.997
Weight Avg Rate	8,3%
Weight Avg Duration (month)	54,2
Weight Avg Remaining Term (month)	97,1
Weight Avg Seasoning (month)	17,6

% feminine customers	32,8%
% public employers	37,0%
% retirees	40,0%
% private employers	23,0%
% DP loans	14,4%
% 30 days arrears	8,0%

Original Principal

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 10000	1.862	13.335.970,36	2,05				1.862	13.335.970,36	8,92			
Up to 15000	8.378	96.497.379,77	14,85	4.928	58.115.907,38	22,36	2.774	30.303.173,27	20,27	676	8.078.299,12	3,36
Up to 20000	9.727	149.964.825,97	23,07	5.088	77.067.994,57	29,65	2.759	43.507.756,58	29,10	1.880	29.389.074,82	12,22
Up to 25000	8.627	170.930.204,34	26,30	2.994	58.433.829,75	22,48	2.051	41.279.451,49	27,61	3.582	71.216.923,10	29,61
Up to 30000	4.723	115.107.616,31	17,71	1.357	32.419.232,90	12,47	615	15.053.480,84	10,07	2.751	67.634.902,57	28,12
Up to 35000	2.166	61.677.347,81	9,49	616	17.408.879,08	6,70	150	4.334.749,78	2,90	1.400	39.933.718,95	16,60
Up to 40000	571	18.724.812,13	2,88	268	8.787.163,40	3,38	29	974.345,73	0,65	274	8.963.303,00	3,73
Over 40000	538	23.729.681,98	3,65	185	7.730.832,86	2,97	18	713.411,34	0,48	335	15.285.437,78	6,36
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Outstanding Principal

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 10000	2.667	20.515.543,03	3,16				2.667	20.515.543,03	13,72			
Up to 15000	11.696	145.831.193,22	22,44	7.401	92.017.209,23	35,40	2.902	35.954.694,58	24,05	1.393	17.859.289,41	7,43
Up to 20000	10.339	180.448.425,66	27,76	4.439	76.450.664,93	29,41	2.839	49.550.739,57	33,14	3.061	54.447.021,16	22,64
Up to 25000	6.935	154.031.472,63	23,70	2.187	48.482.370,98	18,65	1.401	30.771.811,33	20,58	3.347	74.777.290,32	31,09
Up to 30000	3.336	90.329.698,18	13,90	851	23.024.218,70	8,86	350	9.384.852,12	6,28	2.135	57.920.627,36	24,08
Up to 35000	1.008	32.217.624,30	4,96	332	10.718.493,62	4,12	72	2.285.883,91	1,53	604	19.213.246,77	7,99
Up to 40000	278	10.318.251,71	1,59	129	4.787.127,07	1,84	17	618.134,41	0,41	132	4.912.990,23	2,04
Over 40000	333	16.275.629,94	2,50	97	4.483.755,41	1,72	10	420.680,44	0,28	226	11.371.194,09	4,73
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Original term

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 36 months	14	190.497,78	0,03	1	13.133,16	0,01	7	61.998,35	0,04	6	115.366,27	0,05
Up to 48 months	163	1.800.878,36	0,28	12	189.161,25	0,07	94	741.972,51	0,50	57	869.744,60	0,36
Up to 60 months	1.393	14.257.670,80	2,19	203	2.755.526,17	1,06	954	7.835.347,15	5,24	236	3.666.797,48	1,52
Up to 72 months	1.185	15.143.346,21	2,33	277	4.069.326,99	1,57	624	5.952.560,14	3,98	284	5.121.459,08	2,13
Up to 84 months	1.669	23.872.078,66	3,67	563	8.090.224,90	3,11	680	7.639.552,56	5,11	426	8.142.301,20	3,39
Up to 96 months	1.767	27.854.628,58	4,29	699	10.682.726,12	4,11	610	7.901.466,23	5,29	458	9.270.436,23	3,85
Up to 108 months	1.823	31.055.072,37	4,78	919	14.442.105,59	5,56	445	6.307.950,51	4,22	459	10.305.016,27	4,28
Up to 120 months	28.578	535.793.665,91	82,43	12.762	219.721.635,76	84,52	6.844	113.061.491,94	75,63	8.972	203.010.538,21	84,41
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Seasoning

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 12 months	12.669	236.887.540,36	36,45	4.700	83.600.823,11	32,16	4.085	61.804.645,89	41,34	3.884	91.482.071,36	38,04
Up to 24 months	12.347	221.232.076,68	34,04	5.510	92.949.743,88	35,75	3.153	45.446.086,64	30,40	3.684	82.836.246,16	34,44
Up to 36 months	10.673	177.740.527,37	27,35	4.729	75.612.732,67	29,09	2.819	39.701.482,74	26,56	3.125	62.426.311,96	25,96
Up to 48 months	903	14.107.694,26	2,17	497	7.800.540,28	3,00	201	2.550.124,12	1,71	205	3.757.029,86	1,56
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Remaining term

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 24 months	14	143.511,99	0,02				10	63.408,92	0,04	4	80.103,07	0,03
Up to 36 months	189	1.602.318,16	0,25	8	99.125,83	0,04	151	1.022.966,73	0,68	30	480.225,60	0,20
Up to 48 months	700	7.338.172,96	1,13	103	1.391.376,00	0,54	438	3.521.065,56	2,36	159	2.425.731,40	1,01
Up to 60 months	1.672	19.580.824,71	3,01	333	4.717.529,65	1,81	977	8.874.613,04	5,94	362	5.988.682,02	2,49
Up to 72 months	1.599	22.275.275,54	3,43	530	7.521.478,02	2,89	694	7.770.712,08	5,20	375	6.983.085,44	2,90
Up to 84 months	2.316	35.887.110,29	5,52	1.076	16.349.343,39	6,29	701	8.781.651,07	5,87	539	10.756.115,83	4,47
Up to 96 months	10.101	173.138.254,83	26,64	4.782	77.195.862,54	29,69	2.394	36.198.360,61	24,21	2.925	59.744.031,68	24,84
Up to 108 months	10.281	192.154.694,11	29,56	4.891	83.920.495,09	32,28	2.269	36.778.219,74	24,60	3.121	71.455.979,28	29,71
Up to 120 months	9.720	197.847.676,08	30,44	3.713	68.768.629,42	26,45	2.624	46.491.341,64	31,10	3.383	82.587.705,02	34,34
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Interest rate

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
<= 4%	7	114.374,89	0,02	1	23.253,10	0,01				6	91.121,79	0,04
<= 5%	735	18.514.195,71	2,85	4	49.388,02	0,02				731	18.464.807,69	7,68
<= 6%	4.514	103.286.434,00	15,89	572	11.762.003,39	4,52	2	39.113,95	0,03	3.940	91.485.316,66	38,04
<= 7%	5.066	103.736.957,81	15,96	2.435	46.745.705,45	17,98	2	47.943,34	0,03	2.629	56.943.309,02	23,68
<= 8%	5.265	100.586.515,96	15,48	3.347	59.698.909,14	22,96	33	743.817,65	0,50	1.885	40.143.789,17	16,69
<= 9%	4.216	74.996.317,74	11,54	2.402	39.980.243,70	15,38	750	13.869.618,98	9,28	1.064	21.146.455,06	8,79
<= 10%	5.025	82.451.174,36	12,69	2.395	38.249.597,29	14,71	2.210	36.020.905,18	24,09	420	8.180.671,89	3,40
<= 11%	4.291	63.523.688,20	9,77	966	15.266.802,21	5,87	3.149	45.027.978,71	30,12	176	3.228.907,28	1,34
<= 12%	4.140	57.273.586,72	8,81	1.422	21.268.059,68	8,18	2.679	35.317.012,77	23,62	39	688.514,27	0,29
<= 13%	2.407	33.019.918,51	5,08	1.196	17.325.768,52	6,66	1.204	15.583.567,07	10,42	7	110.582,92	0,05
<= 14%	810	10.906.656,09	1,68	590	8.178.892,01	3,15	219	2.709.580,49	1,81	1	18.183,59	0,01
> 14%	116	1.558.018,68	0,24	106	1.415.217,43	0,54	10	142.801,25	0,10			
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Life Insurance

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
AXA FRANCE VIE	10.272	186.308.045,95	28,66	2.346	47.294.596,42	18,19	4.993	73.237.884,89	48,99	2.933	65.775.564,64	27,35
AXA MPS ASSICURAZIONI VITA SPA	1.384	26.645.935,23	4,10				557	8.106.296,05	5,42	827	18.539.639,18	7,71
CARDIF ASSURANCE VIE S.A.	9.033	158.386.605,46	24,37	3.197	54.101.750,17	20,81	2.448	34.354.108,93	22,98	3.388	69.930.746,36	29,08
HDI ASSICURAZIONI SPA	2.913	65.220.341,69	10,03	11	187.022,56	0,07	349	5.602.096,17	3,75	2.553	59.431.222,96	24,71
METLIFE EUROPE LTD.	10.363	167.204.117,04	25,72	9.649	154.579.177,36	59,46	551	8.596.297,11	5,75	163	4.028.642,57	1,68
NET INSURANCE LIFE SPA	2.541	44.711.911,02	6,88	147	2.310.411,15	0,89	1.360	19.605.656,24	13,11	1.034	22.795.843,63	9,48
SOGECAP-SOCIÉTÉ ANONYME D'ASSURANCE	86	1.490.882,28	0,23	86	1.490.882,28	0,57						
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Job insurance

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
n.a.	15.436	259.963.839,94	40,00	15.436	259.963.839,94	100,00						
AXA FRANCE IARD S.A.	8.768	154.920.294,47	23,84				5.404	79.159.049,11	52,95	3.364	75.761.245,36	31,50
CARDIF ASSURANCE S.A.	5.836	104.284.855,29	16,04				2.448	34.354.108,93	22,98	3.388	69.930.746,36	29,08
GAIL-GREAT AMERICAN INSURANCE	714	12.624.939,68	1,94				551	8.596.297,11	5,75	163	4.028.642,57	1,68
HDI ASSICURAZIONI SPA	2.902	65.033.319,13	10,01				349	5.602.096,17	3,75	2.553	59.431.222,96	24,71
NET INSURANCE SPA	2.936	53.140.590,16	8,18				1.506	21.790.788,07	14,58	1.430	31.349.802,09	13,04
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Borrower Age

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Up to 30 years	199	2.425.358,64	0,37				171	1.826.396,82	1,22	28	598.961,82	0,25
Up to 40 years	2.485	39.782.546,99	6,12				1.688	22.577.143,37	15,10	797	17.205.403,62	7,15
Up to 50 years	7.087	125.218.874,76	19,27	58	835.871,66	0,32	4.362	64.872.676,57	43,39	2.667	59.510.326,53	24,74
Up to 60 years	9.516	182.423.660,44	28,07	745	14.484.040,87	5,57	3.600	54.681.834,06	36,58	5.171	113.257.785,51	47,09
Up to 70 years	10.307	192.206.103,38	29,57	7.635	136.732.632,95	52,60	437	5.544.288,57	3,71	2.235	49.929.181,86	20,76
Up to 80 years	6.874	106.201.388,18	16,34	6.874	106.201.388,18	40,85						
Over 80 years	124	1.709.906,28	0,26	124	1.709.906,28	0,66						
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

Employer concentration (INPS counted as a single employer)

	Total			01 - Retirees			02 - Privates			03 - Public		
	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col	N	Outs Princ	%col
Abruzzo	502	11.021.967,67	1,70				161	2.397.701,21	1,60	341	8.624.266,46	3,59
Basilicata	212	4.283.147,67	0,66				85	1.361.932,00	0,91	127	2.921.215,67	1,21
Calabria	1.286	27.589.234,84	4,24	1	21.311,63	0,01	134	1.760.382,37	1,18	1.151	25.807.540,84	10,73
Campania	1.900	35.034.484,84	5,39				927	13.324.210,78	8,91	973	21.710.274,06	9,03
Emilia	1.205	18.624.940,56	2,87				985	14.036.707,71	9,39	220	4.588.232,85	1,91
Friuli Venezia Giulia	493	8.851.928,20	1,36				242	3.319.847,32	2,22	251	5.532.080,88	2,30
Lazio	18.613	322.279.910,51	49,58	15.412	259.444.213,66	99,80	939	13.409.401,91	8,97	2.262	49.426.294,94	20,55
Liguria	253	4.287.739,14	0,66				137	1.843.378,52	1,23	116	2.444.360,62	1,02
Lombardia	3.525	58.252.915,88	8,96				2.746	41.355.382,30	27,66	779	16.897.533,58	7,03
Marche	584	10.240.841,88	1,58				312	4.226.298,94	2,83	272	6.014.542,94	2,50
Molise	60	1.376.320,42	0,21				14	210.017,84	0,14	46	1.166.302,58	0,48
Piemonte	1.201	19.631.425,07	3,02				922	13.542.240,06	9,06	279	6.089.185,01	2,53
Puglia	1.181	24.296.829,00	3,74				258	3.626.631,73	2,43	923	20.670.197,27	8,59
Sardegna	766	15.539.957,43	2,39	2	28.745,65	0,01	125	1.811.496,64	1,21	639	13.699.715,14	5,70
Sicilia	2.270	45.782.941,58	7,04	21	469.569,00	0,18	510	7.542.962,41	5,05	1.739	37.770.410,17	15,70
Toscana	1.033	17.895.877,73	2,75				676	9.814.926,36	6,57	357	8.080.951,37	3,36
Trentino-Alto Adige	133	2.076.473,79	0,32				104	1.480.675,32	0,99	29	595.798,47	0,25
Umbria	229	4.039.182,99	0,62				131	1.799.767,19	1,20	98	2.239.415,80	0,93
Valle d Aosta	21	413.339,47	0,06				10	157.343,35	0,11	11	255.996,12	0,11
Veneto	1.125	18.448.380,00	2,84				840	12.481.035,43	8,35	285	5.967.344,57	2,48
Total	36.592	649.967.838,67	100,00	15.436	259.963.839,94	100,00	10.258	149.502.339,39	100,00	10.898	240.501.659,34	100,00

THE ORIGINATOR AND THE SERVICER

Company History

Futuro is an authorized financial intermediary (register under the number 31060 of *Albo Unico* held by Banca d'Italia) 100% owned by Compass Banca S.p.A.

Futuro, established in 1988, is specialized, since 1997, in the market of personal loans granted by the assignment of one fifth of the salary- or pension- ("*Cessione del Quinto dello Stipendio/Pensione*").

The company, at the beginning held by Banca Popolare di Intra, was acquired in 2004 by Linea S.p.A.

Later, in mid-2008, Futuro joined the Mediobanca Group following the acquisition of Linea S.p.A. and its merger with Compass S.p.A.

Futuro delivers the CQ through third parties networks. Furthermore, since 2013, Futuro, through third parties networks, distributes Personal Loans issued by Compass, Mortgage Loan issued by CheBanca!, Bank Account also issued by CheBanca!.

Network Organization

The Broker Channel currently (31 December 2017) consists of the following entities (124):

- Exclusive Financial Agent (90 partners represented by 480 sales people);
- Banks/Banking Group (19 partners represented by 3400 branches);
- Other financial operators - i.e. financial intermediaries pursuant to art. 106 of the Italian Consolidated Banking Act. (15 partners represented by 1.800 sales people).

Futuro's sales network is organized into 6 territorial areas each of which includes a similar number of partners (excluding banks):

1. North-West: 23 partners;
2. North-East: 12 partners;
3. North-Center: 14 partners;
4. Center: 20 partners;
5. Center-South: 17 partners;
6. South: 19 partners.

Each area is managed by a sales account who is responsible for the management and the development of partner relationships, as well as for the monitoring of business results and goals.

A central office manages the relationship with banks' HQs, while single accounts intervene in branch operations.

Futuro has a standardized approach to *select*, *acquire* and *monitor* its partners.

1) Partner Selection:

The Company, through the Sales Division and in full respect of the products/services distribution policy, selects its network, by assessing:

- the possession of the "ethical requirements";
- the possession of the level of professionalism in the offering of financial services;
- the commercial potential in terms of production;
- the volumes developed and the potential margins for development;
- the territorial coverage, consistent with the Company's business strategies.

Once a potential partner has been identified, and the necessary documentation collected, the Company carries out a series of administrative controls (such as, for example, the presence of pending charges, the verification of registration on professional register) and initiates the approval process provided by the internal procedure.

There are two types of partner-monitoring: one related to formal requirements and another related to business performance. The monitoring of the formal requirements is assured by the Sales Division, which requests continuous updating of sales/marketing information through a specialized external company – commissioned to carry out appropriate controls – and verify any administration sanctions imposed by the Bank of Italy and reported in the Bank of Italy’s oversight reports for the most recent quarter. In addition, the Credit Collection Office reports any critical situations of irregularities and/or complaints involving the partners. Finally, the Sales Division systematically monitors business performance, through structured reports made available by the Business Intelligence Futuro Office.

It should be noted that the Company makes available to its commercial network various ad-hoc courses regarding money-laundering prevention, transparency and insurance aspects (such as provisions regarding the offering of insurance products), as well as mandatory professional updating courses provided by the Agents and Mediators Body (“OAM”).

2. *Remuneration Model*

The partner remuneration model provides for a commission, as well as an incentive paid when the partner reaches specific volume thresholds.

The incentive is aimed at motivating the partners in the network, while it also allows for maintaining prudent governance over risk/return dynamics.

- The commissions are paid to the commercial partners exclusively through bank transfer, as provided by internal procedures.

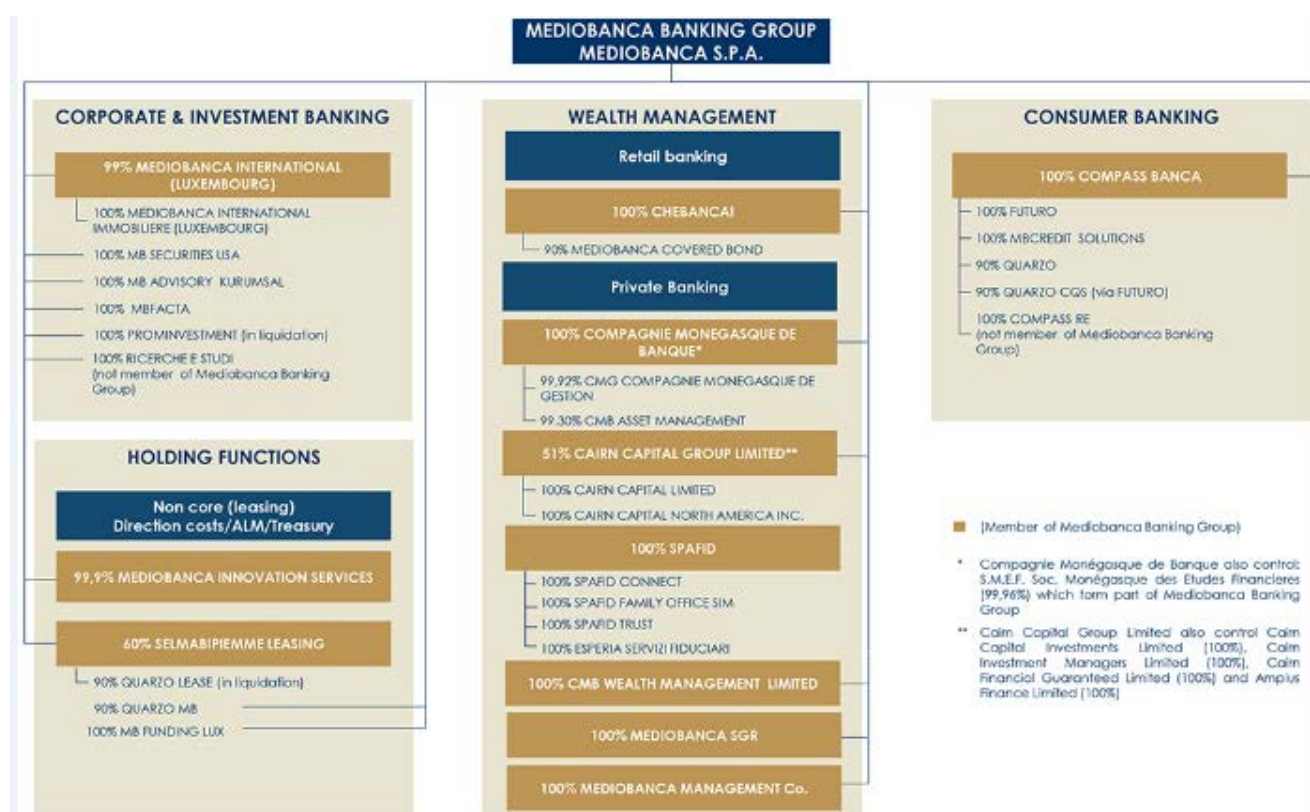
Financial Highlights

The following tables set out certain audited economic and financial information of the Originator as 30 June 2017 and 30 June 2016 (amount in thousands of euros) set out in Originator’s Financial Statement for the fiscal year closed at 30 June 2017.

Financial Statement (k€)	30/06/2017	30/06/2016
Receivables from banks and current assets	1.269	1.703
Receivables from customers	1.643.819	1.529.352
Tangible and intangible fixed assets	270	305
Tax assets	4.650	5.990
Miscellaneous assets and derivatives	6.362	1.902
TOTAL ASSETS	1.656.370	1.539.252
Due to banks	1.155.108	884.190
Securitization	361.382	531.633
Tax liabilities	3.064	1.874
Other liabilities and derivatives	27.463	38.499
Shareholders' equity	109.353	83.056
TOTAL LIABILITIES	1.656.370	1.539.252

Income Statement (k€)		
	30/06/2017	30/06/2016
Interest margin	59.504	49.583
Net commissions	(2.610)	(6.573)
BROKERAGE MARGIN	56.894	43.010
Write-downs for bad debts	(4.977)	(4.464)
NET RESULT OF FINANCIAL OPERATIONS	51.917	38.546
Administrative costs	(15.730)	(15.022)
- Staff costs	(4.724)	(4.614)
- Other administrative costs	(11.006)	(10.408)
Other costs	(2.877)	(952)
OPERATING RESULTS	33.310	22.572
TAX	(10.793)	(7.247)
NET PROFIT (LOSS)	22.517	15.325

Shareholder and Group Structure



THE CREDIT AND COLLECTION POLICIES

Loan application Management

The process of loan application management involves the following stages:

- 1) Loan request;
- 2) Acquisition and underwriting;
- 3) Contract subscription;
- 4) Notification and loan disbursement;
- 5) Loan administration;

1) LOAN REQUEST (The potential client submits a loan request)

The potential client seeks a loan from Futuro's products partner.

The partner - after fulfilling all legal obligations in terms of anti-money laundering, transparency and usury – confirms that the minimum requirements are met (i.e. existence of a salary/ pension) before proceeding to submitting the request.

