

# **NPL SECURITISATION EUROPE SPV S.r.l.**

*(incorporated with limited liability in the Republic of Italy under law No. 130 of 30 April 1999)*

**Up to Euro 20,000,000 Partly Paid Asset-Backed Fixed Rate Class A Notes due December 2036**

**(ISIN Code: IT0005240814)**

**Up to Euro 2,222,222 Partly Paid Asset-Backed Variable Return Class B Notes due December 2036**

**(ISIN Code: IT0005240822)**

NPL Securitisation Europe SPV S.r.l., a limited liability company incorporated in accordance with the Securitisation Law (as defined below), whose registered office is at Via Pestalozza 12/14, 20131 Milan (Italy), with paid-up capital of Euro 10,000.00 (ten thousand/00), which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 09686010969 and listed in the special register of securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy's Resolution dated 30 September 2014, under No. 35327.6 (the *Issuer*).

The date of this prospectus (the *Prospectus*) is 3 February 2017.

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## 1. NOTICE

Unless the context requires otherwise, capitalised words and expressions used in this Prospectus will have the meaning ascribed to them in Condition 1 (*Definitions*) of the terms and conditions of the Notes attached hereto under section headed “*Terms and conditions of the Notes*” (the *Conditions*).

The Issuer has determined pursuant to its by-laws (“*statuto*”) to issue on the Issue Date the Up to Euro 20,000,000 Partly Paid Asset-Backed Fixed Rate Class A Notes due December 2036 and the Up to Euro 2,222,222 Partly Paid Asset-Backed Variable Return Class B Notes due December 2036 in the context of a securitisation programme pursuant to the Securitisation Law.

The Notes shall be partly paid notes and as a consequence thereof: (a) on the Issue Date, the Notes Initial Subscribers shall make the Notes Initial Subscription Payments in respect of the Notes, and (b) at any time during the Subscription Period, the Noteholders (as defined below) may make Notes Additional Subscription Payments in respect of the Notes for an amount up to and not exceeding together with the Notes Initial Subscription Payment (in aggregate) Euro 68,422.00 (sixty-eight thousand four hundred and twenty-two/00), in accordance with the Conditions. The principal amount outstanding of the Notes shall at any time be equal to (i) the aggregate of the Notes Initial Subscription Payment and of all Notes Additional Subscription Payments made at any time in respect thereof, minus (ii) the aggregate of all principal repayments made at that time in respect thereof.

The source of payment of amounts due and payable in respect of the Notes will be collections and recoveries received by the Issuer in respect of portfolios of receivables and connected rights, satisfying the Eligibility Criteria and identifiable as a “block” (“*in blocco*”) on the basis of the homogeneous criteria set out in the relevant transfer agreement(s), which during the Subscription Period will be purchased without recourse (“*pro soluto*”) by the Issuer pursuant to the Securitisation Law.

Pursuant to the Conditions and the Notes Subscription Agreement, during the Subscription Period the Issuer may purchase Additional Portfolios satisfying the Eligibility Criteria and identified as a “block” (“*in blocco*”) pursuant to the block criteria to be set out in the relevant additional transfer agreements.

Pursuant to the provisions of article 3, paragraph 2, of the Securitisation Law, the Receivables will be segregated from all other assets of the Issuer by operation of the Securitisation Law and, pursuant to the Intercreditor Agreement and the Conditions, amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees and expenses due to the Other Secured Creditors under the Transaction Documents and to pay any other creditor of the Issuer in respect of costs, liabilities, fees and/or expenses payable to any such other creditor in relation to or in connection with the Securitisation.

This Prospectus should be read in conjunction with any supplemental Prospectus which may be issued in accordance with the Directive 2003/71/EC (the *Prospectus Directive*). Full information on the Issuer, the Secured Creditors and the Notes is only available on the basis of this Prospectus.

No person has been authorised to give any information which is not contained or consistent with this Prospectus or any other document entered into in relation to the Securitisation or any information supplied by the Issuer or such other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by the Issuer.

The legal advisor to the Issuer has acted and is acting exclusively for the Issuer in relation to this offer and has no contractual, fiduciary or other obligation towards any other person and will accordingly not be responsible to any investor or any other person whomsoever in relation to the transactions proposed in this Prospectus.

This document constitutes a prospectus for the purposes of the Prospectus Directive. This Prospectus is valid for 12 months from the date of approval and this Prospectus and any supplement thereto reflect their status as at their respective dates of issue. This Prospectus, any supplement and the offering, sale or delivery of any Notes may not be taken: (a) as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue; and/or (b) that there has been no adverse change in the financial condition of the Issuer since such dates; and/or (c) that any other information supplied in connection with the Securitisation is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

**THE MALTA FINANCIAL SERVICES AUTHORITY, THE COMPETENT AUTHORITY IN MALTA FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE (THE LISTING AUTHORITY), HAS AUTHORISED THE ADMISSIBILITY OF THE A NOTES TO LISTING ON THE EUROPEAN WHOLESALE SECURITIES MARKET, WHICH MEANS THAT THIS PROSPECTUS HAS BEEN APPROVED BY THE LISTING AUTHORITY AS A PROSPECTUS IN TERMS OF THE PROSPECTUS DIRECTIVE AND THAT THE ISSUER AND THE A NOTES ARE IN COMPLIANCE WITH THE LISTING RULES FOR THE EUROPEAN WHOLESALE SECURITIES MARKET.**

**APPLICATION HAS BEEN MADE TO THE EUROPEAN WHOLESALE SECURITIES MARKET FOR THE A NOTES TO BE ADMITTED TO LISTING AND TRADING ON THE EUROPEAN WHOLESALE SECURITIES MARKET.**

In connection with each Notes Additional Subscription Payment, the Issuer undertakes to supplement this Prospectus by issuing and publishing a supplemental prospectus (each a *Supplemental Prospectus*) containing the information which is necessary to update this Prospectus in respect of (a) the Additional Portfolio(s) being purchased by the Issuer in connection with that Notes Additional Subscription Payment and/or (b) any relevant events which are not reflected in this Prospectus.

The distribution of this document and the offering of the Notes is restricted by law and by the selling restrictions as indicated in each Notes Subscription Agreement. The Notes may not be offered or sold directly or indirectly, and neither this document nor any other