If minimal requirements are satisfied, the partner – liaising with Futuro's front-end interface (OCS – EVO) – prepares a financial simulation for the client, generates all the pre-contractual documentation - tailor made to client financial needs – and collects a “know your customer” questionnaire (aimed at better understand client's economical and financial situation).

If the client wants to proceed, the loan request is created on OCS - EVO.

Simultaneously the partner collects and certifies all the documentation needed for preparing the case as far as described in Futuro's procedures handbook and sends it to a Futuro's designated outsourcer in charge of preliminary controls.

2) ACQUISITION AND UNDERWRITING (Futuro processes the loan request)

The designated outsourcer verifies the documentation received and concludes all the activities necessary to complete the file as far as described in Futuro's procedures handbook - fraud detection controls are included – before sending it to Futuro internal department (*Acquisizione e Valutazione CQ*) responsible for credit evaluation and underwriting.

Outsourcer activity is strictly monitored both by automatic controls and by an internal department (*Qualità Operativa*), whose mission is to detect possible anomalies, to watch operational SLA (i.e. timing) and to evaluate possible process improvements.

Credit evaluation takes into account the peculiarity of the CQ loans, in which the employer is the subject called to pay the single installment on employee's mandate.

Therefore the credit evaluation of the employer takes into account the following:

- Economical and commercial data from third parties agencies;
- Internal scoring from insurance companies (which includes concentration limits for single employer);
- Absence of prejudicial evidence or of financial instability;
- Internal information (i.e. bad credit history with Futuro).

If controls are positive the loan is underwritten and the results communicated to the partner.

Fraud detection analysis starts after the documentation check is complete and before the evaluation of the credit worthiness has begun.

Fraud detection architecture relies on 2 main principals:

1. Analysis and validation of the authenticity of the documents presented by the potential client – including (but not exclusively) some of the following checks:
 - Social Security/ Fiscal Code issuing number;
 - ID number;
 - Personal records cross check to highlight potential stolen identities;
2. Analysis and validation of data reported in the documents presented by the potential client – including (but not exclusively) some of the following checks:
 - Calculation of client's expected tax rate and cross check with docs presented;
 - Check of employer existence;
 - Coherence of residential data with previous records – if any;

The quality of the underwriting procedures performed by the acquisition team is guaranteed through three level of line controls:

Level 1 – controls aimed at checking the execution of specific steps of the underwriting process. Tools used in this level are:

- On-line check list of required documents;
- Congruence tests on collected data;

Also, whenever possible, automation of validation grids is pursued.

Level 2 – given the activity of the underwriting team is organized through a workflow application, this level is aimed at pinpointing and analyzing workflow anomalies. Particularly different focuses have been implemented to monitor:

- Outsourcer's deadlines (also intraday);
- Internal teams' deadlines;
- Insurance companies' average time for policy processing;

Level 3 – specific governance to oversee critical organizational/ data processing issues.

3) CONTRACT SUBSCRIPTION

If the previous step is positive, the contract is printed by the salesperson and subscribed by the client.

4) NOTIFICATION AND LOAN DISBURSEMENT

The Employer is notified of the contract and the issuance of the Insurance Policy is requested.

Futuro – having received both the Insurance Policy and a formal acceptance of the contract from the Employer –disburses the loan to the client.

5) LOAN ADMINISTRATION

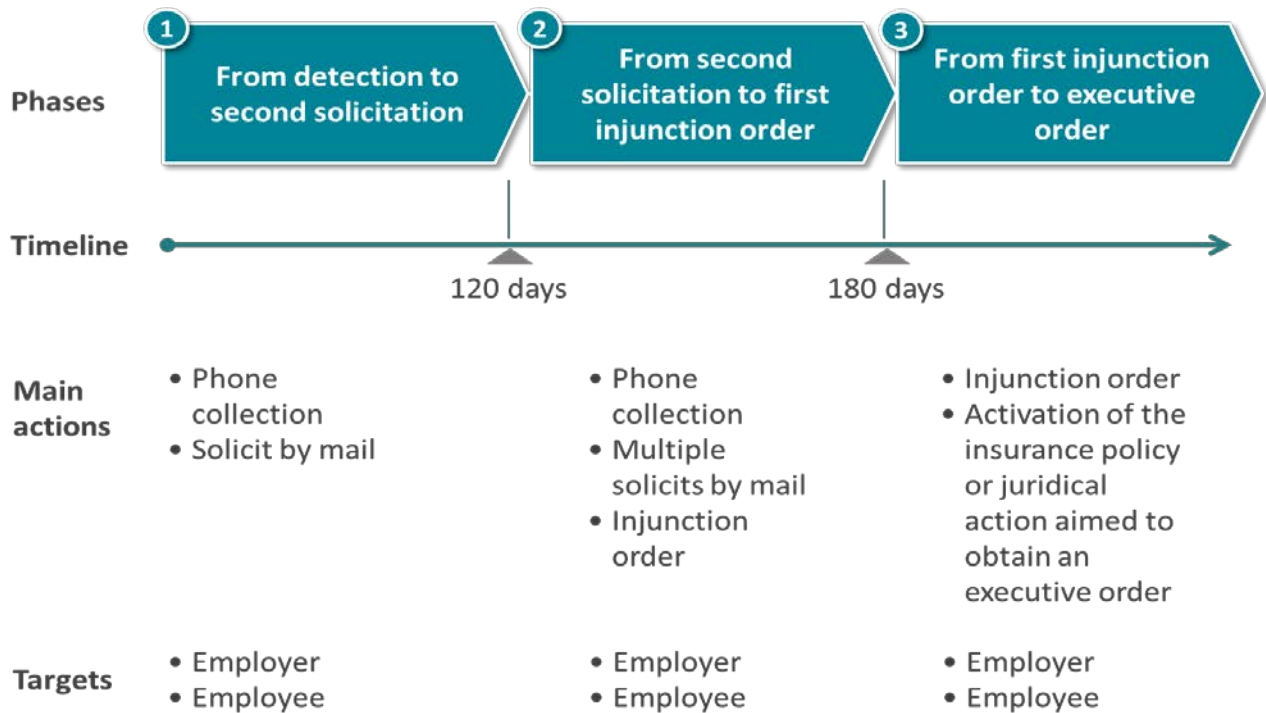
Standard loan administration (therefore avoiding the management of pathological situation) includes three keys activities:

1. *Proceeds management* – Employers pay back the loan instalments by wire transfer. Proceeds start from the month after the notification of the contract and have to be transferred by the Employer to Futuro within the 10th day of the month after the instalment is due.
2. *Banking reconciliations* – Futuro periodically reconciles its banking balances with collected proceeds.

3. *Instalment suspension (eventual)* – instalments could be suspended due to one of the following reasons:
- Regulatory intervention (i.e. to sustain populations hit by acts of God);
 - Temporary total suspension of salary payment by the Employer.

Credit recovery

Credit recovery comprises 3 phases, as illustrated below:



The whole collection process is governed by internal policies and procedure that are updated in order to face to changes in the general law and regulation on the subject as far as improvement in efficiency.

PHASE 1: From detection to second solicitation

Early stages of the credit collection process are managed by an automatic system which gets all the loans with at least 1 unpaid instalment (different granting period are considered according to the product type: 2 months for private and public employee; 3 months for retired).

In case of:

- 1 overdue installment: first phone contact with the Employer in order to check if any administrative problem has occurred. In the meantime a mail reminder is sent to the Employer.
- 2 overdue installments: mail reminder is sent both to Employer and to employee. At the same time a phone call is dropped to the Employer.

PHASE 2: From the second solicitation to first injunction order

In case of:

- 3 overdue instalments – a new mail reminder is sent both to the Employer and to the employee aimed to ask for the payment of the due instalments. At the same time a phone call is dropped to the Employer to sustain the solicitation.

- 4 overdue instalments – a new mail reminder is sent to the Employer with an injunction order to pay within 10 days and professional actions of phone collections are performed against the Employer itself.

PHASE 3: From the first injunction order to executive order

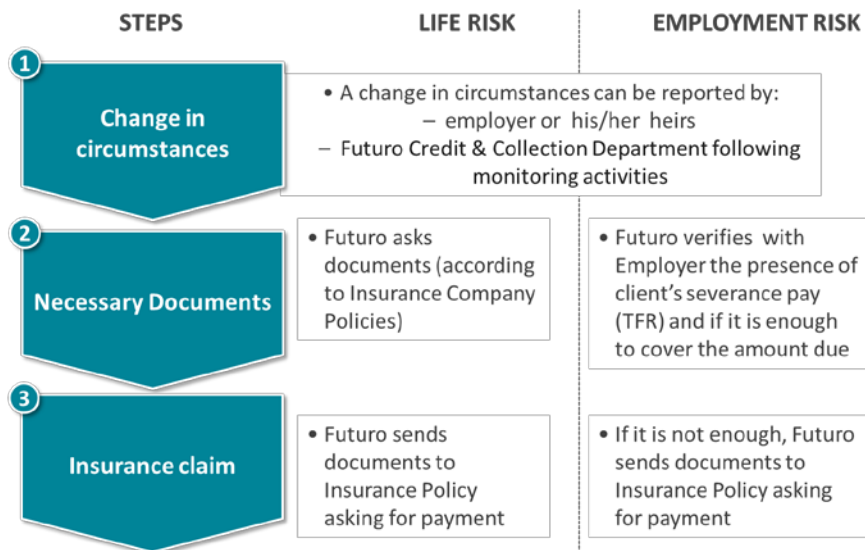
After the previous phase, in case of negative output of all the collection actions performed, a last injunction order to pay the whole loan amount (including overdue interests and related expenses) is sent both to the Employer and employee.

All these positions are examined and if it was not possible to activate the Insurance Policy, they would have been generally transferred to external lawyers to start a formal juridical action aimed to obtain an executive order against the Employer/ employee.

In case Futuro Credit & Collection Department does not decide to trigger a formal law action, the doubtful credit is registered as a loss.

In the case of death of the employee/ pensioner (*life risk*) or in the case of the job loss for employee (*employment risk*), Insurance Policies can be activated by Futuro to guarantee the repayment of the amount due.

Process comprises 3 key steps as illustrated below:



In case of a dispute under the Insurance Policies, Futuro Credit & Collection Department may negotiate and execute a settlement agreement with the relevant Insurance Company.

THE ISSUER ACCOUNTS STRUCTURE

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following Accounts:

A. Collection Account

Collection Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT17D0356601600000127767017), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Collection Account:

All amounts collected or recovered by the Servicer in respect of the Receivables pursuant to the Servicing Agreement.

Out of the Collection Account:

Any funds standing to the credit of the Collection Account, and referred to the immediately preceding Collection Period (as evidenced in the relevant Payments Report), will be transferred to the Payments Account two Business Days prior to each Payment Date.

B. Payments Account

Payments Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT07G0356601600000127767025), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Payments Account:

- (a) the amounts standing to the credit of the other Accounts (other than the Collateral Account, subject to the provision below) two Business Days prior to each Payment Date;
- (b) the cash proceeds of the Eligible Investments including for the avoidance of doubt any interest accrued on such Eligible Investments and proceeds deriving from the liquidation of such Eligible Investments; and
- (c) by 9:00 a.m. CET of the second Business Day preceding each Payment Date, the amounts paid by the Hedging Counterparty.

Out of the Payments Account:

- (a) one Business Day prior to each Payment Date no later than 11:00am C.E.T., funds standing to the credit of the Payments Account will be transferred to the Principal Paying Agent to make payments and transfers on behalf of the Issuer in accordance with the applicable Priority of Payments.

C. The Expenses Account

Expenses Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT82G0356601600000127767033), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Expenses Account:

- (a) the amounts necessary to replenish the Expenses Account up to the Retention Amount, starting from the first Payment Date.

Out of the Expenses Account:

- (a) funds standing to the credit of the Expenses Account will be used for the payment of any Expenses which fall due on a date which is not a Payment Date; and
- (b) funds standing to the credit of the Expenses Account will be transferred to the Payments Account two Business Days prior to each Payment Date.

D. Liquidity Reserve Account

Liquidity Reserve Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT60G0356601600000127767041), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Liquidity Reserve Account:

- (a) on each Payment Date the amounts available under item (vii) of the Pre-Enforcement Priority of Payments.

Out of the Liquidity Reserve Account:

- (a) funds standing to the credit of the Liquidity Reserve Account will be transferred to the Payments Account two Business Days prior to each Payment Date, provided that on any such Payment Date the Liquidity Reserve (or part thereof) has been included in the Available Funds subject to the provisions of the Conditions.

E. The Cash Reserve Account

Cash Reserve Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT62T0356601600000127767068), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Cash Reserve Account:

- (a) on each Payment Date and until the Class A Notes are redeemed in full, the amount available under item (ix) of the Pre-Enforcement Priority of Payments.

Out of the Cash Reserve Account:

- (a) funds standing to the credit of the Cash Reserve Account will be transferred to the Payments Account two Business Days prior to each Payment Date.

F. The Eligible Investments Account

Eligible Investments Account means the Euro denominated account established in the name of the Issuer with the Custodian, as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Into the Eligible Investment Account:

- (a) the Eligible Investments made on behalf of the Issuer (in so far as such investments can be deposited in such account) out of the funds credited on the Collection Account, the Liquidity Reserve Account and the Cash Reserve Account.

G. The Corporate Capital Account

Corporate Capital Account means the Euro denominated account established in the name of the Issuer with Mediobanca – Banca di Credito Finanziario S.p.A. (IBAN IT46T1063101600000070201083) for the deposit of its corporate capital, as the same may be renumbered or redesignated from time to time, or such other substitute bank account as may be opened by the Issuer.

Into the Corporate Capital Account:

- (a) the issued and paid-up corporate capital of the Issuer has been deposited.

H. The Collateral Account

Collateral Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT40T0356601600000127767076), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement and the Hedging Agreement.

Into the Collateral Account:

- (a) the deposit of the collateral to be posted by the Hedging Counterparty in accordance with the Hedging Agreement.

Out of the Collateral Account:

- (a) the amounts standing to the credit of the Collateral Account will be transferred to the Payments Accounts two Business Days prior to each Payment Date only to the extent that such amounts qualify as Available Funds, or returned to the Hedging Counterparty in accordance with the Hedging Agreement.

TERMS AND CONDITIONS OF THE NOTES

The €98,000,000 Class A Asset Backed Floating Rate Notes due November 2033 (the **Class A Notes** or the **Senior Notes**) and the €52,000,000 Class B Asset Backed Fixed Rate Notes due November 2033 (the **Class B Notes** or the **Junior Notes** and, together with the Class A Notes, the **Notes**) have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law to finance the purchase of the Portfolio from the Originator pursuant to the Receivables Purchase Agreement. The main source of payment of amounts and repayment of principal due under the Notes will be collections and recoveries made in respect of the Portfolio.

The Notes are subject to the following terms and conditions.

1. PROVISIONS OF CONDITIONS SUBJECT TO TRANSACTION DOCUMENTS

- 1.1 The Noteholders are deemed to have notice of, are bound by, and will have the benefit of, the Transaction Documents. The main terms and conditions of each Transaction Document are described in the Prospectus. The description in the Prospectus is a summary and the terms of the Transaction Documents will at all times take precedence over the description.
- 1.2 Copies of the Transaction Documents are available for inspection by the Noteholders during normal business hours at the registered office of the Issuer and the Noteholders Representative.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions will, unless the context otherwise requires, have the following meanings:

Acceleration Event means any of the events described in Condition 12 (*Acceleration Events*).

Acceleration Notice means the notice described in Condition 12 (*Acceleration Events*).

Account Bank means Citibank N.A., Milan Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Accounts means, collectively, the Expenses Account, the Collection Account, the Payments Account, the Eligible Investments Account, the Liquidity Reserve Account, the Collateral Account and the Cash Reserve Account.

Agency Agreement means the agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Custodian, the Principal Paying Agent, the Italian Paying Agent, the Account Bank, the Calculation Agent, the Cash Manager and the Noteholders Representative, as amended from time to time.

Agents means the Account Bank, the Principal Paying Agent, the Italian Paying Agent, the Custodian, the Calculation Agent and the Cash Manager, and **Agent** means each of them.

Assigned Debtor means the Employer/Pension Authority which is the obligor under the Salary Assignment or the Payment Delegation, as the case may be, for the repayment of the Loans.

Available Funds means on each Calculation Date and in respect of the immediately following Payment Date an amount equal to the sum of (without double counting):

- (a) any amounts collected, recovered or otherwise received by, or on behalf of, the Issuer in respect of the Receivables during the immediately preceding Collection Period;
- (b) any amounts deriving from the investment in, and disinvestment of, the Eligible Investments during the immediately preceding Collection Period;

- (c) any amounts paid to the Issuer by the Hedging Counterparty under the Hedging Agreement, other than any collateral posted by the Hedging Counterparty on the Collateral Account;
- (d) following the date on which the Hedging Agreement is terminated, any amounts standing to the credit of the Collateral Account, up to the amount (if any) that would be payable as termination amount by the Hedging Counterparty to the Issuer in accordance with the Hedging Agreement;
- (e) the Cash Reserve;
- (f) any other amounts standing to the credit of the Collection Account, Payments Account, Cash Reserve Account and Expenses Account at the end of the relevant Collection Period, including for the avoidance of doubt any accrued interest;
- (g) any interest accrued on the Liquidity Reserve Account;
- (h) any other amount received by the Issuer under the Transaction Documents during the immediately preceding Collection Period, including for the avoidance of doubt any proceeds from the sale of all or part of the Portfolio in accordance with the Transaction Documents;
- (i) to the extent that the funds under (a) to (h) (inclusive) above would not be sufficient to make the payments falling due on the relevant Payment Date under items (i) to (vi) of the Pre-Enforcement Priority of Payments, the Liquidity Reserve;
- (j) following the delivery of an Acceleration Notice, all amounts standing to the credit of the Liquidity Reserve Account and any proceeds from the sale of all or part of the Portfolio in accordance with the Transaction Documents;
- (k) on the Payment Date on which the Class A Notes are redeemed in full (inclusive), all amounts standing to the credit of the Liquidity Reserve Account.

Back-Up Servicer means Compass Banca S.p.A. who will act as back-up servicer pursuant to the Back-Up Servicing Agreement.

Back-Up Servicer Facilitator means Securitisation Services S.p.A. who will act as back-up servicer facilitator pursuant to the Servicing Agreement.

Back-Up Servicing Agreement means the back-up servicing agreement entered on 26 February 2018 between the Issuer, the Servicer and the Back-Up Servicer, as amended and supplemented from time to time.

Banking Act means Legislative Decree 1 September 1993, No. 385, as amended and supplemented from time to time.

Bankruptcy Law means Royal Decree 16 March 1942, No. 267, as amended and supplemented from time to time.

Business Day(s) means a day (other than Saturday and Sunday) on which the banks are open for business in London, Milan and Dublin and on which the Trans European Automated Real Time Gross settlement Express Transfer payment system (TARGET 2) (or any successor thereto) is open.

Calculation Agent means Citibank N.A., London Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Calculation Date means the date falling five Business Days before each Payment Date.

Cancellation Date means the later of (i) the Payment Date falling in November 2036 (ii) the date when the outstanding amount of the Portfolio will have been reduced to zero; and (iii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

Cash Manager means Mediobanca – Banca di Credito Finanziario S.p.A.

Cash Reserve means the monies standing to the credit of the Cash Reserve Account at any given time.

Cash Reserve Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT62T0356601600000127767068), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Central Bank means the Central Bank of Ireland.

Class has the meaning set forth in Condition 2.2.

Class A Notes means the €98,000,000 Class A Asset Backed Floating Rate Notes due November 2033.

Class A Notes Rate of Interest means the higher of (a) the aggregate of one month Euribor and 37 basis points *per annum* (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two weeks and one month deposits in Euro will be substituted for Euribor) and (b) zero.

Class A Target Principal Amount means in respect of each Payment Date the lesser of:

- (a) the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately preceding that Payment Date; and
- (b) any excess of the principal amount outstanding of all Receivables (other than Defaulted Receivables) as of the immediately preceding Collection Date over the aggregate Principal Amount Outstanding of the Class B Notes as of such Calculation Date.

Class B Notes means the €52,000,000 Class B Asset Backed Fixed Rate Notes due November 2033.

Class B Notes Subscriber means Futuro.

Class B Notes Rate of Interest means 200 basis points *per annum*.

Collateral Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT40T0356601600000127767076), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement and the Hedging Agreement.

Collection Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT17D0356601600000127767017), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Collection Date means the last calendar day of each month. The first Collection Date will be 31 March 2018.

Collections means any and all amounts collected or recovered, included without limitation, any amounts received whether as principal, interests and/or costs in relation to the Receivables.

Collection Period means, with reference to the Receivables, the period commencing on (and excluding) any Collection Date and ending on (and including) the immediately following Collection Date and, in case of the first Collection Period, the period commencing on (and excluding) the Valuation Date and ending on (and including) the first Collection Date.

Conditions means the terms and conditions of the Notes.

Corporate Capital Account means the Euro denominated account established in the name of the Issuer with Mediobanca – Banca di Credito Finanziario S.p.A. (IBAN IT46T1063101600000070201083) for the deposit of its corporate capital, as the same may be

renumbered or redesignated from time to time, or such other substitute bank account as may be opened by the Issuer.

Corporate Servicer means Studio Dattilo Commercialisti Associati.

Corporate Services Agreement means the corporate services agreement entered into on 26 February 2018 between the Issuer and the Corporate Servicer, as amended from time to time.

Custodian means Citibank N.A., London Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Credit and Collection Policies means the procedure for the management, collection and recovery of the Receivables attached under the Servicing Agreement.

Day Count Fraction has the meaning set forth in Condition 7.2.

Debtor means any individual person who entered into a Loan Agreement as principal debtor or guarantor or who is obliged for the payment or repayment of amounts due in respect of a Loan or who has assumed the Debtor's obligation under an *accollo*, or otherwise.

DBRS means DBRS Ratings Limited.

Decree 239 means Italian Legislative Decree No. 239 of 1 April 1996.

Decree 239 Deduction means any withholding or deduction for or on account of "*imposta sostitutiva*" pursuant to Decree 239 from time to time.

Deed of Charge means the deed of charge entered into on or about the Issue Date between the Issuer and the Noteholders Representative.

Defaulted Receivables means, with reference to any Calculation Date, the Receivables which on the last day of the Collection Period preceding such Calculation Date (i) have at least 8 Late Instalments or (ii) in relation to which the occurrence of a life damage (*sinistro vita*) has been notified or (iii) in relation to which the relevant sum to be paid after the occurrence of a damage due to the loss of the job (*sinistro perdita impiego*) has been paid. A Receivable will be considered as a Defaulted Receivable as of the occurrence of the first of the events described in the above points (i), (ii) and (iii). It being understood that any Receivable which at a certain date is a Defaulted Receivable shall be regarded, starting from such date, as Defaulted Receivable notwithstanding any subsequent payments of the relevant Late Instalments.

Deferred Interest has the meaning set forth in Condition 7.4.

Delinquent Receivables means, with reference to any Calculation Date, the Receivables, other than the Defaulted Receivables, which on the last day of the Collection Period preceding such Calculation Date, have at least 90 days of payments in arrears.

Eligible Institution means any depository institution organised under the laws of any state which is a member of the European Union or of the United States:

(a) with a "A3" long-term rating by Moody's;

(b) whose long-term unsecured and unsubordinated debt obligations are rated at least "BBB(high)" by DBRS

or such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes.

The DBRS rating is the public rating or, in its absence, the private rating supplied by DBRS. In the event of a depository institution which does not have a private rating nor a public rating from DBRS, then for DBRS the Eligible Institution will mean a depository institution which has the following rating from at least 2 (two) of the following rating agencies:

- (a) a long-term rating of at least “A-” by Fitch;
- (b) a long-term rating of at least “A-“ by S&P;
- (c) a long-term rating of at least “A3” by Moody’s.

Eligible Investments means:

- (a) euro-denominated money market funds which have a long-term rating of “Aaamf” by Moody’s and, if rated by DBRS, “AAA” by DBRS and permit daily liquidation of investments or have a maturity date falling before the next following Liquidation Date provided that such money market funds are disposable without penalty or loss for the Issuer;
- (b) euro-denominated senior, unsubordinated debt securities, commercial papers, deposits (including, for the avoidance of doubt, time deposits) or other debt instruments provided that (i) such investments are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date; and (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); 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, (ii) such repurchase transactions are immediately repayable on demand, disposable without penalty or loss for the Issuer or have a maturity date falling on or before the next following Liquidation Date and (iii) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount);

provided that with exclusive regard to paragraphs (b) and (c) above, the relevant investments or, in the case of repurchase transactions, the debt securities or other debt instruments underlying the relevant repurchase transaction are rated at least:

- (1) “Baa1” by Moody’s; and
- (2) if such debt securities or other debt instruments are rated by DBRS (i) "R-1 (low)" by DBRS in respect of short-term debt or "BBB" (high)" by DBRS in respect of long-term debt, with regard to investments having a maturity of 30 days or less; (ii) "R-1 (middle)" by DBRS in respect of short-term debt or "AA (low)" by DBRS in respect of long-term debt, with regard to investments having a maturity between 30 days and 90 days; (iii) "R-1 (high)" by DBRS in respect of short-term debt or "AA" by DBRS in respect of long-term debt, with regard to investments having a maturity between 91 days and 180 days; or (iv) "R-1 (high)" by DBRS in respect of short-term debt and "AAA" by DBRS in respect of long-term debt, with regard to investments having a maturity longer than 180 days;

provided further that, in any event, none of the Eligible Investments set out above may consist, in whole or in part, actually or potentially, of (i) credit linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives nor may any amount available to the Issuer in the context of the Securitisation otherwise be invested in any such instruments at any time, or (ii) asset-backed securities, irrespective of their subordination, status or ranking, or (iii) tranches of other ABSs, credit-linked notes swaps, other derivatives instruments, or synthetic securities or any other instrument from time to time specified in the European Central Bank monetary policy regulations applicable from time to time.

Eligible Investments Account means the Euro denominated account established in the name of the Issuer with the Custodian, as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Eligibility Criteria means the criteria set out in annex 1 to the Receivables Purchase Agreement on the basis of which the Receivables are identified in pool (*in blocco*) pursuant to articles 1 and 4 of the Securitisation Law.

EMIR means the Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) as amended and supplemented from time to time.

Employer means the employer of the relevant Debtor or the person which will be responsible for the payment of the relevant Instalments of a Loan pursuant to the relevant Salary Assignment or the relevant Delegation of Payment, as the case may be.

Euribor means Euro zone inter-bank offered rate, as set out in Condition 7.3.

Expenses means any and all documented fees, costs, expenses and taxes payable by the Issuer to a person other than a Noteholder or a party to the Transaction Documents in order to preserve the corporate existence and status of the Issuer, maintain it in good standing, or comply with any applicable law.

Expenses Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT82G0356601600000127767033), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

FATCA means the U.S. Foreign Account Tax Compliance Act, as amended and supplemented from time to time.

Final Maturity Date means the Payment Date falling in November 2033.

Final Redemption Date means the Payment Date following the earlier of: (i) the date when the outstanding amount of the Portfolio will have been reduced to zero; and (ii) the date when all the Receivables then outstanding will have been entirely written off by the Issuer.

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

Futuro means Futuro S.p.A., a joint stock company (*società per azioni*) with a sole shareholder incorporated under the laws of the Republic of Italy, having its registered office at via Caldera, 21, 20153, Milan, Italy, Fiscal Code and VAT number and enrolment with the companies' register of Milan No. 01277730030, under the direction and coordination of Mediobanca – Banca di Credito Finanziario S.p.A.

Hedging Agreement means the 1992 ISDA Master Agreement entered into between the Issuer and the Hedging Counterparty on or about the Issue Date, together with the Schedule, the Credit Support Annex and the confirmation documenting the interest rate swap transaction supplemental thereto.

Hedging Counterparty means Banco Santander, S.A.

Hedging Replacement Premium means, in case of termination of the Hedging Agreement, any upfront premium received by the Issuer from a replacement hedging counterparty in consideration for and upon entering into swap transactions with the Issuer on the same terms as the terminated Hedging Agreement – net of (i) any costs incurred by the Issuer to find and appoint such replacement hedging counterparty and (ii) any termination payment already paid by the Issuer to the Hedging Counterparty on any previous Payment Date.

Initial Interest Period means the period from (and including) the Issue Date to (but excluding) the first Payment Date.

Initial Subscribers means collectively the Class B Notes Subscriber and the Joint Lead Managers.

Insolvency Proceedings means any bankruptcy, liquidation, administration, insolvency, winding up, composition or reorganization proceedings under the Bankruptcy Law and other laws of the Republic of Italy (including, without limitation, “*fallimento*”, “*liquidazione coatta amministrativa*”, “*amministrazione straordinaria*”, “*concordato preventivo*” and “*accordi di ristrutturazione dei debiti*”) or similar proceedings under the laws of any relevant jurisdiction.

Instalment means, with respect to each Loan Agreement, from which the Receivables are originated, each instalment due from time to time by the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

Insurance Company means each of the insurance companies which has issued an Insurance Policy.

InsurancY Policies means the insurance policies executed with reference to each Loan Agreement pursuant to the relevant provisions of the Salary Assignment Act.

Intercreditor Agreement means the agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Agents, the Servicer, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Corporate Servicer, the Subordinated Loan Provider, the Hedging Counterparty, the Reporting Delegate, the Quotaholders and the Noteholders Representative, subject to the accession of further parties in accordance with its terms, as amended and supplemented from time to time.

Interest Determination Date means the second Business Day immediately preceding the beginning of the relevant Interest Period.

Interest Instalment means the interest component of each Instalment under each relevant Loan.

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

Investor Report means the report prepared by the Calculation Agent in accordance with the Agency Agreement.

Issue Date means 27 March 2018 or such other date on which the Notes are issued.

Issuer means Quarzo CQS S.r.l.

Issuer Secured Creditors means the Noteholders Representative, the Noteholders, the Principal Paying Agent, the Italian Paying Agent, the Custodian, the Calculation Agent, the Account Bank, the Cash Manager, the Servicer, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Corporate Servicer, the Subordinated Loan Provider, the Originator, the Hedging Counterparty, the Class B Notes Subscriber and the Reporting Delegate.

Issuer’s Rights means the Issuer’s rights under the Transaction Documents.

Italian Paying Agent means Citibank N.A., Milan Branch and any successor or assignee thereto in accordance with the Agency Agreement.

Joint Lead Managers means Mediobanca – Banca di Credito Finanziario S.p.A., Banco Santander, S.A., Banca IMI S.p.A. and UniCredit Bank A.G.

Junior Notes Subscription Agreement means the agreement entered into on or about the Issue Date by the Class B Notes Subscriber, the Issuer and the Noteholders Representative.

Late Instalment means any instalment related to a Receivable which is not paid for a period of at least equal to 30 days from the relevant due date.

Legal Effective Date means the date on which the Publicity relating to the Portfolio has been complied with.

Liquidation Date means the date falling six Business Days before each Payment Date.

Liquidity Reserve means the monies standing to the credit of the Liquidity Reserve Account at any given time.

Liquidity Reserve Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT60G0356601600000127767041), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Listing Agent means McCann FitzGerald Listing Services Limited.

Loan means each personal loan granted by the Originator to a Debtor, on the basis of a Loan Agreement to be reimbursed through a Salary Assignment or, alternatively, assisted by a Payment Delegation issued in favour of Futuro by the relevant Debtor, and furthermore assisted by an Insurance Policy, from which are originated the Receivables transferred to the Issuer pursuant to the Receivables Purchase Agreement.

Loan Agreement means each written agreement, from which a Receivable is originated, entered into between the Originator and a Debtor and pursuant to which the Originator has granted to the Debtor the relevant Loan.

Loan Disbursement Policies means the loan disbursement policies adopted by Futuro for the disbursement of the Loans.

Moody's means Moody's Investor Service.

Monte Titoli means Monte Titoli S.p.A.

Monte Titoli Account Holders means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli and includes any depository banks appointed by Euroclear and Clearstream.

Noteholders means the persons who are from time to time the ultimate holders of the Notes and **Noteholder** means any and each of them.

Noteholders Representative means KPMG Fides Servizi di Amministrazione S.p.A.

Notes means, collectively, the Class A Notes and the Class B Notes.

Originator means Futuro.

Paying Agents means collectively Citibank N.A., London Branch and Citibank N.A., Milan Branch.

Payment Account means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN IT07G0356601600000127767025), as the same may be renumbered or redesignated from time to time, or such other substitute account as may be opened in accordance with the Agency Agreement.

Payment Date means the 18th day of each month or, if such day is not a Business Day, the immediately following Business Day. The first Payment Date falls on 18 April 2018.

Payment Delegation means the payment delegation of one fifth of the salary made, pursuant to the relevant Loan Agreement, by a Debtor in favour of Futuro, with reference to the payments due by such Debtor under the relevant Loan.

Payments Report means the report prepared by the Calculation Agent on each Calculation Date pursuant to the relevant provision of the Agency Agreement.

Pension Authority means the pension authority of the relevant Debtor or the person which will be responsible for the payment of the relevant Instalments of a Loan pursuant to the relevant Salary Assignment.

Portfolio means the portfolio of Receivables purchased by the Issuer in accordance with the provisions of the Receivables Purchase Agreement.

Post-Enforcement Priority of Payments means the provisions relating to the order of priority of payments as set out in Condition 6.3 (*Post-Enforcement Priority of Payments*).

Pre-Enforcement Priority of Payments means the provisions relating to the order of priority of payments as set out in Condition 6.2 (*Pre-Enforcement Priority of Payments*).

Previous Securitisation means the securitisation transaction implemented by the Issuer in March 2015 through the issue of the Euro 738,000,000.00 Class A Asset Backed Floating Rate Notes due November 2030 and the Euro 82,000,000 Class B Asset Backed Fixed Rate Notes due November 2030.

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

Principal Instalment means the principal component of each Instalment under each relevant Loan excluding the principal component of each Instalment which is (A) due and unpaid as at the Valuation Date or (B) paid only partially as at the Valuation Date.

Principal Paying Agent means Citibank N.A., London Branch and any successor or assignee thereto in accordance with the Agency Agreement

Priority of Payments means the relevant priority of payments pursuant to Condition 6.

Privacy Law means the Italian Legislative Decree No. 196 of 30 June 2003, as amended and supplemented from time to time, inclusive of any regulations for the implementation thereof, as supplemented by any regulations as the Italian Privacy Protection Authority (*Autorità Garante per la Protezione dei Dati Personali*) may issue from time to time.

Prospectus means the prospectus dated on or about the Issue Date prepared in connection with the Notes pursuant to, *inter alia*, article 2 of the Securitisation Law.

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

Publicity means in respect of the Portfolio the occurrence of both of (i) the publication in the Official Gazette of the assignment of the Portfolio and (ii) the filing of an application for the registration of such assignment with the competent Companies' Register.

Quotaholders means collectively Futuro and SPV Holding S.r.l.

Quotaholders Agreement means the quotaholders agreement entered into between the Issuer, the Quotaholders and the Noteholders Representative, as amended and supplemented on or about the Issue Date in accordance with the Intercreditor Agreement.

Rating Agencies means DBRS and Moody's.

Receivables means any and all monetary receivables and other rights arising from, or connected to, the Loan Agreements including, without limitation:

- (a) monetary receivables and other rights relating to:
 - (i) the Principal Instalments;

- (ii) the Interest Instalments; and
 - (iii) the proceeds deriving from enforcement of the Security Interests;
- (b) all rights and claims of the Originator pursuant to the law or to the Loan Agreements, to the Security Interests and to all other deeds, contracts or documents connected to such Loan Agreements and Security Interests, including, without limitation, all rights and claims relating to the payment of portions of the salary or of the pension and to the payment of any other indemnity which is due as a consequence of the Salary Assignment or the Payment Delegation; and
- (c) monetary receivables and other rights arising from the Insurance Policies; and
- (d) all other monetary receivables and other rights arising from the Loan Agreements and from the documents connected to such Loan Agreements.

Receivables Purchase Agreement means the receivables purchase agreement entered into on 26 February 2018 between the Issuer and the Originator, as subsequently amended and supplemented.

Reference Banks means JP Morgan, BNP Paribas and Barclays Bank PLC or, if any of such banks is unable or willing to act as Reference Bank, any other bank selected by the Issuer with the prior consent of the Noteholders Representative.

Report Date means the 8th day of each month, or, if such day is not a Business Day, the immediately following Business Day. The first Report Date will fall on April 2018.

Reporting Delegate means Banco Santander S.A.

Residual Amount means all the Principal Instalments of each Receivable starting from and excluding the Valuation Date.

Retention Amount means Euro 30,000.

Salary Assignment means the assignment of one fifth of the salary and/or pension made, pursuant to the relevant Loan Agreement, by a Debtor in favour of Futuro.

Salary Assignment Act means the Decree of the President of the Italian Republic No. 180/1950, as amended and supplemented from time to time.

Securitisation means the securitisation transaction implemented by the Issuer through the issuance of the Notes.

Securitisation Law means Law 30 April 1999, No. 130, as amended and supplemented from time to time.

Security Interest means any mortgage, charge, pledge, lien, right of set-off, special privilege (*privilegio speciale*), assignment by way of security, retention of title or any other security interest whatsoever or any other agreement or arrangement having the effect of conferring security in relation to the Receivables, including, without limitation, the Salary Assignment and the Payment Delegation.

Senior Notes Subscription Agreement means the agreement entered into on or about the Issue Date by, *inter alios*, the Sole Arranger, the Joint Lead Managers, the Originator, the Issuer and the Noteholders Representative.

Servicer means Futuro.

Servicing Agreement means the servicing agreement entered into on 26 February 2018 between the Issuer, the Servicer and the Back-Up Servicer Facilitator, as subsequently amended and supplemented.

Servicer Report means the servicer report prepared by the Servicer pursuant to the Servicing Agreement.

Sole Arranger means Mediobanca – Banca di Credito Finanziario S.p.A.

Studio Dattilo means Studio Dattilo Commercialisti Associati, with registered office at Galleria del Corso, 2, 20122, Milan, Italy, VAT number 10246540156.

Subordinated Loan means the subordinated loan granted by the Subordinated Loan Provider in connection with the Subordinated Loan Agreement.

Subordinated Loan Agreement means the subordinated loan agreement entered into on or about the Issue Date between the Issuer and the Subordinated Loan Provider.

Subordinated Loan Provider means Futuro S.p.A.

Subscription Agreements means collectively the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement.

TARGET2 means the system for the payments in Euro named “Trans-European Automated Real Time Gross Settlement Express Transfer payment”, which is effective from 19 November, 2007.

Target Cash Reserve Amount means:

- (i) on the Issue Date €9,750,000, funded through part of the proceeds of the Subordinated Loan made available by the Subordinated Loan Provider;
- (ii) thereafter and for so long as any Class A Note is outstanding, the lower of (A) €9,750,000 and (B) 1.5 per cent. of the principal amount outstanding of the Portfolio at the end of the preceding Collection Period, provided that in no event will the Target Cash Reserve Amount be lower than €2,000,000; and
- (iii) following the Payment Date on which the Class A Notes are redeemed in full (inclusive), zero.

Target Liquidity Reserve Amount means €2,392,000 and, following the Payment Date on which the Class A Notes are redeemed in full (inclusive), zero.

Tax or **tax** (*Tassa*) means any present or future taxes, levies, imposts, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein or any relevant authority of a Taxing Jurisdiction (including any applicable interest and penalties).

Tax Deduction means any withholding or deduction for or on account of Tax.

Taxing Jurisdiction has the meaning given to such term in Condition 11.3.

Transaction Documents means the Receivables Purchase Agreement, the Servicing Agreement, the Corporate Services Agreement, the Agency Agreement, the Intercreditor Agreement, the Deed of Charge, the Hedging Agreement, the Subscription Agreements, the Back-Up Servicing Agreement and the Subordinated Loan Agreement and any other document which may entered into, from time to time in connection with the Securitisation.

United States means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

Valuation Date means 24 February 2018.

VAT means value added tax as provided for in the Presidential Decree no. 633 of 26 October 1972 of the Republic of Italy and any other tax of a similar nature.

2.2 Interpretation

Any reference in these Conditions to:

- (a) an agreement will be construed as a reference to such agreement as amended, varied, novated, supplemented or replaced from time to time;
- (b) a party to the Transaction Documents will be construed so as to include its successors and any substitute acting in such capacity under the relevant Transaction Document;
- (c) a law or a regulation will be construed as a reference to such law or regulation as implemented, amended or re-enacted from time to time;
- (d) a person will be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;
- (e) a successor of any party will be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party or to which, under such laws, such rights and obligations have been transferred;
- (f) an affiliate will be construed, in relation to a person, as a reference to a subsidiary or a holding company of that person, or any other subsidiary of that holding company; to this purpose, “subsidiary” means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership, and control means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise;
- (g) the most senior or junior Class will be construed having regard to its ranking as to payment of interest, either prior to or following the service of an Acceleration Notice;
- (h) the Principal Amount Outstanding in respect of a Note on any date will be construed as a reference to the nominal principal amount of such Note upon issue, less the aggregate amount of all principal payments that have been made prior to such date.

Unless expressly stated otherwise, any reference to the **Notes** will be construed as references to the Notes of each Class, or any relevant Class, as the case may be. Any reference to a **Class** of Notes or Noteholders will be construed as references to any, or all of, the respective Class A Notes and Class B Notes or any, or all of, their respective holders, as the case may be.

3. FORM, DENOMINATION AND TITLE

- 3.1 The Notes are issued in dematerialised form (*forma dematerializzata*) on the terms of and subject to these Conditions and will be held in such form on behalf of the Noteholders, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders in accordance with articles 83-bis and ff. of the Financial Services Act, and the joint resolutions of the Bank of Italy and Consob dated 22 February 2008.
- 3.2 The Notes are issued in denominations of Euro 100,000 and integral multiples of Euro 1,000 in excess thereof.
- 3.3 Title to the Notes will at all times be evidenced by book-entries in accordance with the applicable law. No certificate or physical document of title will be issued in respect of the Notes.
- 3.4 The rights and powers of the Noteholders may be exercised only in accordance with these Conditions.

4. STATUS AND SEGREGATION; RANKING

- 4.1 The Notes constitute direct, secured and limited recourse obligations of the Issuer. The obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered in respect of the Receivables, the Security Interest and the other Issuer's Rights. The Noteholders acknowledge that the limited recourse nature of the Notes has the effects of a "*contratto aleatorio*" under article 1469 of the Italian Civil Code. The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other person.
- 4.2 By operation of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio and the Accounts is segregated from all other assets of the Issuer and the amounts deriving therefrom will only be available, either prior to or following the commencement of winding-up proceedings or Insolvency Proceedings in relation to the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Issuer Secured Creditors and any qualified third party creditors in relation to the Securitisation pursuant to article 1, paragraph 1.b) of the Securitisation Law.
- 4.3 In addition, the Notes are secured over certain assets of the Issuer pursuant to the Deed of Charge. The rights arising from the Deed of Charge in favour of the Noteholders are incorporated in each of the Notes and are transferred together with the transfer of any Note at the time of transfer of such Note. Each holder of any of the Notes from time to time will have the benefit of such rights.
- 4.4 None of the Noteholders or any other Issuer Secured Creditor will have any right or entitlement to the Issuer's assets other than such of the proceeds of the Deed of Charge, the Receivables (including the Security Interest) and the other assets pertaining to the Securitisation as are available to the Issuer for this purpose in accordance with these Conditions and the Transaction Documents.
- 4.5 Repayment of principal and payment of interest and other amounts on the Notes will occur in accordance with the then applicable Priority of Payments.
- 4.6 The Notes will rank among themselves in accordance with the Priority of Payments set out in Condition 6.

5. ISSUER COVENANTS

5.1 Negative Covenants

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer, save with (a) the prior written consent of the Noteholders Representative or (b) as expressly provided in any of the Transaction Documents or (c) as imposed by any applicable law and regulation, shall not, nor shall cause or permit shareholders' meeting to be convened in order to:

- (i) (*Negative pledge and disposal of assets*): create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof, or any of its other assets, or sell, lend, grant any option or future right to acquire, or otherwise dispose of the Portfolio or any part thereof, or any of its other assets;
- (ii) (*Restrictions on activities*): (a) engage in any activity whatsoever which is not incidental to, or necessary in connection with, the Securitisation or the Previous Securitisation, or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; (b) have any subsidiary, employee or premises; (c) do, or permit to be done, any act or thing at any time or approve, agree or consent to any act or thing whatsoever which may be materially prejudicial to the interest of the Noteholders under the Transaction Documents; and (d) become the owner of any real estate assets;
- (iii) (*Dividends or distributions*): pay any dividend or make any other distribution or payment to its quotaholders;

- (iv) (*Borrowings*): incur any indebtedness in respect of borrowed money whatsoever, including by way of further notes or further securitisations, or give any guarantee in respect of indebtedness of any obligation of any person;
- (v) (*Merger*): consolidate or merge with any other person or transfer all or substantially all of its properties or assets to any other person;
- (vi) (*No variation or waiver*): permit any of the Transaction Documents to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the Transaction Documents, or permit any party to the Transaction Documents to be released from its obligations;
- (vii) (*Statutory documents*): amend its by-laws, except (a) where such amendment is required to comply with mandatory provisions of Italian law or regulations, directions of the competent regulatory authority or rating criteria; or (b) in case of a transfer of the registered office of the Issuer within the Republic of Italy;
- (viii) (*Centre of Main Interest*): move its “centre of main interests” outside of the territory of the Republic of Italy, or have any “establishment” in any jurisdiction (as those terms are used in the Regulation (EU) No. 848/2015 of 20 May 2015 on insolvency proceedings);
- (ix) (*Bank Accounts*): have any bank account other than the Accounts, the Corporate Capital Account or any other account opened pursuant to the Transaction Documents, or in the context of the Previous Securitisation.

5.2 Undertakings

The Issuer further undertakes to: (a) comply with any applicable law; (b) operate the Accounts and the Corporate Capital Account only in accordance with the Transaction Documents; (c) maintain its corporate existence, status as a *società per la cartolarizzazione dei crediti* pursuant to the Securitisation Law, and good standing; (d) maintain corporate records, financial statements and books of account separate from those of any other person; and (e) hold itself out to the public as a legal entity separate and distinct from any other person, and correct any known misunderstanding in this regard. The Issuer will procure that at all times all its directors act independently of any of its creditors or their affiliates, other than the Corporate Servicer or its affiliates.

6. PRIORITY OF PAYMENTS

6.1 Common terms

On each Payment Date, the Available Funds will be applied by or on behalf of the Issuer in making the payments in the order of priority set out in this Condition 6.

Payments of the same priority will be made *pro rata* and *pari passu* according to their respective amount. Without prejudice to the Acceleration Event under Condition 12.1(i) (*Non Payment*) below, payments of a lower priority will be made only if payments of a higher priority have been made in full.

6.2 Pre-Enforcement Priority of Payments

Prior to the service of an Acceleration Notice, the Available Funds in respect of each Payment Date will be applied in accordance with the priority of payment set forth below (the **Pre-Enforcement Priority of Payments**):

- (i) to pay any and all documented Expenses, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such Expenses, and to replenish the Expenses Account up to the Retention Amount;

- (ii) to pay all outstanding fees, costs and expenses required to be paid in the connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs and expenses;
- (iii) to pay all amounts due and payable to the Back-Up Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Paying Agents, the Custodian, the Calculation Agent, the Account Bank, the Corporate Servicer, the Listing Agent and the Noteholders Representative under the Transaction Documents;
- (iv) to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (xii) below, but including in any event any Hedging Replacement Premium to be paid by the Issuer to the Hedging Counterparty;
- (v) to pay all amounts due and payable to the Servicer under the Transaction Documents;
- (vi) to pay interest on the Class A Notes;
- (vii) to replenish the Liquidity Reserve Account up to the Target Liquidity Reserve Amount;
- (viii) to repay the principal on the Class A Notes in an amount equal to the excess, if any, of their Principal Amount Outstanding over the Class A Target Principal Amount;
- (ix) to replenish the Cash Reserve Account up to the Target Cash Reserve Amount;
- (x) to pay interest due to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (xi) to repay principal to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (xii) to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the “*Defaulting Party*”, or the sole “*Affected Party*” under an “*Additional Termination Event*” relating to the rating downgrade of the Hedging Counterparty (as such terms are defined in the Hedging Agreement);
- (xiii) to pay all amounts of interest due and payable on the Class B Notes;
- (xiv) following redemption in full of the Class A Notes, to repay the principal on the Class B Notes, until the aggregate Principal Amount Outstanding of the Class B Notes is equal to € 30,000;
- (xv) up to, but excluding, the Final Redemption Date, to pay the additional remuneration to the Class B Notes; and
- (xvi) on the Final Redemption Date, to repay the principal on the Class B Notes and to pay the additional remuneration (if any) to the same.

6.3 Post-Enforcement Priority of Payments

Following the service of an Acceleration Notice, the Available Funds in respect of each Payment Date will be applied in accordance with the priority of payment set forth below (the Post-Enforcement Priority of Payments and, together with the Pre-Enforcement Priority of Payments, the Priority of Payments):

- (i) to pay any and all documented Expenses, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such Expenses;

- (ii) to pay all outstanding fees, costs and expenses required to be paid in the connection with the listing, deposit or rating of the Notes, or any notice to be given to the Noteholders or the other parties to the Transaction Documents, to the extent that amounts standing to the credit of the Expenses Account are insufficient to pay such fees, costs and expenses;
- (iii) to pay all amounts due and payable to the Back-Up Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Paying Agents, the Custodian, the Calculation Agent, the Account Bank, the Corporate Servicer, the Listing Agent and the Noteholders Representative under the Transaction Documents;
- (iv) to pay all amounts due and payable to the Hedging Counterparty under the Hedging Agreement, except for any amounts due and payable under item (x) below, but including in any event any Hedging Replacement Premium, or portion of it, to be paid by the Issuer of the Hedging Counterparty;
- (v) to pay all amounts due and payable to the Servicer under the Transaction Documents;
- (vi) to pay interest on the Class A Notes;
- (vii) to repay the principal on the Class A Notes;
- (viii) to pay interest due to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (ix) to repay principal to the Subordinated Loan Provider in accordance with the Subordinated Loan Agreement;
- (x) to pay all amounts due and payable to the Hedging Counterparty upon early termination of the Hedging Agreement in the event that the Hedging Counterparty is the “*Defaulting Party*”, or the sole “*Affected Party*” under an “*Additional Termination Event*” relating to the rating downgrade of the Hedging Counterparty (as such terms are defined in the Hedging Agreement);
- (xi) to pay interest on the Class B Notes;
- (xii) to repay the principal on the Class B Notes;
- (xiii) to pay the additional remuneration (if any) to the Class B Notes.

7. INTEREST

7.1 Accrual of interest

The Notes bear interest on their Principal Amount Outstanding from (and including) the Issue Date. Interest in respect of the Notes will accrue on a daily basis and will be payable in Euro in arrears on each Payment Date in respect of the preceding Interest Period.

Interest will cease to accrue on any part of the Principal Amount Outstanding of a Note from (and including) the due date for final redemption unless payment of principal due and payable but unpaid is improperly withheld or refused, whereupon interest will continue to accrue on such principal (as well after as before judgement) at the rate from time to time applicable to each Class of Notes until whichever is the earlier of (i) the date on which all amounts due in respect of such Note up to that date are received by or on behalf of the relevant Noteholder and (ii) the Cancellation Date.

7.2 Calculation of interest

Interest in respect of any Interest Period will be calculated on the basis of the actual number of days elapsed and a 360 day year (the **Day Count Fraction**), rounding to the nearest cent (half a cent being rounded down).

7.3 Rate of interest and reference rate for the Class A Notes and Class B Notes

The Notes will bear interest on their Principal Amount Outstanding payable from time to time in relation to each Interest Period at a rate equal to:

- (a) in respect of the Class A Notes, the higher of (i) the aggregate of one month Euribor and 37 basis points *per annum* and (ii) zero (the **Class A Notes Rate of Interest**);
- (b) in respect of the Class B Notes, 200 basis points *per annum* (the **Class B Notes Rate of Interest**, and each of the Class A Notes Rate of Interest and Class B Notes Rate of Interest, the **Notes Interest Rate**).

In addition to the Class B Notes Rate of Interest, any residual amount available in accordance with the applicable Priority of Payments will be paid as premium on the Class B Notes.

To this purpose, in relation to the Class A Notes only, one month Euribor means

- (a) Euribor for one month Euro deposits (except in respect of the Initial Interest Period, where an interpolated interest rate based on interest rates for two weeks and one month deposits in Euro will be substituted for Euribor) which appears on Reuters page Euribor01 or (i) such other page as may replace Reuters page Euribor01 on that service for the purpose of displaying such information or (ii) 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 Reuters page Euribor01 (the **Screen Rate**) at or about 11.00 a.m. (Brussels time) on the Interest Determination Date; or
- (b) if the Screen Rate is unavailable at such time for one month Euro deposits, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Calculation Agent at its request by each of the Reference Banks as the rate at which one month Euro deposits in a similar 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 is unavailable and only two of the Reference Banks provide such offered quotations to the Calculation Agent the relevant rate shall be determined in the manner specified in (b) above, 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 is unavailable and only one of the Reference Banks provides the Calculation Agent with 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 to which either sub-paragraph (c) or (d) above shall have applied.

7.4 **Deferral of interest**

To the extent that on any Payment Date funds available to the Issuer to pay interest on any Class of Notes (other than the most senior Class of Notes) are insufficient, then the amount of the shortfall (the **Deferred Interest**) will not be paid on that Payment Date.

The Issuer will create a provision in its Accounts for such Deferred Interest, which will be paid on the earlier of: (a) any succeeding Payment Date when there are sufficient Available Funds in accordance with the relevant Priority of Payments; or (b) the date on which the Issuer redeems in full the relevant Notes. No further interest will accrue on any Deferred Interest or, more generally, interest amounts under the Notes.

7.5 **Calculations of interest amounts**

On each Interest Determination Date the Issuer will cause the Calculation Agent to determine the Notes Interest Rate applicable for the Interest Period beginning on the next Payment Date (or the Issue Date, in case of the Initial Interest Period).

On each Calculation Date, the Issuer will cause the Calculation Agent to determine:

- (i) the Available Funds constituting interest;
- (ii) with reference to the Class A Notes only, the applicable Euribor and the amount of interest payable on each Class A Note; and
- (iii) the amount of any Deferred Interest pursuant to Condition 7.4.

7.6 **Notification of interest amounts**

By close of business on each Calculation Date, the Issuer will cause the Calculation Agent to notify each of the calculations referred in Condition 7.5 to the Servicer, the Back-Up Servicer, the Custodian, the Paying Agents, the Account Bank, the Subordinated Loan Provider, the Noteholders Representative, the Corporate Servicer, Monte Titoli and the Irish Stock Exchange, and to be published in accordance with Condition 15 on or as soon as possible after such Calculation Date. The information so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustments) without notice in the event of any extension or shortening of the relevant Interest Period.

If the Calculation Agent does not for any reason calculate and publish the above information, the Noteholders Representative will be entitled to calculate and publish such information, and the same will be deemed to have been made by the Calculation Agent. To this purpose the Noteholders Representative may appoint, at the expenses of the Issuer, an agent selected among financial institutions having certified experience in making such calculations in the context of securitisation transactions.

Each notification, calculation and determination made by the Issuer, the Calculation Agent or the Noteholders Representative under this Condition 7 will, in the absence of any gross negligence, wilful misconduct or manifest error, be final and binding on all parties.

8. REDEMPTION, PURCHASE AND CANCELLATION

8.1 **Final Redemption**

The Issuer will redeem the Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Final Maturity Date. The Issuer may not redeem the Notes prior to that date, in full or in part, unless in accordance with this Condition 8, but without prejudice to Condition 12. If the Notes of any Class cannot be redeemed in full on their Final Maturity Date as a result of the Issuer having insufficient Available Funds for application in or towards such redemption, any amount unpaid will remain outstanding and the Conditions will continue to apply in full in respect of such Notes until the earlier of (i) the date on which the Notes are redeemed in full and (ii) the Cancellation Date, at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes of any Class will be finally and definitively cancelled.

8.2 **Mandatory Redemption**

Prior to the service of an Acceleration Notice and if there are sufficient funds available for such purpose, on each Payment Date the Issuer will apply the Available Funds in or towards the mandatory redemption of the Notes of each Class, in full or in part, in accordance with the applicable Priority of Payments.

8.3 **Optional Redemption**

Provided that no Acceleration Notice has been served, the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued and unpaid interest in accordance with the Post-Enforcement Priority Payments, on any Payment Date falling on or after the date on which the outstanding principal of the Portfolio is equal to or less than 10 per cent. of the outstanding principal of the Portfolio as of the Issue Date, subject to:

- (i) the Issuer having given not more than 60 days and not less than 30 days' notice to the Noteholders Representative and the Noteholders;
- (ii) the Issuer having provided to the Noteholders Representative, prior to the delivery of the above notice, a directors' certificate confirming that the Issuer will, on the relevant redemption date, have the funds required to redeem the Notes and pay other amounts ranking in priority to or *pari passu* with the Notes in accordance with the Post-Enforcement Priority of Payments.

The above directors' certificate will be binding on the Noteholders and the Issuer Secured Creditors, and the Noteholders Representative may rely on it without further investigation.

For the purpose of financing the early redemption of the Notes in accordance with this Conditions, under the Receivables Purchase Agreement, the Issuer has granted the Originator an option to repurchase, subject to certain conditions, the Portfolio.

8.4 **Redemption for taxation reasons and illegality**

Provided that no Acceleration Notice has been served, if at any time, following the occurrence of legislative or regulatory changes, or official interpretations or administration or application thereof by the competent authorities after the Issue Date:

- (i) on any Payment Date: (x) the Issuer would be required to make a Tax Deduction (other than in respect of a Decree 239 Deduction) in respect of any payment of principal, premium or interest on the Notes; or (y) amounts payable to the Issuer in respect of the Receivables would be subject to a Tax Deduction; or
- (ii) the segregated assets (*patrimonio separato*) of the Issuer in respect of the Securitisation becomes subject to Tax prior to the Final Maturity Date; or
- (iii) without prejudice to Condition 12.1(iv), is or will become unlawful for the Issuer (by reason of a change in law or the interpretation or administration thereof since the Issue Date) to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party;

then the Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued but unpaid interest, in accordance with the Post-Enforcement Priority of Payments, on any Payment Date, subject to:

- (i) the Issuer having given not more than 60 days and not less than 30 days' notice to the Noteholders Representative and the Noteholders; and
- (ii) the Issuer having provided to the Noteholders Representative, prior to the delivery of the above notice, a directors' certificate confirming that the above circumstances cannot be avoided by taking measures reasonably available to the Issuer.

The above directors' certificate will be binding on the Noteholders and the Issuer Secured Creditors, and the Noteholders Representative may rely on it without further investigation.

For the purpose of financing the early redemption of the Notes in accordance with this Conditions, under the Receivables Purchase Agreement, the Issuer has granted the Originator an option to repurchase, subject to certain conditions, the Portfolio.

8.5 Calculation of principal amounts

On each Calculation Date, the Issuer will cause the Calculation Agent to determine:

- (i) the amount of the Available Funds constituting principal;
- (ii) the principal payment amount due in respect of each Class of Notes on the next following Payment Date;
- (iii) the Principal Amount Outstanding of each Notes following such payment.

8.6 Notification of principal amounts

By close of business on each Calculation Date, the Issuer will cause the Calculation Agent to notify each of the calculations referred in Condition 8.5 to the Servicer, the Back-Up Servicer, the Custodian, the Paying Agents, the Account Bank, the Subordinated Loan Provider, the Noteholders Representative, the Corporate Servicer, Monte Titoli and the Irish Stock Exchange, and to be published in accordance with Condition 15 on or as soon as possible after such Calculation Date.

If the Calculation Agent does not for any reason calculate and publish the above information, the Noteholders Representative will be entitled to calculate and publish such information, and the same will be deemed to have been made by the Calculation Agent. To this purpose the Noteholders Representative may appoint, at the expenses of the Issuer, an agent selected among financial institutions having certified experience in making such calculations in the context of securitisation transactions.

Each notification, calculation and determination made by the Issuer, the Calculation Agent or the Noteholders Representative under this Condition 8 will, in the absence of any gross negligence, wilful misconduct or manifest error, be final and binding on all parties.

8.7 Cancellation

All Notes will be cancelled upon full redemption.

9. LIMITED RECOURSE AND NON PETITION

9.1 Save as expressly permitted by the Transaction Documents, only the Noteholders Representative may pursue the remedies available to the Noteholders in respect of these Conditions and the Transaction Documents, either by law or by contract.

9.2 The Noteholders are entitled to direct the Noteholders Representative to pursue any remedy or action, or to refrain from doing so, only in accordance with the Conditions and in particular with Condition 14. If the Noteholders Representative improperly fails to act and such failure is continuing within a reasonable period following receipt of a written notice, then Noteholders holding the required majority of Notes may act directly.

9.3 All obligations of the Issuer to the Noteholders are limited in recourse and subject to certain restrictions as set out below:

- (i) the Noteholders will have a claim only in respect of the Available Funds and only in accordance with the applicable Priority of Payments; the Noteholders will not have recourse against the other assets of the Issuer or its contributed capital, or against any of the directors, quotaholders, officers or agents of the Issuer;
- (ii) sums payable by the Issuer to the Noteholders will be limited, at any given time, to the lesser of (a) the nominal amounts which would be due and payable at such time in accordance with the applicable Priority of Payments and (b) the Available Funds, net of any sums which are payable in priority to or *pari passu* with sums payable to the Noteholders;

- (iii) until the date falling one year and one day after the Final Maturity Date, or two years and one day after the full redemption of the Notes in accordance with the Conditions, the Noteholders may not initiate, or join other parties in, enforcement, insolvency or liquidation proceedings against the Issuer;
- (iv) the Noteholders will not take or join any action which would result in the applicable Priority of Payments not being complied with.

10. PAYMENTS; STATUTE OF LIMITATIONS

- 10.1 Payment of principal, interest and any other amount due in respect of the Notes will be credited by the Italian Paying Agent to the accounts of the Monte Titoli Account Holders, according to the instructions of Monte Titoli and other relevant clearing systems.
- 10.2 Noteholders will not be entitled to any interest or other payment in consequence of any delay in receiving any amount as a result of the due date not being a Business Day in the place of payment to such Noteholder, or for other reasons falling outside control of the Issuer.
- 10.3 The Issuer reserves the right, subject to the prior written approval of the Noteholders Representative, to replace any of the Paying Agents or appoint additional Paying Agents.
- 10.4 Claims against the Issuer for payments in respect of the Notes are subject to the applicable statute of limitations, and in particular ten years in respect of principal and five years in respect of interest, in each case from the date on which a payment first becomes due and payable.

11. TAXATION

11.1 Payments free from Tax

All payments in respect of the Notes by or on behalf of the Issuer will be made free and clear of and without a withholding or deduction for or on account of Tax other than a Decree 239 Deduction or unless the Issuer, the Noteholders Representative or any of the Paying Agents or any paying agent (as the case may be) is required by law to make any Tax Deduction. In that event, the Issuer, the Noteholders Representative or such Paying Agent or other paying agent (as the case may be) will make such payments after such Tax Deduction and will account to the relevant authorities for the amount so withheld or deducted.

11.2 No payment of additional amounts

None of the Issuer, the Noteholders Representative, the Paying Agents or any paying agent will be obliged to pay any additional amounts to the Noteholders on account of a Decree 239 Deduction or any other Tax Deduction required to be made by applicable law.

11.3 Taxing Jurisdiction

If the Issuer at any time becomes subject to taxation in a jurisdiction other than the Republic of Italy (such jurisdiction a Taxing Jurisdiction), references in these Conditions to the Republic of Italy will be construed as references to the Republic of Italy and/or such other Taxing Jurisdiction.

11.4 Tax Deduction not Acceleration Event

Notwithstanding that the Noteholders Representative, the Issuer or any of the Paying Agents or any paying agent are required to make a Tax Deduction this will not constitute an Acceleration Event.

12. ACCELERATION EVENTS

12.1 Acceleration Event

Each of the following events is an Acceleration Event.

- (i) (*Non-payment*): the Issuer fails to pay any amount of interest in respect of the most senior class of Notes within 5 days of the due date for payment; or, to the extent the Issuer has sufficient Available Funds for such purpose, the Issuer fails to repay any principal in respect of the most senior Class of Notes within 5 days of the due date for payment; or fails to repay any amount of principal in respect of any Notes on the Final Maturity Date;
- (ii) (*Breach of other obligations*): the Issuer defaults in the performance of any of its obligations under the Conditions or any of the Transaction Documents (other than any payment obligation referred to in paragraph (i) above) in any material respect, and such default is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 30 days (or for such longer period as the Noteholders Representative may determine) after the Noteholders Representative has given written notice to the Issuer requiring the same to be remedied;
- (iii) (*Misrepresentation*): any representation made or deemed to be made by the Issuer pursuant to the Transaction Documents proves to have been incorrect or misleading in any material respect when made or deemed to be made, and such misrepresentation is (a) incapable of remedy or (b) if capable of remedy, remains unremedied for 30 days (or for such longer period as the Noteholders Representative may determine) after the Noteholders Representative has given written notice to the Issuer requiring the same to be remedied;
- (iv) (*Unlawfulness*): it is or becomes unlawful for the Issuer to perform any of its obligations under the Conditions or any material obligations under the Transaction Documents;
- (v) (*Insolvency*): an order is made or a resolution is passed for the winding-up of the Issuer; the Issuer stops payment of its debts, or becomes unable to pay its debts as they fall due, or otherwise becomes insolvent within the meaning of the applicable insolvency law; Insolvency Proceedings are initiated by or against the Issuer, save where such proceedings or application are frivolous or vexatious and are being contested in good faith by the Issuer.

12.2 Delivery of an Acceleration Notice

If an Acceleration Event occurs and is continuing, the Noteholders Representative may, and will if so requested by the Noteholders as set out below, serve a written enforcement notice on the Issuer (an Acceleration Notice). The Noteholders Representative must promptly serve an Acceleration Notice and institute proceedings if so requested by a quorate resolution of the most senior Class of Notes.

Upon the service of an Acceleration Notice, the Notes will become immediately due and payable without any further action or formality at their Principal Amount Outstanding, together with accrued and unpaid interest, in accordance with the Post-Enforcement Priority of Payments.

At any time after an Acceleration Notice has been served on the Issuer, the Noteholders Representative may, at its discretion and always in the interest of the Noteholders, without further notice, take such steps and institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of other amounts due to the Noteholders.

12.3 Sale of the Portfolio

Following the delivery of an Acceleration Notice the Noteholders Representative will direct the Issuer to sell the Portfolio or a substantial part thereof, if so requested by a quorate resolution of the most senior Class of Notes. Any such sale (i) will be made without recourse (*pro soluto*), (ii) will qualify as a *contratto aleatorio* and in any event will include representations and warranties from the Issuer only in relation to the existence of the Receivables, and (iii) will be effective solely against payment in full of the consideration with same value date.

12.4 Comfort documents

Upon occurrence of the circumstance under Condition 12.3 above, the assignee of the Portfolio (or part of it) will provide the Issuer with (i) a solvency certificate signed by a director or other duly authorised senior officer and (ii) a good standing certificate (*certificato di vigenza*) issued by the relevant Chamber of Commerce, each dated on or about the transfer date, confirming that no insolvency proceedings have been filed or are pending against it or other similar certificates issued in the relevant jurisdiction of the assignee.

13. ORGANISATION OF THE NOTEHOLDERS – NOTEHOLDERS REPRESENTATIVE

13.1 General provisions

Noteholder's rights under these Conditions and the other Transaction Documents must be exercised subject to and in accordance with this Condition 13.

The organisation of the Noteholders will be established upon and by virtue of the issue of the Notes and will remain effective until repayment in full or cancellation of the Notes. The organisation acts through the Noteholders Representative, the meeting of the Noteholders, and any written resolution of the Noteholders, in each case subject to this Condition 13. The purpose of the organisation 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.

The Noteholders may at any time, at their own costs and expenses, appoint an *ad hoc* committee in respect of one or more specified matters.

13.2 Appointment, duration and removal

There will be at all times a Noteholders Representative, to be appointed by a resolution of the most senior Class of Noteholders.

Any person can be appointed as Noteholders Representative, including for the avoidance of doubt any Noteholder. Directors, statutory auditors, Issuers' employees and all the persons which are under the conditions specified in article 2399 of the Italian Civil Code cannot be appointed as such.

By means of the subscription or purchase of the Notes, any Noteholder accepts the appointment of the Noteholders Representative as its lawful representative and accepts to be bound by the Transaction Documents entered into by the Noteholders Representative also in the name and on behalf of the Noteholders (and the Issuer Secured Creditors, as the case may be).

The Noteholders Representative appointed on the Issue Date pursuant to the Subscription Agreements is KPMG Fides Servizi di Amministrazione S.p.A. and each Class of Noteholders are deemed to have ratified such appointment.

Unless the Noteholders Representative is removed or resigns, it will remain in office until the full repayment and cancellation of the Notes. The Noteholders Representative may resign at any time, subject to 3 months written notice to the Issuer and the Noteholders. In the event of termination of the appointment or resignation, the Noteholders Representative will remain in office until a substitute Noteholders Representative accepts the appointment provided that, if the Noteholders fail to select a substitute within 3 months of written notice of resignation delivered by the Noteholders Representative, the Noteholders Representative may appoint a successor.

13.3 **Fees of the Noteholders Representative**

The Issuer will pay to the Noteholders Representative a fee, as agreed either in a separate side letter or in the Subscription Agreements, in accordance with the relevant Priority of Payments.

13.4 **Powers and duties of the Noteholders Representative**

(i) *Noteholders Representative as legal representative*

The Noteholders Representative is the legal representative of the organization of the holders of the Notes and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Noteholders.

(ii) *Meetings and resolutions*

Unless any resolution provides to the contrary, the Noteholders Representative is responsible for implementing all resolutions of the Noteholders. The Noteholders Representative has the right to convene and attend meetings to propose any course of action which it considers from time to time necessary or desirable.

(iii) *Delegation*

The Noteholders Representative may in the exercise of the powers, discretions and authorities vested in it by these Conditions and the Transaction Documents:

- (A) act by responsible officers or a responsible officer for the time being of the Noteholders Representative;
- (B) whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

(iv) *Judicial proceedings*

The Noteholders Representative is authorised to initiate and represent the organisation of the holders of the Notes in any judicial proceedings, to the greatest extent allowed under applicable law, including Insolvency Proceedings.

(v) *Consents given by the Noteholders Representative*

Any consent or approval given by the Noteholders Representative under these Conditions and any other Transaction Document may be given on such terms and subject to such reasonable conditions (if any) as the Noteholders Representative deems appropriate, provided that such terms or conditions do not conflict with other express provisions of these Conditions or the Transaction Documents.

13.5 **Exoneration of the Noteholders Representative**

The Noteholders Representative will not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents. The Noteholders Representative will 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 Conditions, save in case of gross negligence, willful misconduct or violation of public policy rules pursuant to article 1229 of the Italian Civil Code.

13.6 **Modifications and Waivers**

(i) *Permitted modifications and waivers*

The Noteholders Representative may, from time to time and without the consent or sanction of the Noteholders, concur with the Issuer and any other relevant parties in making any amendment or waiver to these Conditions and the Transaction Documents in relation to which the consent of the

Noteholders Representative is required if, in the opinion of the Noteholders Representative, such amendment or waiver:

- a. is necessary or expedient in order to cure any ambiguity or correct any manifest error, or to comply with any changes in applicable law or in its interpretation;
 - b. is not, in the opinion of the Noteholders Representative, materially prejudicial to the interest of any Class of Noteholders;
 - c. is formal, minor or technical in nature;
 - d. is necessary for the purpose of enabling the Class A Notes to be (or remain) listed on the Irish Stock Exchange;
 - e. is necessary or expedient in order to comply with Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (**EMIR**), and/or Regulation (EU) 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the **Securitisation Regulation**), in each case as supplemented and implemented by the relevant regulatory technical standards and delegated regulations; or
 - f. at the option and upon request of the Originator, is necessary or expedient in order to ensure that the Securitisation complies with the STS criteria and deliver a STS notification in accordance with the Securitisation Regulation (it being understood, for the avoidance of doubt, that none of the Issuer, the Originator, the Sole Arranger or any other party assumes any undertaking to deliver such a notification or makes any representation that the Securitisation complies or will in the future comply with any STS criteria, provided that amendments or waiver under paragraphs e. and f. above will be permitted only to the extent they would not result in (or have the effect of) (i) a Basic Term Modification, (ii) an increase in the Expenses of the Issuer or (iii) be otherwise prejudicial to the interests of the holders of the most senior Class of Notes and, in respect of the amendments or waivers and delivery of a STS notification referred to in this paragraph f. only, the Originator bears all fees, costs and expenses arising therefrom.
- (ii) *Additional rights of modification for compliance reasons*

In addition to the above, the Noteholders Representative will be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer in making any amendment to these Conditions or any other Transaction Documents that the Issuer considers necessary for the purpose of:

- (i) enabling the Issuer or any other Transaction Party to comply with FATCA (or any voluntary agreement entered into with any taxing authority in relation thereto) in respect of the Transaction Documents; or
- (ii) enabling the Issuer or any other Transaction Party to comply with the CRA Regulation (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators);

provided that, in each case:

- the Issuer (or the relevant party to the Transaction Documents) certifies in writing to the Noteholders Representative that such modification is necessary for the purpose of compliance with the above provisions and has been drafted solely to such effect;
- at least 30 calendar days' prior written notice (or such shorter term as it may be required for the purpose of complying with the relevant laws, rules or regulations) of any such proposed

modification has been given to the Noteholders Representative and to the Noteholders in accordance with Condition 15; and

- such modification does not result in a Basic Term Modification.

(iii) *Binding nature*

Any such modification or waiver will be binding on the Noteholders.

(iv) *Restriction on powers*

The Noteholders Representative will not exercise any powers conferred upon it by this Condition 13.6 (a) in contravention of any express resolution of the most senior Class of Notes.

(v) *Notice*

The Issuer will cause any such amendment or waiver to be notified to the Rating Agencies (as long as any of the Senior Notes are rated), the Noteholders and the Issuer Secured Creditors as soon as practicable after it has been given or made.

13.7 **Professional advice**

In the exercise of its powers, the Noteholders Representative will be entitled to seek and rely on, without liability, any professional advice it might deem appropriate, at costs and expenses of the Issuer. To this purpose the Noteholders Representative will deliver to the Issuer a reasonably detailed summary of the grounds upon which the professional advice is requested and an estimate of the costs that it expects to incur. The Noteholders Representative will further provide such other information as reasonably requested by the Issuer (to the extent available).

13.8 **Deed of Charge**

The Noteholders Representative will have the right to exercise all the rights granted by the Issuer to the Noteholders pursuant to the Deed of Charge, in accordance with the Deed of Charge respectively, and the Intercreditor Agreement.

13.9 **Intercreditor Agreement - Indemnity**

Each Noteholder acknowledges that the Intercreditor Agreement contains *inter alia* further provisions relating to the protection of the interests of the Noteholders and the Issuer Secured Creditors. In particular, pursuant to the Intercreditor Agreement the Issuer has covenanted and undertaken to hold the Noteholders Representative, or any entity to which the Noteholders Representative has delegated any power, harmless and will indemnify it for any documented costs, expenses, Taxes, losses, charges, damages, actions, proceedings, claims, demands and liabilities as it may reasonably incur in connection with the activities and in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under these Conditions and/or the Transaction Documents, pursuant to articles 1719 and 1720 of the Italian Civil Code, including without limitation legal and travelling expenses, and any Taxes paid by them in connection with any action and/or legal proceedings brought or contemplated by them pursuant to these Conditions and/or the Transaction Documents, against the Issuer or any other person, to enforce any obligation under these Conditions and/or the Transaction Documents.

14. **MEETING OF THE NOTEHOLDERS**

14.1 **Powers of the meeting of the Noteholders**

Subject to Condition 14.3 and the application of the relevant quorum and majorities, the meeting of the Noteholders will decide:

- (i) on any Basic Term Modification;

- (ii) on the appointment of the Noteholders Representative;
- (iii) on the removal of the Noteholders Representative;
- (iv) on any amendments or waivers to the Conditions (but without prejudice to Condition 13.6) and, to the extent the consent of the Noteholders is required, the other Transaction Documents;
- (v) on the service of an Acceleration Notice and directions to the Noteholders Representative in that respect;
- (vi) on the sale of the Portfolio further to an Acceleration Notice;
- (vii) on any matter as expressly provided under the Transaction Documents; and
- (viii) on any other matter which is of common interest to the Noteholders.

14.2 **Convening a meeting**

Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes of the relevant Class, the Issuer and the Noteholders Representative are entitled to convene separate or combined meetings of the Noteholders of any Class or Classes, at any time.

The meeting will be held at the place and time specified or approved by the Noteholders Representative. The notice of call may convene the meeting on the same day both in first and second call.

The notice may include instructions for obtaining voting certificates, issuing block voting instructions and appointing proxies, in accordance with applicable law, listing rules if relevant, and any directions of the Noteholder Representative. Proxy solicitation is always permitted, subject to compliance with any applicable law.

For all other matters not expressly regulated in these Conditions, the same rules governing the quotaholders meeting of the Issuer will apply *mutatis mutandis*. The Noteholders Representative may at its sole discretion, with or without the consent of the Issuer, prescribe such further regulations regarding the holding of meetings, attendance and voting.

14.3 **Separate and combined meetings**

Subject to the provisions of the Intercreditor Agreement, the following provisions will apply in respect of meetings where outstanding Notes belong to more than one Class:

- (i) business which, in the opinion of the Noteholders Representative, affect only one Class will be transacted at a meeting of the holders of such Class only;
- (ii) business which, in the opinion of the Noteholders Representative, affect more than one Class but do not give rise to an actual or potential conflict of interest among different Classes, will be transacted either at separate meetings of each Class or at a single meeting of all Classes, as the Noteholders Representative will determine in its absolute discretion;
- (iii) business which, in the opinion of the Noteholders Representative, affect more than one Class and give rise to an actual or potential conflict of interest among different Classes, will be transacted at separate meetings of each Class;
- (iv) business which involves the passing of a Basic Terms Modification shall be transacted at a separate meeting of the holders of each relevant Class of Notes; and
- (v) in the case of separate meetings of the holders of each Class of Notes, these rules shall be applied as if references to the Notes and the Noteholders were to the Notes of the relevant Class of Notes and to the holders of such Notes and, in the case of joint Meetings, as if

references to the Notes and the Noteholders were to the Notes of each of the Classes of Notes and to the respective holders of the Notes.

14.4 **Notice of meeting**

At least 14 days' notice (exclusive of the day of the notice and the day of the meeting) must be given to the Noteholders, with copy to the Issuer, the Noteholders Representative, the Servicer and the Agents. A meeting will be nevertheless valid if all the Principal Amount Outstanding of the Notes of the relevant Class(es) is represented and the Issuer and the Noteholders Representative are present at the meeting.

14.5 **Constituting the meeting and validity of the resolutions – Basic Term Modifications**

The meeting of the Noteholders is duly constituted:

- (i) in first call, with the presence of as many Noteholders representing more than 50 per cent. of the Principal Amount Outstanding of the Notes of the relevant Class(es);
- (ii) in second call, with the presence of as many Noteholders representing more than 33.3 per cent. of the Principal Amount Outstanding of the Notes of the relevant Class(es).

The meeting will resolve in each case by means of absolute majority of the Principal Amount Outstanding represented at the meeting, save for the following resolutions (each, a **Basic Term Modification**), which require the favourable vote of Noteholders representing at least **75 per cent.** in first call, and more than **50 per cent.** in second call, of the Principal Amount Outstanding of the Notes of the relevant Class(es).

- (i) changing any date fixed for payment of principal and interest in respect of the Notes of any Class or the date of maturity of one or more Classes of Notes;
- (ii) reducing or cancelling any monetary claim of the Noteholders against the Issuer;
- (iii) altering the method of calculating the amount of interest or such other amounts payable to one or more relevant Classes of Notes;
- (iv) altering the Priority of Payments in respect of the Notes;
- (v) altering the quorum or majority required to pass any resolution or approve a written resolution; or
- (vi) changing this definition.

Any resolution passed in conformity with the above mentioned provisions will be binding for all the Noteholders of the relevant Class or Classes, whether or not present and whether or not voting, or dissenting.

14.6 **Conduct of meeting**

Any individual (who may, but need not to be, a Noteholder) may take the chair at any meeting. The chairman will be appointed by the Noteholders Representative or, if it fails to do so, by the majority of the Noteholders present.

The meeting will be conducted in accordance with the directions of the chairman, in accordance with any instructions specified in the notice convening such meeting.

The chairman will ascertain whether the meeting has been duly convened and validly constituted, manage the business of the meeting, monitor the fairness of the proceedings, lead and moderate the debate, and define the terms for voting. The Issuer will not be allowed to exercise any voting rights in respect of any Notes held by it.

14.7 **Written resolution**

Subject to the applicable majority required by Clause 14.5 (*Constituting the meeting and validity of the resolutions – Basic Term Modifications*) above, any written resolution approved by the Noteholders of the relevant Class(es) will have the same effect as a resolution passed at a duly convened meeting. Any Noteholder may propose a written resolution for consideration by the other Noteholders. To this purpose, “written resolution” means a resolution in writing signed by or on behalf of the Noteholders who at any relevant time are entitled to participate in a meeting in accordance with the provisions of these Conditions, 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.

14.8 **Conflict among Classes**

Subject to the provisions relating to:

- (i) a Basic Term Modification, which would require a resolution of each relevant Class affected by such Basic Term Modification, or
- (ii) the direction of the Noteholders Representative to deliver an Acceleration Notice or commence enforcement proceedings,

a resolution of the most senior Class of Notes will be binding on all other Classes and will override any resolution to the contrary by them.

14.9 **Individual actions**

The Noteholders will not commence or pursue any individual action if it is in conflict with a resolution of the meeting of the Noteholders or a written resolution, or if a meeting has been convened to resolve upon the same matter.

15. **NOTICES**

As long as the Notes are held through Monte Titoli, any notice regarding the Notes will be deemed to have been duly given if given through the systems of Monte Titoli.

As long as the Notes are listed on the Irish Stock Exchange and the listing rules so require, any notice will also be published on the website of the Irish Stock Exchange or in such other or additional manner as required by such rules.

The Noteholders Representative may sanction some other or additional method of notice (including without limitation any relevant screen) if, in its sole opinion, such other or additional method is reasonable having regard to market practice then prevailing.

16. **PRESCRIPTION**

16.1 Claims against the Issuer for payments in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date in respect thereof.

16.2 In this Condition 16 (*Prescription*), the “**Relevant Date**”, in respect of a Note, is the date on which a payment in respect thereof first becomes due and payable or (if the full amount of the monies payable in respect of all the Notes and accrued on or before that date has not been duly received by the relevant Paying Agent or the Noteholders Representative on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

17. **GOVERNING LAW AND JURISDICTION**

The Notes, these Conditions and any non contractual obligations arising out of, or in connection with them are governed by Italian law. The Courts of Milan, Italy, will have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and these Conditions.

*** **

USE OF PROCEEDS

The proceeds arising out of the subscription of the Notes is Euro 650,000,000, of which Euro 598,000,000 of the Senior Notes and Euro 52,000,000 of the Junior Notes.

The proceeds of the subscription of the Notes shall be used by the Issuer on the Issue Date to pay to the Originator the purchase price of the Portfolio pursuant to the Receivables Purchase Agreement.

THE ISSUER

Introduction

The Issuer, Quarzo CQS S.r.l., was incorporated in the Republic of Italy on 21 January 2015 as a limited liability company (*società a responsabilità limitata*) and has been registered with the Companies' Register of Milan on 5 February 2015. Its registered office is at Galleria del Corso 2, 20122 Milan (Italy) and it is registered with the Companies' Register of Milan under number, fiscal code and VAT number 08960060963. Pursuant to its by-laws, the Issuer's term of incorporation shall last until 30 June 2050, subject to extension. Quarzo CQS S.r.l. may be contacted by telephone at 0039 027636981.

The Issuer is a special purpose vehicle incorporated pursuant to the Securitisation Law for the purpose of issuing asset backed securities. Quarzo CQS S.r.l. is enrolled under number 35176.7 in the register of special purpose vehicles (*elenco delle società veicolo di cartolarizzazione*) held by the Bank of Italy for statistical purposes pursuant to the order of the Bank of Italy (*provvedimento*) dated 7 June 2017 (*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*).

As at the date of this Prospectus, the Issuer has an authorised, issued and fully paid-up equity capital of Euro 10,000.00 represented by quotas. At the date of this Prospectus, the Issuer has not authorised any equity capital increase.

The Issuer's equity capital is 90% held by Futuro and 10% held by SPV Holding S.r.l. (**SPV Holding** and together with Futuro, the **Quotaholders**).

Since the date of its incorporation, the Issuer carried out a securitisation transaction pursuant to the Securitisation Law (the "**Previous Securitisation**"), in the context of which, on 31 March 2015, it issued Euro 738,000,000 Class A Asset Backed Floating Rate Notes due November 2030 and Euro 82,000,000 Class B Asset Backed Fixed Rate Notes due November 2030.

Issuer's Principal Activities

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

In particular, article 2 of the Issuer's by-laws provides that "*the sole company's corporate object is to carry out one or more securitisations transactions under the law. No. 130 of 30 April 1999 through the purchase, for good and valuable consideration, of monetary claims, both current and future, from the Issuer or another company incorporated pursuant to Law No. 130/99, funded through the issuance of securities referred to in article 1, paragraph 1, lett. (b), of Law No. 130/99. In compliance with the provisions of the abovementioned law, the credits relating to each securitisation transaction represent assets that are separate for all purposes from those of the company and those regarding other operations, on which actions are not allowed from other creditors than the bearers of the securities issued to finance the purchase of the above mentioned receivables. Within the limits allowed by the provisions of Law No. 130/99, the Issuer can carry out ancillary transactions for the success of the securitisation transactions it undertakes, or those which may prove instrumental to the achievement of its purpose, as well as reinvest in other financial assets the funds deriving from the management of the receivables bought and not immediately used for satisfying the rights deriving from the above mentioned securities*".

Directors

The following table shows certain information regarding the current members of the board of directors of the Issuer.

Name	Position/Address	Principal activities performed outside of the Issuer
Cesare Castagna	Chairman of the board of directors/Galleria del	(i) Attorney of Compass Banca

	Corso 2, 20122, Milan	S.p.A.; (ii) director and chairman of the board of directors of Futuro S.p.A.; (iii) director and chairman of the board of directors of Quarzo S.r.l. and (iv) director and chairman of the board of directors of Quarzo CQS S.r.l.
Dario Truffi	Director/ Galleria del Corso 2, 20122, Milan	(i) Attorney of Compass Banca S.p.A.; (ii) attorney of Futuro S.p.A.; (iii) director of Quarzo CQS S.r.l.
Stefania Barsalini	Independent Director/ Galleria del Corso 2, 20122, Milan	(i) President of the board of statutory auditor of New Lion S.p.A.; (ii) Statutory auditor of Gestifin S.p.A. Società di Gestioni, Partecipazioni e Servizi Amministrativi; (iii) Statutory auditor of Delfina S.p.A.; (iv) Statutory auditor of Fratelli Omini S.p.A.; (v) Substitute statutory auditor INV A.G. S.r.l.; (vi) Statutory auditor of Alkimis SGR S.p.A.; (vii) Statutory auditor of Anthilia SGR S.p.A.; (viii) Statutory auditor of Aplomb S.r.l.; (ix) Statutory auditor of Elle52 Investimenti S.r.l.; (x) Statutory auditor of Coleman S.p.A; (xi) Director of Quarzo S.r.l.; (xii) Director of Quarzo CQS S.r.l..

Mr Cesare Castagna and Mr Dario Truffi have been appointed on 20 October 2017, while Ms Stefania Barsalini has been appointed on 31 January 2018. One of the three members of the board of directors of the Issuer is independent (i.e. do not hold any office within Futuro or Mediobanca Group). Pursuant to the Quotaholders Agreement and to the by-law of the Issuer, the independent director has a veto power for the adoption of the resolutions of the board of directors of the Issuer regarding any amendment to the by-law of the Issuer and more in general any resolution which may prejudice the rating of the Class A Notes.

Statutory Auditor of the Issuer

As at the date of this Prospectus, Mr. Mario Ragusa, a public certified accountant, admitted to the professional register of public certified accounts of Italy (*Albo dei Dottori Commercialisti e Revisori dei Conti*) has been appointed as statutory auditor of the Issuer.

Accounts of the Issuer and accounting treatment of the Loans

Pursuant to the Bank of Italy regulations, the accounting information relating to the securitisation of the Loans will be contained in the explanatory notes to the Issuer's accounts (*Nota Integrativa*). The explanatory

notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liabilities companies (*società a responsabilità limitata*).

The financial year of the Issuer begins on 1 July of each calendar year and ends on 30 June of the next calendar year with the exception of the first financial year which started on the date of incorporation of the Issuer and ended on 30 June 2015.

Capitalisation and indebtedness statement

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

Quota capital

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

Loan capital

€738,000,000 Class A Asset Backed Floating Rate Notes due November 2030 **Euro 222,522,867**

€82,000,000 Class B Asset Backed Fixed Rate Notes due November 2030 **Euro 82,000,000**
issued under the Previous Securitisation; and

€598,000,000 Class A Asset Backed Floating Rate Notes due November 2033 **Euro 598,000,000**

€52,000,000 Class B Asset Backed Fixed Rate Notes due November 2033 **Euro 52,000,000**

issued under the Securitisation.

Total Loan Capital **Euro 954,522,867**

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect of borrowings, term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial statements and auditors

As at the date of this Prospectus, PricewaterhouseCoopers S.p.A. has been appointed as independent auditors. PricewaterhouseCoopers S.p.A. is registered in the “*Registro dei Revisori Legali*” held by the Ministry of Economy and Finance (*Ministero dell’Economia e delle Finanze*) under No. 119644.

The annual financial statements for the years ending 30 June 2017 and 30 June 2016 have been audited by PricewaterhouseCoopers S.p.A., whose reports are attached to such financial statement.

THE ACCOUNT BANK AND THE ITALIAN PAYING AGENT

Citibank N.A., Milan Branch, is a bank incorporated under the laws of United States of America, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., acting through its Milan branch, enrolment in the companies' register of Milan number 600769, registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act under number 4630, having its registered office at Via dei Mercanti, 12, 20121 Milan, Italy.

Citibank, N.A. was formerly known as First National City Bank and changed its name to Citibank, N.A. in March 1976. The company was founded in 1812 and is based in Sioux Falls, South Dakota with locations and offices worldwide. Citibank, N.A. operates as a subsidiary of Citicorp.

Citigroup, Inc. is a holding company listed on the NYSE (C) and other principal international stock exchanges, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB.

THE CALCULATION AGENT, THE CUSTODIAN AND THE PRINCIPAL PAYING AGENT

Citibank N.A., London Branch, is a bank incorporated under the laws of United States of America, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number FC001835 and branch number BR001018.

Citibank, N.A. was formerly known as First National City Bank and changed its name to Citibank, N.A. in March 1976. The company was founded in 1812 and is based in Sioux Falls, South Dakota with locations and offices worldwide. Citibank, N.A. operates as a subsidiary of Citicorp.

Citigroup, Inc. is a holding company listed on the NYSE (C) and other principal international stock exchanges, having its registered office at 701 East 60th Street North, Sioux Falls, South Dakota, U.S.A., and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB.

Citi, a leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking, securities brokerage, transaction services, and wealth management. Citi currently operates, for management reporting purposes, via two primary business segments: Citicorp, representing Citi's core growth franchises and Citi Holdings, which contains businesses and assets that are not core to Citi's future. Citicorp is focused on providing best-in-class products and services to customers and leveraging Citi's unparalleled global network, including many of the world's emerging economies.

Issuer services is a part of Citi Institutional Clients Group that supports the issuance and administrative needs of global institutional clients through two key business segments, namely Agency and Trust and Depositary Receipt Services. Citi is a leading provider of transactional services with a unique blend of experience, global reach and superior services. Citi Agency and Trust business administers in excess of USD 4 trillion in fixed income and equity investments on behalf of over 2,500 clients worldwide. Citi Depositary Receipt Services supports over 250 programs and helps companies connect to new markets and raise capital worldwide.

THE CASH MANAGER

Mediobanca – Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no. (0039) 02-88291. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Since 30 June 2017 there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to meet its obligations towards third parties.

As at the date of this Prospectus S&P rated Mediobanca F2 (short-term debt), BBB (long-term debt) and stable (outlook) – see <https://www.mediobanca.com/it/investor-relations/finanziamento-rating/rating.html> .

THE HEDGING COUNTERPARTY

Banco Santander, S.A. is the parent bank of Grupo Santander. It was established on 21 March 1857 and incorporated in its present form by a public deed executed in Santander, Spain, on 14 January 1875. Banco Santander, S.A. and its consolidated subsidiaries are a financial group operating through a network of offices and subsidiaries across Spain, the United Kingdom and other European countries, Brazil and other Latin American countries and the US, offering a wide range of financial products.

In Latin America, Santander Group has majority shareholdings in banks in Argentina, Brazil, Chile, Colombia, Mexico, Peru and Uruguay.

As of 31 December 2017, Santander Group had a market capitalization of €88.4 billion, shareholders' equity of €94.5 billion and total assets of €1,444.3 billion. Santander Group had €1,162.3 billion in customer funds under management at that date.

As of 31 December 2017, Santander Group had 68,223 employees and 6,315 branch offices in Continental Europe, 25,971 employees and 808 branches in the United Kingdom, 88,713 employees and 5,891 branches in Latin America, 17,560 employees and 683 branches in the United States and 1,784 employees in Corporate Activities.

Banco Santander, S.A. has a long-term credit rating of "A-" by both Fitch and Standard & Poor's (as of December 2017 and June 2017 respectively), "A3" by Moody's (as of February 2017) and "A" by DBRS (as of December 2017).

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents.

Unless otherwise defined, capitalised terms and expressions used in this section shall have the same meaning ascribed to them under the Terms and Conditions of the Notes.

A. THE RECEIVABLES PURCHASE AGREEMENT

Transfer of the Receivables

On 26 February 2018 the Issuer and Futuro have entered into a receivables purchase agreement, as subsequently amended and supplemented, (the **Receivables Purchase Agreement**) pursuant to which Futuro (the **Originator**) has assigned and transferred without recourse (*pro soluto*) and as a pool (*in blocco*), in accordance with the Securitisation Law, all its rights, title and interest arising out of the Portfolio, with legal effect as of the later date between (i) the date on which the relevant notice of assignment of the Receivables is published in the Official Gazette and (ii) the date on which the same notice is filed with the competent Companies' Register (the **Legal Effective Date**). The Portfolio is comprised of Receivables arising under Loan Agreements governed by Italian law which satisfied the Eligibility Criteria set forth in the Receivables Purchase Agreement.

Perfection of the assignment

The assignment of the Receivables comprised in the Portfolio by the Originator to the Issuer was made in accordance with the Securitisation Law pursuant to article 58, paragraphs 2, 3 and 4 of the Banking Act. Accordingly, such assignment is perfected against the Originator and any third party creditors upon publication in the Official Gazette of a notice of such assignment and, against the assigned debtors, upon the aforementioned Official Gazette publication as well as registration of such notice of assignment with the competent Register of Companies (*registro delle imprese*).

Notice of the assignment of the Portfolio pursuant to the Receivables Purchase Agreement was published in the Part II of the Italian Official Gazette on 1 March 2018 No. 25 and was registered with the Register of Companies of Milan on 5 March 2018.

Undertakings

The Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out any activities with respect to the Receivables which may prejudice the validity or recoverability of such Receivables, and in particular, except as permitted in the Receivables Purchase Agreement and the Servicing Agreement, not to assign, terminate, rescind, amend or otherwise undertake to assign, terminate, rescind or amend the terms and conditions of any Receivables and/or request that any Loan Agreement be declared invalid and not to take any action which could result in any representations and warranties given by the Originator being untrue, incorrect or incomplete.

The purchase price of the Portfolio

The purchase price of the Portfolio under the Receivables Purchase Agreement (the **Purchase Price**) is equal to Euro 649,967,838.67. The Purchase Price will be paid by the Issuer to the Originator on the Issue Date out of the net proceeds arising from the issue of the Notes, provided that the publication of a notice in the Official Gazette of the assignment of the Portfolio and the filing of such assignment with the competent Register of Companies have been made on or before the Issue Date.

Clean-up Option

Starting from the Payment Date on which the residual outstanding principal amount of the Portfolio purchased by the Issuer is equal to or lower than 10% of the outstanding principal of the Portfolio as of the Issue Date, the Originator under the provisions of the Receivables Purchase Agreement may exercise an option (the **Clean-up Option**) to repurchase (pursuant to article 58 of the Banking Act) from the Issuer all the then outstanding Receivables, subject to it giving to the Issuer a 15 Business Days prior written notice before the relevant Payment Date and *provided, inter alia, that*:

- (i) the Originator has obtained all necessary authorisations required by applicable laws and regulations for the exercise of the Clean-up Option, in compliance with article 58 of the Banking Act; and
- (ii) the Originator has delivered to the Issuer (i) a solvency certificate signed by its legal representative and (ii) a certificate of good standing (*certificato di vigenza*) issued by the competent Chamber of Commerce (*Camera di Commercio*) as of a date not earlier than 5 days before the date of the exercise of the Clean-up Option.

The amount to be paid by the Originator as consideration for the Receivables to be purchased (the **Clean-up Option Purchase Price**) shall be equal to the sum of: (a) the outstanding amount of the Receivables (other than Defaulted Receivables and Delinquent Receivables) as of the date of exercise of the Clean-up Option; and (b) the market value of the Defaulted Receivables and Delinquent Receivables as at the relevant Payment Date, as determined by a third party arbitrator appointed jointly by the Issuer and the Originator and, in the absence of agreement between the parties, by the Milan Chamber of Commerce (*Camera di Commercio*).

The Issuer shall apply all the proceeds of the sale of the Portfolio in or towards redeeming all the Notes together with all interests accrued thereon subject to and in accordance with Condition 6 (*Priority of Payments*).

Representations and warranties as to matters affecting the Originator

The Receivables Purchase Agreement contains market standard representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator is validly existing as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and to assume the obligations contemplated therein and has all the necessary authorisations thereof.

Representations and warranties in relation to the Receivables

The Receivables Purchase Agreement furthermore provides for standard representations and warranties of the Originator in respect of the Receivables comprised in the Portfolio as of the date of execution of the Receivables Purchase Agreement (which representations and warranties shall be repeated on the Legal Effective Date and on the Issue Date), including, without limitation, the followings.

- (1) *Loans, Receivables and Security Interest*
 - (a) The Loans have been granted in accordance with the Loan Disbursement Policies.
 - (b) Each party to a Loan Agreement and each party to any agreement, deed or document relating thereto, had, at the date of execution thereof, full power and authority to enter into and execute each agreement, deed or document relating to such Loan Agreement and/or Security Interest.

- (c) Each of the Receivables derives from duly executed Loan Agreements. Each Loan Agreement and each other agreement, deed or document relating thereto is valid and enforceable and constitutes valid and legal obligations, binding on each party thereto.
- (d) Each Loan Agreement has been entered into, executed and performed and the advance of each Loan has been made in compliance with all applicable laws, rules and regulations.
- (e) Each authorisation, approval, consent, licence, registration, recording, attestation or any other action which was and/or is required or convenient to ensure the validity, legality, enforceability or priority of the rights and obligations of the relevant parties to each Loan Agreement and to each other relevant agreement, deed or document in respect of each Security Interest, was duly and unconditionally obtained, made or taken by the time of the execution or perfection of each Loan Agreement or Security Interest, as the case may be, or upon the making of any advances thereunder or when otherwise required under the law or appropriate for the above purposes.
- (f) Each Loan has been fully advanced, disbursed and paid, as evidenced by disbursement receipts, directly to the relevant Debtor. There is no obligation from Futuro to advance or disburse further amounts in connection with any Loan.
- (g) Each Security Interest is existing and has been duly granted, created, perfected and maintained and, upon the transfer to the Issuer, remains valid and enforceable in accordance with the terms upon which it was granted, meets all requirements under all applicable laws and regulations and is not in breach of law.
- (h) Futuro has not (whether in whole or in part) cancelled, released, reduced or waived or consented to reduce, waive or cancel any guarantee, surety, pledge, collateral and/or other security interest constituting a Security Interest, except to the extent permitted under the Servicing Agreement and as a result of the full or partial repayment of the Loan. No Loan contains any provisions entitling the relevant Debtor(s) to any cancellation, release or reduction of the relevant Security Interest other than where and to the extent this is required under any applicable law and/or regulation.
- (i) Each Receivable is fully and unconditionally owned by and available directly to Futuro and is not subject to any lien (*pignoramento*), seizure (*sequestro*) or other charge in favour of any third party and is freely transferable to the Issuer.
- (j) The transfer of the Receivables to the Issuer under the Receivables Purchase Agreement does not prejudice or vitiate the obligations of the Assigned Debtors regarding payment of the outstanding amounts of the Receivables, nor does it impair or affect the validity and enforceability of the rights and obligations arising out of the Loan Agreements and the Security Interests, nor is any consent required from the Debtors, under the terms of the Loan Agreements or any other agreement deed or document relating thereto, in respect of the transfer of the Receivables to the Issuer.
- (k) The Receivables do not derive from Loans under which the Debtors are creditors of Futuro or have legal relationship with Futuro under which Futuro could be economically liable.
- (l) Futuro has maintained and maintains in all material respects complete, proper and up-to-date books, records, data and documents relating to the Loans, all instalments and any other amounts to be paid or repaid thereunder, and all such books, records, data and documents are kept by Futuro or by any entity duly appointed by Futuro.

- (m) The disbursement, servicing, administration and collection procedures adopted by Futuro with respect to each Loan, Security Interest and Receivable have been conducted in all respects in compliance with all applicable laws and regulations and with care, skill and diligence and in a prudent manner and they are described by Futuro in Schedule A to the Servicing Agreement (with reference to the Credit and Collection Policy).
- (n) The Credit and Collection Policies attached to the Servicing Agreement as Schedule A are true, complete and correct.
- (o) All Taxes, duties and fees of any kind, required to be paid by Futuro under each Loan Agreement from the relevant execution date, as well as with respect to the creation and preservation of any Security Interest and the execution of any other agreement, deed or document or the performance and fulfillment of any action or formality relating thereto, have been duly paid by Futuro.
- (p) The rates of interest relating to the Loans have at all times been applied and will at all times be applied in accordance with the laws applicable from time to time (including the Usury Law, if applicable).
- (q) The Receivables meet the Eligibility Criteria as at the Valuation Date.
- (r) Futuro has no knowledge of any fact or matter which might cause a non-reimbursement or a delayed reimbursement of any of the Loans.

(2) *Insurance Policies*

Each Insurance Policy and each other agreement, deed or document relating thereto is valid and enforceable and constitutes valid and legal obligations, binding on each party thereto.

Indemnity Obligations of the Originator

Pursuant to the Receivables Purchase Agreement, in addition and without prejudice to any remedy provided for by applicable law, the Originator has agreed to indemnify and hold harmless the Issuer or any of its successors and assignees from and against all damages, loss, claims, liabilities, costs and expenses incurred by it arising from:

- (a) any breach by the Originator of its obligations under the Receivables Purchase Agreement and under any other Transaction Document;
- (b) any representation or warranty made by the Originator under the Receivables Purchase Agreement and under any other Transaction Document being false, incomplete or incorrect; and
- (c) the failure to collect or recover any Receivables as a consequence of the legitimate exercise by a Debtor of any set-off claim or any other right or claim against the Originator.

Governing Law

The Receivables Purchase Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

B. THE SERVICING AGREEMENT

Duties of the Servicer

On 26 February 2018 the Issuer, the Back-Up Servicer Facilitator and Futuro, as servicer, (the **Servicer**) entered into a servicing agreement, pursuant to which Futuro has been appointed by the Issuer as Servicer in relation to the Securitisation. Pursuant to the Servicing Agreement, the Servicer is responsible for the receipt of cash collections in respect of the Loan Agreements and related Receivables. Within the limits set out under article 2, paragraph 6 and 6-*bis* of the Securitisation Law, the Servicer is responsible for verifying that the transactions to be carried out in connection with the Securitisation comply with applicable laws and are consistent with the contents of this Prospectus. Under the Servicing Agreement, the Issuer has also appointed Securitisation Services to act as Back-Up Servicer Facilitator.

The Servicer has undertaken in relation to each of the Loan Agreement and related Receivables serviced by it, *inter alia*:

- (a) to collect, on each relevant date as indicated in the relevant Loan Agreement, from the relevant Debtor or Assigned Debtor the amounts owed by such Debtor or Assigned Debtor in respect of the relevant Receivable. Such amounts shall be transferred by Futuro into the Collection Account, on a daily basis, and in any case not later than 5 p.m. (Italian time) of the second Business Day following the day on which such amounts have been duly collected or recovered in accordance with the Credit and Collection Policies described in the Servicing Agreement;
- (b) to strictly comply with the Servicing Agreement and the credit and collection policy described in “*The Credit and Collection Policies*”, above;
- (c) to carry out the administration and management of such Receivables and to manage any possible legal proceedings (*procedura giudiziale*) against the relevant Debtor or Assigned Debtor in respect thereof;
- (d) to comply with any requirements of laws and regulations applicable in the Republic of Italy in carrying out activities under the Servicing Agreement, included the regulation under the Italian Legislative Decree of 30 June 2003, No. 196 (as amended and supplemented);
- (e) save where otherwise provided for in the Credit and Collection Policies or other than in certain circumstances specified in the Servicing Agreement, not to consent to any waiver of, or other change prejudicial to the Issuer’s interests in, the Loan Agreements and related Receivables;
- (f) on behalf of the Issuer, operate an adequate supervision and information disclosure system with respect to the Receivables and an adequate database maintenance system, by keeping and maintaining any books, records, documents, magnetic media and IT systems as may be useful for, or relevant to, the implementation of a data disclosure system to permit the Issuer to operate in full compliance with all applicable laws and regulations in matters of supervision, reporting procedures;
- (g) maintain and implement administrative and operating procedures (including, without limitation, copying recordings), keep and maintain all books, records and all the necessary or advisable documents in order to (i) collect all the Receivables and all the other amounts which are to be paid for any reason whatsoever in connection with the Receivables (including, without limitation, records which make it possible to identify the nature of any payment and the precise allocation of payment and collected amounts to capital and interest), and (ii) check the amount of all the Receivables received; and

- (h) ensure at any times that all the Collections arising from the Receivables will be correctly identified and distinctly recorded on accounting books separate to those on which are registered the sums of the Servicer or collected by the Servicer on behalf of any third party other than the Issuer.

Pursuant to the terms of the Servicing Agreement, the Servicer will indemnify the Issuer from and against any and all damages and losses incurred or suffered by the Issuer as a consequence of a default by the Servicer of any of its obligation under the Servicing Agreement, save for any damages and losses arising from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*). The Servicer has acknowledged and accepted that, pursuant to the terms of the Servicing Agreement, it will not have any recourse against the Issuer for any damages, claims, liabilities or costs incurred by it as a result of the performance of its activities under the Servicing Agreement except as may result from the Issuer's wilful default (*dolo*) or gross negligence (*colpa grave*).

Reporting requirements

The Servicer has undertaken to prepare and submit to the Issuer, the Noteholders Representative, the Rating Agencies, the Cash Manager, the Calculation Agent, the Paying Agent, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Hedging Counterparty and the Corporate Servicer on or before each Report Date, the Servicer Report in the form set out in the relevant Servicing Agreement, which will contain information as to, respectively, the Portfolio and any relevant Collection in respect of the preceding Collection Period.

Representation and Warranties by the Servicer

The Servicer has given to the Issuer standard market practice representations and warranties.

Remuneration of the Servicer

In return for the services provided by the Servicer pursuant to the Servicing Agreement, and in accordance with the applicable Priority of Payments, the Issuer will pay to the Servicer fees as better described under the Servicing Agreement.

Termination events

Should one of the following events occurs and continue the Issuer may, upon the written consent of the Noteholders Representative, terminate the appointment of the Servicer and shall promptly notify the Noteholders Representative, the Back-Up Servicer and the Back-Up Servicer Facilitator:

- (a) the Servicer is declared insolvent, or the competent authorities take any kind of measure which puts the Servicer into liquidation or appoints an official receiver, or the Servicer adopts a decision aimed at obtaining such measures, or the Servicer is admitted to an Insolvency Proceeding, or the Servicer adopts a decision aimed at obtaining such admission to an Insolvency Proceeding or to voluntary liquidation;
- (b) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited pursuant to the relevant provisions of the Servicing Agreement within 5 (five) Business Days from the date on which such amount became due and payable;
- (c) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement, and the continuation of such failure for a period of 10 (ten) Business Days following receipt by the Servicer of the written notice from the Issuer (or from the Noteholders Representative acting in the name and on behalf of the Issuer);
- (d) any representation and warranty of the Servicer contained in the Servicing Agreement shall prove to have been incorrect or incomplete; and

- (e) failure on the part of the Servicer to prepare and deliver to the relevant transaction parties the Servicer Report, and the continuation of such failure for a period of 1 (one) Business Day following the Report Date.

Back-Up Servicer Facilitator

Under the Servicing Agreement, upon termination of the mandate conferred by the Issuer to the Servicer and in case the Back-Up Servicer is not able for whatever reason to become substitute of the Servicer, the Back-Up Servicer Facilitator shall carry out all its best efforts to co-operate with the Issuer in finding a substitute of the Servicer, having the requirements specified in the Servicing Agreement. In return for the services provided by the Back-Up Servicer pursuant to the Servicing Agreement, and in accordance with the applicable Priority of Payments, the Issuer will pay to the Back-Up Servicer a fee as better described under the Servicing Agreement.

Subordination and limited recourse

The Servicer has agreed that the obligations of the Issuer under the Servicing Agreement are subordinated and limited recourse obligations and will be payable only in accordance with the applicable Priority of Payments.

Governing Law

The Servicing Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

C. THE AGENCY AGREEMENT

On or about the Issue Date, the Issuer, the Calculation Agent, the Account Bank, the Custodian, the Principal Paying Agent, the Italian Paying Agent, the Cash Manager and the Noteholders Representative entered into the Agency Agreement.

Under the terms of the Agency Agreement:

- (a) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Italian Accounts;
- (b) the Custodian has agreed to establish and maintain, in the name and on behalf of the Issuer, the Eligible Investment Account;
- (c) the Calculation Agent has agreed to provide the Issuer with the Payments Report and the Investor Report;
- (d) the Paying Agents have agreed to provide the Issuer with certain payment services together with certain calculation services in relation to the Notes; and
- (e) the Cash Manager has agreed to instruct the Custodian to invest in Eligible Investments on behalf of the Issuer and to liquidate such Eligible Investments.

Operation of the Accounts

The Accounts held with the Account Bank and the Custodian will be operated by the Account Bank, the Custodian and the Calculation Agent on behalf of the Issuer to make payments and transfers in accordance with the provisions of the Agency Agreement (and any other relevant provisions of the Transaction Documents).

The Account Bank, the Custodian and the Paying Agents have agreed to comply with any direction of the Issuer prior to the delivery of an Acceleration Notice or, following the delivery of an Acceleration Notice the Noteholders Representative (subject to the Intercreditor Agreement and the Deed of Charge) to effect payments from the Accounts if such direction is made in accordance with the Agency Agreement.

Calculation of amounts and payments

On each Calculation Date, the Calculation Agent is required to determine all amounts due in accordance with the relevant Priority of Payments on the forthcoming Payment Date and the amounts available to make such payment.

The obligations of the Calculation Agent are conditional upon the timely receipt by the Calculation Agent of all the required information and reports from the other parties to the Transaction Documents, namely:

- (i) the Servicer Report prepared by the Servicer in accordance with the Servicing Agreement;
- (ii) balance of the Accounts prepared by the Account Bank and the Custodian in accordance with the relevant clause of the Agency Agreement;
- (iii) statement of any amounts due to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (iv) statement of any non-recurring fees, indemnities and other amounts due to the Issuer Secured Creditors;
- (v) statement of any Expenses due on the relevant Payment Date, from the Issuer and/or the Corporate Servicer,

in each case no later than one Business Day prior to each Calculation Date.

In the absence of any such information or report (any such event, a **Report Delivery Failure Event**):

- (a) the Calculation Agent will as soon as reasonably practicable inform the Issuer and the Noteholders Representative; upon receipt of such notice, the Issuer (with the assistance of the Noteholders Representative) will promptly inform the Rating Agencies;
- (b) the Calculation Agent will prepare and deliver the following calculations on the basis of the available information and reports (each of such reports, the **Provisional Payments Report**):
 - (i) the Available Funds;
 - (ii) the Class A Notes Rate of Interest;
 - (iii) any other amount ranking in priority thereto (the amount of which it is aware of) due on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments from item (i) to item (vi) or pursuant to the Post-Enforcement Priority of Payments from item (i) to item (vi), as the case may be; and
- (c) the Paying Agents will make payments in accordance with the applicable Priority of Payments, based on the calculations referred to in paragraph (b) above,

it being understood that in no event will the payments in respect of the Class A Notes be delayed or refused due to a Report Delivery Failure Event, provided that there are sufficient funds on the Accounts.

On the Calculation Date immediately following the Payment Date on which a Report Delivery Failure Event has occurred, subject to receipt of the relevant report or information, the Calculation Agent:

- (A) will take into account any differences and/or discrepancies between (i) the amounts paid on the immediately preceding Payment Date in accordance with the Provisional Payments Report and (ii) the actual amounts that would have been due on such Payment Date had the relevant report or information been delivered;
- (B) will determine how the Available Funds shall be applied pursuant to the applicable Priority of Payments taking into account the differences and/or discrepancies identified under (A) above; and
- (C) will deliver a report setting forth such determinations and amounts in accordance with Clause 10.1 of the Agency Agreement.

Calculations

The Calculation Agent will perform and deliver the following calculation on behalf of the Issuer:

- (i) as soon as practicable in respect of each Interest Period, the applicable Notes Interest Rate;
- (ii) on each Calculation Date and in respect of the following Payment Date, all calculations in respect of interest and deferred interest pursuant to Condition 7.5 (*Calculations of interest amounts*);
- (iii) on each Calculation Date and in respect of the following Payment Date, all calculations in respect of principal amounts pursuant to Condition 8.5 (*Calculations of principal amounts*);
- (iv) on each Calculation Date, the Available Funds in respect of the following Payment Date;
- (v) on each Calculation Date, payments due by the Issuer and allocation of Available Funds under each item of the applicable Priority of Payments in respect of the following Payment Date;
- (vi) on each Calculation Date any amount to be drawn from the Cash Reserve Account and/or the Liquidity Reserve Account in accordance with the Conditions; and
- (vii) other calculations and determinations as expressly set out in the Transaction Documents.

On each Calculation Date, the Calculation Agent will verify if the Available Funds are sufficient to pay items from (i) to (vi) of the applicable Priority of Payments. In case the Available Funds are sufficient for such purpose, the Calculation Agent will release the Payments Report in accordance with Clause 10.1 below. In case the Available Funds are not sufficient for such purpose, the Calculation Agent undertakes to inform

the Cash Manager. Upon receipt of such notice, the Cash Manager will instruct the Custodian to disinvest the Eligible Investments made out of the funds credited on the Liquidity Reserve Account within three Business Days prior to the relevant Payment Date. As soon as the final Available Funds are confirmed, the Calculation Agent will release the Payments Report accordingly.

In case of failure by the Calculation Agent to distribute any report, the Noteholders Representative will make, to the extent possible, the calculations (or procure that such calculations are made) relating to the amounts to be applied under the applicable Priority of Payments, and instruct the Paying Agent to make the transfers and payments so determined. Any such calculation will be deemed to be made by the Calculation Agent and the Noteholders Representative will not incur any liability to any person as a result.

Fees

Pursuant to the Agency Agreement, the Issuer will pay to each Agent such remuneration for their respective services under the Agency Agreement and the Transaction Documents as separately agreed in letters exchanged between the Issuer and each Agent on or about the date hereof.

Representations

Under the Agency Agreement, each Agent has represented and warranted to the Issuer and the Noteholders Representative that:

- (i) it is a company duly organized and incorporated, validly existing under the laws of its jurisdiction of incorporation and in good standing under the laws of the Republic of Italy, with full power and authority to enter into the Agency Agreement and perform its obligations hereunder;
- (ii) it has taken all required corporate actions, authorisation, approval, consent, licence, exemption, registration, recording or filing to authorize the entry into and performance of the Agency Agreement, which does not conflict with any law, regulation, by-laws or contract binding on it and which is necessary to ensure the validity, enforceability and priority of the liabilities and obligations of it under the Agency Agreement and the rights of the other Parties;
- (iii) the provisions of the Agency Agreement are binding and enforceable against it;
- (iv) it is equipped with adequate resources, software and technology which enable it to properly perform the Agency Agreement; and
- (v) it is solvent and, to the best of its knowledge, no insolvency, liquidation, reorganization or winding-up proceedings or other material judicial or administrative proceedings have been brought or threatened against it.

Under the Agency Agreement each of the Account Bank, the Custodian and the Paying Agents has further represented and warranted that it is an Eligible Institution.

The representations and warranties above are made on the date of the Agency Agreement and will be repeated on the Issue Date. The Agents will notify the Issuer should an event that can make them unable to perform their duties under the Agency Agreement, or which would render any of the representations above no longer correct, occur.

Termination of appointment

Pursuant to the Agency Agreement, the Issuer may (and will, if so directed by the Noteholders Representative) terminate the appointment of the relevant Agent by delivery of a written termination notice, upon the occurrence of any of the following events: (i) the Agent fails to procure the transfer of sums required to be transferred to the Issuer in the time or otherwise in the manner required by the terms of the Agency Agreement; (ii) a default (other than a failure to pay, or publish or deliver a report) is made by the Agent in the performance or observance of any of its other covenants and obligations under the Agency Agreement, which in the opinion of the Issuer or the Noteholders Representative is materially prejudicial to the interests of any class of Noteholders and such default is not remedied within 15 days after receipt by the Agent of written notice from the Issuer or the Noteholders Representative requiring the same to be remedied, or such longer time (but no longer than 90 days) as may be reasonably necessary to cure the relevant default;

(iii) any representation or warranty made or deemed to be made by the Agent under the Agency Agreement proves to have been incorrect or misleading when made or deemed to be made, unless the circumstances giving rise to the misrepresentation and breach of warranty are capable of remedy and are remedied within 15 days of notice to the Servicer from the Noteholders Representative or the Issuer; (iv) an order is made or a resolution is passed for winding up the Agent; (v) the Agent stops payment of its debts, or becomes unable to pay its debts as they fall due, or otherwise becomes insolvent within the meaning of the applicable insolvency law; proceedings are initiated against the Agent concerning any liquidation, administration, insolvency, composition or reorganization, save where such proceedings are frivolous or vexatious and are being contested in good faith by the Agent; (vi) it becomes unlawful for the Agent to perform any material part of the relevant services under the Agency Agreement.

Each of the Account Bank, the Custodian and the Paying Agents will be at all times an Eligible Institution. If at any time the Account Bank, the Custodian and/or each of the Paying Agents, as the case may be, ceases to be an Eligible Institution (the relevant affected party, the **Affected Party**), it will as soon as reasonably practicable give notice to the Issuer and the Noteholders Representative, in any event within 2 Business Days of becoming aware of such event. Upon receipt of such notice, the Issuer (with the assistance of the Noteholders Representative) will promptly inform the Rating Agencies of such event.

The Issuer and each Affected Party will cooperate in good faith in order to, within 30 days from the date of loss of the status of Eligible Institution (and unless within such term it regains such status): (i) procure the transfer of the Accounts to another bank which (a) is an Eligible Institution, (b) assumes the role of Account Bank or Custodian by delivery of an accession letter to the Issuer and the Noteholders Representative and the other parties of the Agency Agreement and (c) accedes to the Intercreditor Agreement; (ii) arrange for a guarantee, indemnity or cash collateral or other collateral arrangement which is in accordance with the applicable rating criteria; and (iii) procure the replacement of the relevant Paying Agent with another bank which (a) is an Eligible Institution, (b) assumes the role of Paying Agent by delivery of an accession letter and (c) accedes to the Intercreditor Agreement.

D. THE INTERCREDITOR AGREEMENT

On or about the Issue Date, the Issuer and the Issuer Secured Creditors entered into the Intercreditor Agreement. Under the Intercreditor Agreement provision is made as to the application of the proceeds from collections in respect of the Loans and as to the circumstances in which the Noteholders Representative will be entitled to exercise certain rights in relation to the Loans.

In the Intercreditor Agreement, the Issuer Secured Creditors have agreed, *inter alia*, to the order of priority of payments to be made out of the Available Funds and that the obligations owed by the Issuer to the Noteholders and, in general, to the Issuer Secured Creditors are limited recourse obligations of the Issuer. The Noteholders and the Issuer Secured Creditors have a claim against the Issuer only to the extent of the Available Funds in each case subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

The Intercreditor Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

E. THE SUBORDINATED LOAN AGREEMENT

Pursuant to the Subordinated Loan Agreement entered into on or about the Issue Date, the Subordinated Loan Provider has provided the Issuer on the Issue Date with an interest bearing Subordinated Loan which will be applied by the Issuer to fund initially (i) the Cash Reserve (being, on the Issue Date, Euro 9,750,000 (the **Cash Reserve Amount**)), (ii) the Liquidity Reserve (being, on the Issue Date, Euro 2,392,000 (the **Liquidity Reserve Amount**)) and (iii) the Retention Amount (being Euro 30,000 (the **Retention Amount**)).

Interest in respect of the Subordinated Loan shall accrue on a daily basis on the outstanding principal amount of such loan, from the date of its disbursement and until the earlier of: (i) the date on which the Subordinated Loan has been repaid in full; and (ii) the Final Maturity Date. The rate of interest on the Subordinated Loan for each Interest Period is equal to 0,30% *per annum* multiplied by the actual number of days in such Interest Period and divided by 360 and rounding the resulting figure to the nearest cent (half a Euro cent being rounded up).

Any accrued interest on the Subordinated Loan in respect of each Interest Period is payable by the Issuer to the Subordinated Loan Provider in arrears on each Payment Date but only to the extent that there are sufficient Available Funds to be used for such purpose in accordance with the applicable Priority of Payments and the Intercreditor Agreement.

The Subordinated Loan Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

F. THE BACK-UP SERVICING AGREEMENT

On or about the Issue Date, the Issuer, the Servicer and Compass Banca S.p.A. acting as back-up servicer (the **Back-Up Servicer**) entered into the Back-Up Servicing Agreement.

Under the Back-Up Servicing Agreement, the Back-Up Servicer has undertaken to act as substitute of the Servicer, in the event that: (i) the appointment of the Servicer has been revoked in accordance with the terms of the Servicing Agreement; or (ii) the Servicer has withdrawn from the Servicing Agreement for *giusta causa* or (iii) the appointment of the Servicer is terminated for any reason whatsoever in accordance with the terms of the Servicing Agreement.

The Back-Up Servicing Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

G. THE CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 26 February 2018 between the Issuer and the Corporate Servicer, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer also in relation to the Securitisation.

The Corporate Services Agreement as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with Italian law.

H. THE DEED OF CHARGE

Pursuant to an English law Deed of Charge executed on or about the Issue Date between the Issuer and the Noteholders Representative, the Issuer with full title guarantee, as continuing security for the discharge and payment of the Secured Obligations (as defined under the Deed of Charge), will assign to the Noteholders Representative absolutely, by way of first fixed security, all the Issuer's Rights, title, interest and benefit from time to time, present and future, in, to, under and in respect of (a) the Hedging Agreement and all documents executed pursuant thereto, (b) any securities standing to the credit of the Eligible Investment Account, (c) any cash standing to the credit of any cash account associated with the Eligible Investment Account, and (d) any agreement governed by English law to be entered into by the Issuer in the context of the Securitisation.

The Deed of Charge as well as any non-contractual obligations arising out of or in connection with it is governed by and is construed in accordance with English law.

I. THE HEDGING AGREEMENT

By a 1992 ISDA Master Agreement entered into on or about the Issue Date between the Issuer and the Hedging Counterparty, together with the Schedules and the Credit Support Annex thereto and the confirmation documenting the interest rate swap transactions supplemental thereto executed on or about the Issue Date (the "**Hedging Agreement**"), the Issuer will hedge its floating rate interest exposure in relation to the Class A Notes.

L. EMIR REPORTING AGREEMENT

Pursuant to an agreement entered into on or about the Issue Date between the Issuer and the Hedging Counterparty (in this capacity, the "**Reporting Delegate**"), the Reporting Delegate will carry out certain reporting obligations pursuant to EMIR on behalf of the Issuer.

M. THE QUOTAHOLDERS' AGREEMENT

Pursuant to a quotaholders' agreement entered into between the Quotaholders, the Issuer and the Noteholders Representative on 31 March 2015, as amended and supplemented on or about the Issue Date, such parties have agreed, *inter alia*, on certain principles regulating the corporate governance of the Issuer and on certain independent requirements applying to, and veto powers of, the independent director and minority quotaholder. The agreement is governed by and is construed in accordance with Italian law.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES

The estimated weighted average life of the Class A Notes cannot be predicted as the actual rate and timing at which amounts will be collected in respect of the Portfolio.

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses).

The following table shows the estimated weighted average life of the Class A Notes and was prepared based on the characteristics of the Receivables included in the Portfolio as at the Valuation Date of the Portfolio and on additional assumptions, including the following:

- (a) no Acceleration Event has occurred;
- (b) the Class A Notes will not be redeemed in accordance with Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for taxation reasons and illegality*);
- (c) there are no Defaulted Receivables;
- (d) the Receivables will be subject to a constant annual prepayment at the rates set out in the table below;
- (e) no purchases, sale and/or renegotiations on the Portfolio will be made.

Constant Prepayment Rate (CPR) <i>(% per annum)</i>	Class A Notes Expected Average Life <i>(years)</i>
0%	4.22
9%	3.17
18%	2.59
21.6%	2.44

The actual characteristics and performance of the Receivables are likely to differ from the assumptions used in constructing the above table, which is hypothetical in nature and is provided only to give a general sense of how the cash flows might behave under varying prepayment scenarios. Any difference between such assumptions and the actual characteristics and performance of the Receivables will cause the weighted average life of the Class A Notes to differ (and such difference could be material) from the corresponding information in the table above.

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

SELECTED ASPECTS OF ITALIAN LAW

The following is a summary only of certain aspects of Italian Law that are relevant to the transactions described in this Prospectus and of which prospective Noteholders should be aware. It is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this Prospectus.

THE SECURITISATION LAW

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy. It applies to securitisation transactions involving a “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 claims and all costs and expenses associated with the securitisation transaction.

The Securitisation Law has been amended through law decree No. 145 of 23 December 2013, called “*Decreto Destinazione Italia*” (the ***Destinazione Italia Decree***) converted into law No. 9 of 21 February 2014, which provides for, *inter alia*, simplified perfection formalities for the assignment of public receivables and trade receivables and implements legal mitigants to address the commingling and claw-back risks, and excludes the application of article 65 of the Bankruptcy Law to payments effected by the assigned debtors to the securitisation vehicle.

On 24 June 2014, the Securitisation Law has again been amended through the law decree No. 91, called “*Decreto Competitività*” (the ***Law Decree Competitività***) converted, with amendments, into law No. 116 of 11 August 2014, which, *inter alia*, (i) introduces the possibility for issuers to perform lending activity ensuring an adequate regulatory control through the involvement of regulated entities acting as servicers of the securitisation; and (ii) clarifies the segregation mechanics provided under the amended article 3 of the Securitisation Law, as better described under the paragraph set out below (*Ring-fencing of the assets*).

The recent law decree No. 50 of 24 April 2017, as converted with amendments into law No. 96 of 21 June 2017, further amended the Securitisation Law by introducing new provisions aimed at fostering the securitisation of non-performing loans (NPLs) and leasing portfolios. In particular, securitisation special purpose vehicles that buy and securitise NPLs are now allowed to (i) grant new loans to certain categories of distressed debtors or acquire holding in their company, where this helps restructuring debtors’ financial position and facilitate repayment; and (ii) buy and manage the immovable or other property placed as collateral of the securitised exposure through dedicated special purpose entities.

THE ASSIGNMENT

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the 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 Originator, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the debtors, registration in the companies register, so avoiding the need for notification to be served on each debtor.

As of the date of the publication of the notice in the Official Gazette, the assignment becomes enforceable against:

- (a) any creditors of the Originator who have not prior to the date of publication of the notice commenced enforcement proceedings in respect of the relevant debts;
- (b) the liquidator or other bankruptcy official of the Originator; and

- (c) other prior assignees of the Originator who have not perfected their assignment prior to the date of publication.

Upon compliance with the formalities set forth by the Securitisation Law, the assignment becomes enforceable also against

- (i) the assigned debtors; and
- (ii) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of the Bankruptcy Law).

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned debts will automatically be transferred to and perfected with the same priority in favour of the Issuer, without the need for any formality or annotation.

As from the date of publication of the notice of the assignment in the Official Gazette and registration in the companies register, no legal action may be brought in respect of the debt assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the noteholders in relation to the notes issued for the purpose of financing the acquisition of the relevant debts and to meet the costs of the transaction.

Notice of the assignment of the Portfolio pursuant to the Receivables Purchase Agreement was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 25 of 1 March 2018 and was registered with the companies register of Milan on 5 March 2018.

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the relevant party is made within three months of the securitisation transaction or, in cases where paragraph 1 of article 67 applies, within six months of the securitisation transaction.

RING-FENCING OF THE ASSETS

Under the terms of article 3 of the Securitisation Law (as recently amended, as set out above), (i) the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets and moneys of the company which purchases the receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and (ii) the moneys and deposits held by servicers and sub-servicers in charge of the collection services and the moneys standing to the credit of the transaction accounts held on behalf of the issuer will, by operation of law, be segregated for all purposes from all other deposits and moneys of the relevant depository. Prior to and on a winding up of such a company the receivables, moneys and deposits listed above 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 receivables. In addition, the receivables, moneys and deposits 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.

The Law Decree *Competitività* confirms that the securitised assets, which benefit from the segregation, expressly include (not only the receivables towards the assigned debtors but also) any other monetary claims owed to the issuer in relation to the securitisation, and any cash-flows generated by the collection of the assigned receivables, including any financial assets purchased by the issuer for the purpose of the transaction.

Moreover, it sets out new provisions concerning the segregation clarifying the operation of the bank accounts that may be opened by the issuer with the servicer or other depositories (together, the **Depositories**) for the collection of the sums paid by the assigned debtors and any other sums paid or otherwise due to the issuer in the context of the securitisation. In particular:

- any sums paid into the segregated accounts can be freely and immediately disposed of by the issuer to meet its payment obligations to the noteholders, the hedging counterparties covering the risks on the securitised receivables / notes and other transaction costs, and no actions are permitted on the segregated accounts by other creditors;
- should any insolvency procedure be opened against one of the Depositories, no suspension of payments will affect the moneys standing to the credit of the segregated accounts, nor any sums that will be credited during the insolvency procedure. Hence, any sums transferred or credited in the segregated accounts will be immediately available to effect the payments due under the securitisation;
- similarly, no actions are permitted by the creditors of the servicers or sub-servicers on the accounts opened with any such Depositories to collect any amounts on behalf of the issuer, other than for amounts exceeding the moneys due to the issuer under the securitisation. Should any insolvency procedure be opened against such a Depository, any sums deposited or that will be credited on such accounts during the insolvency procedure will be immediately returned to the issuer without need of procedural requests, filing or submission of claims/petitions, and without waiting for any composition and/or restitutions among the creditors.

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.

SALARY ASSIGNMENTS LOANS (*CESSIONI DI QUINTO DELLO STIPENDIO*)

The granting of loans having as collateral a Salary Assignment constitutes a specific type of financing offered by credit institutions or insurers. The Employer/Pension Authority is obliged with a Salary Assignment by virtue of law and of contract, to retain a part of the employee's salary and to send it directly to the lending institution.

The Salary Assignments are regulated by (i) the general provisions of the Italian civil code; and (ii) special legislation.

The provisions of article 1260 of the Italian Civil Code state that creditors may transfer, whether for consideration or without, any claims they might have (except for those claims that are of a strictly personal nature or are not permitted by law), even without the consent of the assigned debtor. The assignment becomes enforceable *vis-à-vis* the assigned debtor at the moment it is accepted by the assigned debtor or it has been notified to him through a notice bearing an indisputable date.

The same requirement is provided for by Presidential Decree No. 180 of 5 January 1950 (the **Salary Assignment Act**).

Special Legislation Provisions

Pursuant to the Salary Assignment Act, employees of the State and of other public entities and administrations, as well as private companies, may be granted loans which are to be repaid through assignment of up to one fifth of their future net monthly salaries and for a term of not more than 10 years.

The Salary Assignment Act provides for a number of requirements to be met in order for the employees to be granted a loan assisted by a Salary Assignment.

Loans assisted by a Salary Assignment can be only granted by any of the subjects listed under article 15 of the Salary Assignment Act (see *Special Legislation Provisions*, above), such subjects being (i) the credit and welfare institutions (*istituti di credito e di previdenza*) set up between employees and wage earners of public entities, (ii) the National Insurance Institution (*Istituto Nazionale delle Assicurazioni*), (iii) the insurance companies legally operating (*le società di assicurazione legalmente esercenti*), (iv) the institutions and the companies exercising lending activity, but excluding those incorporated as general partnership (*in nome*

collettivo) and limited partnership (*in accomandita semplice*), (v) the savings bank (*casse di risparmio*) and (vi) the pawn agencies (*monti di credito su pegno*).

Among the requirements under the Salary Assignment Act, it is provided that each of the following risks:

(a) death of the debtor;

(b) termination of the employment contract for whatever reason, where there is no right to receive pension, indemnities or other contributions or where such rights are insufficient to repay the personal loans or in case the employee whose employment contract is terminated remains unemployed; and

(c) reduction of the salary payment,

shall be guaranteed by:

(i) insurance companies; or

(ii) alternatively, to the extent applicable, by the *Istituto Nazionale di Previdenza Sociale (INPS)*.

In the event of termination of the employment for whatever reason, the Salary Assignment extends to the rights to receive pension payments or other forms of indemnities.

PAYMENT DELEGATION LOANS

An increasingly common type of financing in the Republic of Italy is represented by the granting of personal loans to individuals, repayable by way of Payment Delegation (*Delegazione di Pagamento*).

Under such Payment Delegation, the employer of the relevant borrower is obliged, by virtue of law and of contract, to retain a part of the employee's salary and to send it directly to the lending institution.

The Payment Delegations are regulated by general provisions of the Italian civil code, by the Salary Assignment Act and, with reference to Payment Delegation Loans granted to Debtors who are public employees, by the provisions set under Circulars of the Minister of Treasury No. 46 of 8 August 1995 and No. 63 of 16 October 1996 (collectively, the **Circulars**).

Italian Civil Code Provisions

Article 1269 of the Italian civil code provides that a debtor (*delegante*) may delegate another party (*delegato*) to perform payments on his behalf to the relevant creditor (*delegatario*).

A contract whereby one party binds itself to accomplish one or more legal transactions for the account of another, such as a payment delegation, is defined as a mandate under article 1703 of the Italian civil code.

Furthermore, pursuant to article 1723, second paragraph, of the Italian civil code, if a mandate is granted also in the interest of a third party, such mandate is irrevocable. Accordingly, the Employer which has accepted the Payment Delegation, in the form of a mandate to make payments on behalf of the Debtor, also in the interest of the lender, would be obliged thereunder to make payments to the lender until the payment obligations of the Debtor are fulfilled and the mandate is therefore extinguished.

PROVISIONS SET UNDER THE CIRCULARS

Pursuant to the Circulars, employees of the State and of other public entities and administrations (the **Public Employees**) may be granted loans which are to be repaid through Delegation Payments, subject to the same limits applicable in the case of Salary Assignments.

According to the Circulars, payment delegations in connection with loans granted to public employees can be issued only subject to, *inter alia*, the lending institution to which the payments are made (the *delegatario*):

(i) being any of the subjects listed under article 15 of the Salary Assignment Act (see *Special Legislation Provisions*, above), and

(ii) having entered in advance a specific agreement (*Convenzione*) with the relevant public entity setting out the costs to be borne by the public entity, such costs to be equal to the costs of the human and informatic resources to be used.

TAXATION IN THE REPUBLIC OF ITALY

The statements herein regarding taxation summarise the main Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes. They apply to a holder of Notes only if such holder purchases its Notes in this offering. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law.

This summary also assumes that the Issuer is resident in Italy for tax purposes, is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

1. Interest on the Notes

Article 6, paragraph 1, of the Securitisation Law and Decree No. 239, as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) from notes issued by a company incorporated pursuant to the Securitization Law.

1.1. Italian resident Noteholders

Where an Italian resident Noteholder is (i) an individual not engaged in a business activity to which the Notes are effectively connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a substitutive tax levied at the rate of 26 per cent (the “**Substitutive Tax**”), either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes. The Substitutive Tax may not be recovered by the Noteholder as a deduction from the income tax due.

If the Notes are held by an investor engaged in a business activity and are effectively connected with the same business activity, the Interest is subject to the Substitutive Tax and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the Substitutive Tax may be recovered as a deduction from the income tax due.

Pursuant to the Decree 239, the Substitutive Tax is levied by banks, *società di intermediazione mobiliare* (“**SIMs**”), *società di gestione del risparmio* (“**SGRs**”), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Ministry of Finance (the “**Intermediaries**”).

An Intermediary must satisfy the following conditions:

- (i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of a non-Italian resident financial intermediary; or (c) an organisation or company non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and
- (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the Substitutive Tax, 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 Substitutive Tax is applied and withheld by any entity paying Interest to a Noteholder.

The Substitutive Tax regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorized intermediary pursuant to the so-called discretionary investment portfolio regime (“*Risparmio Gestito*” regime, as described under paragraph 2, “*Capital Gains*”, below). In such a case, Interest is not subject to the Substitutive Tax but contributes to determine the annual net accrued result of the portfolio, which is subject to an *ad-hoc* substitutive tax at the rate of 26 per cent.

The Substitutive Tax also does not apply to the following subjects, to the extent that the Notes and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

- (i) *Corporate investors* - Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (I) the relevant Noteholder’s yearly taxable income for the purposes of corporate income tax (“**IRES**”), applying at the rate of 24 per cent, and (II) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities (“**IRAP**”), which generally applies at the rate of 3.9 per cent. IRAP rate can be increased by regional laws up to 0.92 per cent. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;
- (ii) *Investment funds* – Interest paid to Italian investment funds (including a *Fondo Comune d’Investimento*, a SICAV or a SICAF as defined below, collectively, the “**Funds**”) are subject neither to the Substitutive Tax nor to any other income tax in the hands of the Funds. Proceeds paid by the Funds to their unitholders are generally subject to a 26 per cent withholding tax.
- (iii) *Pension funds* - Pension funds (subject to the tax regime set forth by article 17 of Legislative Decree No. 252 of 5 December 2005, the “**Pension Funds**”) are subject to a 20 per cent substitutive tax on their annual net accrued result. Interest on the Notes is included in the calculation of such annual net accrued result; and
- (iv) *Real estate investment funds* – Interest payments in respect of the Notes to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree No. 58 of 24 February 1998 (the “**Real Estate Investment Funds**”) and to Italian resident “*società di investimento a capitale fisso*” (“**SICAFs**”) to which the provisions of article 9 of Legislative Decree No. 44 of 4 March 2014 apply, are generally subject neither to the Substitutive Tax nor to any other income tax in the hands of the same Real Estate Investment Funds and SICAFs. Proceeds paid by the Real Estate Investment Funds to their unitholders are generally subject to a 26 per cent withholding tax. A direct imputation system (“tax transparency”) applies to certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5 per cent of the units of the Real Estate Investment Fund.

1.2. Non-Italian resident Noteholders

An exemption from the Substitutive Tax is provided with respect to certain beneficial owners of the Notes established outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to the Decree 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Notes who (i) is resident, for tax purposes, in a country which allows for exchange of information with the Republic of Italy (as currently listed by Ministerial Decree dated 4 September 1996, the “**White List Country**”); or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or (iv) is an institutional investor which is established in a White List Country, even if it does not possess the status of taxpayer in its own country of establishment (each, a “**Qualified Noteholder**”).

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List Country identifies two categories of intermediaries:

- (i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via telematic link, with the Italian tax authorities (the “**Second Level Bank**”). Organisations and companies non-resident in Italy, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depository of financial instruments pursuant to article 80 of the Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239.

In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the Substitutive Tax for Noteholders who are non-resident in Italy is conditional upon:

- (a) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (b) the submission to the First Level Bank or the Second Level Bank of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which the latter declares to qualify for the Substitutive Tax exemption regime. Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December, 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorized to manage the official reserves of a State.

2. Capital Gains

2.1. Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November, 1997, as amended, a 26 per cent capital gains tax (the “**CGT**”) is applicable to capital gains realized on any sale or transfer of the Notes for consideration or on redemption thereof by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

With regard to the CGT application, taxpayers may opt for one of the three following regimes:

- (a) “Tax return” regime (“*Regime della Dichiarazione*”) - The Noteholder must assess the overall capital gains realized in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward into following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that the same does not opt for any of the two other regimes;
- (b) “Non-discretionary investment portfolio” regime (“*Risparmio Amministrato*”) - The Noteholder may elect to pay the CGT separately on capital gains realized on each sale or transfer of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or other authorized intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains realized on each sale or transfer of the Notes, as well as in respect of capital gains realized at the revocation of its mandate. The intermediary is required to pay the relevant amount to the Italian tax authorities by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale or transfer of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realized on assets held by the Noteholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Noteholder is not required to declare the gains in his annual income tax return; and
- (c) “Discretionary investment portfolio” regime (“*Risparmio Gestito*”) - If the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realized, is subject to an *ad-hoc* 26 per cent. substitutive tax, which the asset management company is required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in his annual income tax return.

The CGT also does not apply to the following subjects:

- (A) Corporate investors - Capital gains realized on the Notes by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains may also be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years both for IRES and for IRAP purposes.
- (B) Funds - Capital gains realized by the Funds on the Notes are subject neither to CGT nor to any other income tax in the hands of the Funds (see under paragraph 1.1. “Italian Resident Noteholders”, above).
- (C) Pension Funds - Capital gains realized by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to a 20 per cent substitutive tax (see under paragraph 1.1., “Italian Resident Noteholders”, above).

- (D) Real Estate Investment Funds - Capital gains realized by Real Estate Investment Funds and by SICAFs to which the provisions of article 9 of Legislative Decree No. 44 of 4 March 2014 apply on the Notes are not taxable at the level of the same Real Estate Investment Funds and SICAFs (see under paragraph 1.1., “Italian Resident Noteholders”, above).

2.2. Non Italian resident Noteholders

Capital gains realized by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected) on the disposal or redemption of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are listed in a regulated market in Italy or abroad.

Should the Notes not be listed in a regulated market as indicated above, the aforesaid capital gains would be subject to tax in Italy, if the Notes are held by the non-resident Noteholder therein. Pursuant to article 5 of Legislative Decree No. 461 of 21 November, 1997, an exemption, however, would apply with respect to beneficial owners of the Notes, which are Qualified Noteholders.

In any event, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a tax treaty with Italy providing that capital gains realized upon sale of Notes are taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realized upon any such sale or transfer.

3. Inheritance and Gift Tax

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

- (a) 4 per cent, if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applying on the net asset value exceeding, for each person, Euro 1 million);
- (b) 6 per cent. if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree (if the beneficiary (or donee) is a brother or sister, such rate only applies on the net asset value exceeding, for each person, Euro 100,000);
- (c) 8 per cent. if the beneficiary is a person, other than those mentioned under (a) and (b), above.

In case the beneficiary has a serious disability recognized by law, inheritance and gift taxes apply on its portion of the net asset value exceeding Euro 1.5 million.

4. Stamp tax

Article 19 of Decree No. 201 of 6 December 2011, as subsequently amended and supplemented by Law No. 147 of 27 December 2013, has introduced a stamp tax at proportional rates on periodical reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. Such stamp tax is applied, on a yearly basis, on the market value of the financial instruments, or lacking such value, on the nominal or reimbursement value of such instruments, at a rate of 0.2 per cent.

The proportional stamp duty does not apply to communications sent by Italian financial intermediaries to subjects not qualifying as clients, as defined by Provision of the Governor of Bank of Italy dated 20 June 2012. Moreover, the proportional stamp duty does not apply to communications sent to Pension Funds.

For subjects other than individuals the maximum applicable stamp tax is equal to Euro 14,000 per annum. Periodical communications to clients are presumed to be sent at least once a year, even though the intermediary is not required to send any such communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client. At any rate, where no specific exemption applies, a minimum stamp tax of Euro 34.20 is due on a yearly basis.

5. Wealth tax on securities deposited abroad

Pursuant to article 19 of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay a wealth tax at a rate of 0.2 per cent.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – on the nominal value or on the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the country where the financial assets are held (up to an amount equal to the Italian wealth tax due).

6. Tax Monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as recently amended, individuals resident in Italy who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

7. U.S. Foreign Account Tax Compliance Act

Sections 1471 through 1474 of FATCA impose a new reporting regime and potentially a withholding tax with respect to certain payments to any FFI that does not enter into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA.

According to IGA Italy signed by the United States of America and the Republic of Italy on January 10, 2014 and implemented in Italy by Law No. 95 of 18 June 2015, a FFI is not generally subject to withholding under FATCA on any payments it receives. Furthermore, a FFI is not required to withhold from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary” regime, according to which, in certain cases, a 30% withholding tax is applied on the payments from sources within the United States).

Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

8. The proposed European financial transactions tax

The European Commission has published a proposal for a Directive for a common FTT in the participating Member States. Such proposal was approved by the European Parliament on 3 July 2013. However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under current proposals 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.

The FTT proposal remains subject to negotiation between the participating Member States and may 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.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Subscription Agreements

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Originator, the Noteholders Representative, the Sole Arranger and the Joint Lead Managers, each of the Joint Lead Managers has agreed to subscribe and pay the Issuer for the Class A Notes at their Issue Price (as defined in the Senior Notes Subscription Agreement), each in relation to the underwriting commitment set out against its name in schedule 1 thereto, net of the commissions set out therein. The obligations of each Joint Lead Manager to subscribe and pay the Issuer for the Class A Notes are several and not joint.

Pursuant to the Junior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Originator and the Noteholders Representative (together with the Senior Notes Subscription Agreement, the **Subscription Agreements**), the Originator has agreed to subscribe and pay the Issuer for the Class B Notes, at their Issue Price (as defined in the Junior Notes Subscription Agreement).

The Subscription Agreements are subject to a number of conditions precedent and may be terminated in certain circumstances prior to the payment of the Issue Price (as defined in each of the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement) to the Issuer.

The Class B Notes Subscriber, in its capacity as Originator of the Portfolio, will retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the Securitisation in accordance with each of option 1(d) of article 405 of the CRR, option 1(d) article 51 of the AIFM Regulation and option 2(d) of article 254 of the Solvency II Regulation. As at the Issue Date, such interest will be comprised of an interest in the Class B Notes which is not less than 5 per cent. of the nominal value of the securitized exposure. The manner in which the net economic interest is retained may be changed (but without obligation to do so) in connection with any amendment to, or change in the interpretation of the CRR, the AIFM Regulation and/or the Solvency II Regulation.

General Selling Restrictions

Each of the Issuer and the Initial Subscribers has, pursuant to the relevant Subscription Agreement:

(a) acknowledged that no further action had or will be taken in any jurisdiction by it that would permit an offer of the Senior Notes to the public, or possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction where such further action for that purpose is required; and

(b) undertaken to the others that it will not, directly or indirectly, offer or sell any Senior Notes, or distribute the Prospectus or any other material relating to the Senior Notes in or from any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act.

Each Joint Lead Manager, pursuant to the relevant Subscription Agreement, represented that it has offered and sold the Class A Notes, and undertook to offer and sell such Class A Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, only in accordance with Rule 903 of Regulation S. Accordingly, each Joint Lead Manager represented that neither it, its affiliates nor any persons acting on its or their behalf engaged or will engage in any directed selling efforts with respect to the Class A Notes, and it and they complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager agreed that, at or prior to confirmation of sale of the Class A Notes, it will have sent to each distributor, dealer or person receiving a

selling concession, fee or other remuneration that purchases the Class A 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 U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (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 of the offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act.”

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions or to a U.S. 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 and regulations thereunder.

United Kingdom

Financial promotion: any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by the Noteholders in connection with the issue or sale of such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General compliance: there has been and there will be compliance with all applicable provisions of the FSMA with respect to anything done by the Noteholders in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Noteholder represented and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of the offering circular or any other offering material relating to the Notes other than to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “**Financial Services Act**”) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999 (as amended from time to time) (the “**Regulation No. 11971**”). Any offer, sale or delivery of the Notes, distribution of copies of the Information Memorandum or any offering material relating to the Notes in the circumstances described in the preceding paragraph shall be made:

- (i) by an investment firm (*impresa di investimento*), bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Act, CONSOB Regulation No. 16190 of 29 October 2007 and the Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”), as amended from time to time, and any other applicable law and regulation;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of Bank of Italy, as amended from time to time, in relation to certain reporting obligations to the Bank of Italy on the issue or the offer of securities in Italy; and
- (iii) in accordance with all applicable Italian laws and regulations, including all relevant Italian securities and tax laws and regulations and any limitations as may be imposed from time to time by CONSOB, the Bank of Italy or any other Italian authority.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

Each Noteholder represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

GENERAL INFORMATION

Authorisation

The establishment of the Securitisation and the issue of the Notes was authorised by the board of directors of the Issuer by a resolution of the meeting of the board of directors of the Issuer passed on 31 January 2018.

Listing and admission to trading

Application has been made to the Irish Stock Exchange for the Class A Notes to be admitted to the Official List and to trading on the Main Securities Market on or about the Issue Date. The Prospectus has been approved by 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.

Clearing of the Notes

The Notes have been accepted for clearance through Monte Titoli by Euroclear and Clearstream, Luxembourg. Monte Titoli shall act as depository for Euroclear and Clearstream, Luxembourg. The ISIN Code for the Class A Notes and the ISIN Code for the Class B Notes are as follows:

	<u>ISIN Code</u>
Class A Notes.....	IT0005328312
Class B Notes.....	IT0005328320

Legal and arbitration proceedings

The Issuer is not involved in any arbitration, governmental, legal or administrative proceedings relating to claims or amounts which are material and which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position, nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.

Financial statements

So long as any of the Notes remains outstanding, copies of the financial statements incorporated by reference into this Prospectus will be published on the internet site of the Irish Stock Exchange at the following link www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=-1&uID=6995&FIELDSORT=docId.

Joint Lead Managers and Sole Arranger transacting with the Issuer

The Joint Lead Managers, the Sole Arranger and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, the Originator and their respective affiliates (including parent companies) in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers, the Sole Arranger and their affiliates (including parent companies) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers.

Such investments and securities activities may involve securities and/or instruments of the Issuer, the Originator, the Issuer's affiliates or the Originator's affiliates. The Joint Lead Managers, the Sole Arranger and their affiliates (including parent companies) that may have a lending relationship with the Issuer or the Originator routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers, the Sole Arranger and their affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the

purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued in the context of the Securitisation. Any such short positions could adversely affect future trading prices of Notes issued in the context of the Securitisation. The Joint Lead Managers, the Sole Arranger and their affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Joint Lead Managers and the Sole Arranger will also receive fees for their role in the issuance of the Notes.

Significant or material change

Save as disclosed in this Prospectus, since the date of its incorporation, there has been no material adverse change in the financial position or prospects and no significant change in the financial or trading position of the Issuer.

Material contracts

Save as disclosed in this Prospectus, since the date of its incorporation, the Issuer has not entered into any contracts not in the normal course of its business that have been or may reasonably be expected to be material to its ability to meet its obligations under the Notes.

Documents available for inspection

For so long as the Notes remain outstanding, copies of the following documents will be available for inspection by physical or electronic means free of charge during usual business hours (on giving reasonable notice) at the specified office of the Paying Agent and the Servicer and at the registered office of the Issuer:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the Receivables Purchase Agreement;
- (c) the Servicing Agreement;
- (d) the Back-Up Servicing Agreement;
- (e) the Intercreditor Agreement;
- (f) the Agency Agreement;
- (g) the Deed of Charge;
- (h) the Subordinated Loan Agreement;
- (i) the Corporate Services Agreement;
- (j) the Quotaholders Agreement;
- (k) the Hedging Agreement;
- (l) the Subscription Agreements; and
- (m) any other document prepared by or on behalf of the Issuer for information purposes in respect of the Notes.

Other information

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €100,000 (excluding servicing fees and any VAT, if applicable). The estimated listing fee amounts to approximately €5,000.

The language of the Prospectus is English. Certain legislative reference 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.

Sole Arranger transacting with the Issuer

The Sole Arranger and its affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Sole Arranger and its affiliates (including parent companies) may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. The Sole Arranger and its affiliates (including parent companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Arranger and its affiliates (including parent companies) would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued in the context of the Securitisation. Any such short positions could adversely affect future trading prices of Notes issued in the context of the Securitisation. The Sole Arranger and its affiliates (including parent companies) may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Re-Securitisation and Synthetic Securitisation

The Class A Notes are not part of a Re-Securitisation.

The Class A Notes are not a Synthetic Securitisation.

For the purposes of the above, Re-Securitisation means a securitisation of one or more exposures where at least one of these exposures is a securitisation.

For the purposes of the above, Synthetic Securitisation is a securitisation of one or more underlying assets where risk transfer is achieved through the use of credit derivatives or other similar financial instruments and there is no sale or granting of a security interest in the underlying assets to the Issuer.

Post-issuance transaction information

Pursuant to the Senior Notes Subscription Agreement, from the Issue Date until the date on which the Class A Notes have been redeemed or cancelled in full, the Originator has undertaken to make available a cash flow model to investors in the Class A Notes, either directly or indirectly through one or more entities who provide such cash flow models to investors in the Class A Notes.

In addition to the above, from the Issue Date to the date on which the Class A Notes are redeemed or cancelled in full, the loan level data is made available to investors and updated on a regular basis.

So long as any of the Class A Notes remains outstanding, the Issuer provides the following post-issuance transaction information, which shall be made available for collection at the specified office of the Paying Agent and the Servicer and at the registered office of the Issuer:

- (i) monthly, the Servicer Report, which provides information regarding the performance of the underlying collateral; and
- (ii) monthly, the Payments Report.

Under the terms of the Agency Agreement, and within the period from the Issue Date up to the Final Maturity Date, the Calculation Agent shall prepare and deliver to the Issuer, the Issuer's counterparties under the Transaction Documents and the Rating Agencies, the Investor Report, containing updated detailed

summary statistics of, inter alia, the Notes (and any amounts paid thereunder on the immediately preceding Payment Date), the Receivables, the amounts received by the Issuer from any source on the Collection Date immediately preceding the relevant Payment Date, including any payments received from the Hedging Counterparty and the amounts paid by the Issuer at such date.

Each released Investor Report (a) shall contain (i) indication of the Class A Notes publicly and/or privately placed with third party investors and retained by a member of the Originator's group, as the case may be; and (ii) a glossary of the defined terms used therein and (b) shall remain available until the date on which the Class A Notes are redeemed or cancelled in full. From the Issue Date up to the Final Maturity Date, each Investor Report will be made available to investors, potential investors and firms that generally provide services to investors and will be updated on a periodic basis.

ISSUER

Quarzo CQS S.r.l.
Galleria del Corso, 2
20122, Milan
Italy

SOLE ARRANGER, CASH MANAGER AND JOINT LEAD MANAGER

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

ORIGINATOR, SERVICER AND SUBORDINATED LOAN PROVIDER

Futuro S.p.A.
Via Caldera, 21
20153, Milan
Italy

BACK-UP SERVICER

Compass Banca S.p.A.
Via Caldera, 21
20153, Milan
Italy

ACCOUNT BANK AND ITALIAN PAYING AGENT

Citibank N.A., Milan Branch
Via dei Mercanti 12
20121, Milan
Italy

CORPORATE SERVICER

Studio Dattilo Commercialisti Associati
Galleria del Corso, 2
20122, Milan
Italy

BACK-UP SERVICER FACILITATOR

Securitisation Services S.p.A.
Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

LISTING AGENT

McCann FitzGerald Listing Services Limited
Riverside One
Sir John Rogerson's Quay
Dublin 2
Ireland

CUSTODIAN, CALCULATION AGENT AND PRINCIPAL PAYING AGENT

Citibank N.A., London Branch
Citigroup Centre, Canada Square,
Canary Wharf,
London E14 5LB
United Kingdom

NOTEHOLDERS REPRESENTATIVE

KPMG Fides Servizi di Amministrazione S.p.A.
Via Vittor Pisani, 27
20124, Milan
Italy

HEDGING COUNTERPARTY, REPORTING DELEGATE AND JOINT LEAD MANAGER

Banco Santander, S.A.
Ciudad Grupo Santander - Edificio Dehesa, Planta 1
Avda. Cantabria, s/n
28660- Boadilla del Monte - Madrid
Spain

JOINT LEAD MANAGERS

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

Banco Santander, S.A.
Ciudad Grupo Santander - Edificio Dehesa, Planta 1
Avda. Cantabria, s/n
28660- Boadilla del Monte - Madrid
Spain

Banca IMI S.p.A.
DCM FIG Origination
L.go Mattioli, 3
20121 Milan
Italy

UniCredit Bank A.G.
Moor House
120 London Wall
EC2Y 5ET London
United Kingdom

LEGAL ADVISERS TO THE SOLE ARRANGER (AS TO ITALIAN LAW)

Legance Avvocati Associati
Via Dante, 7
20123 Milan
Italy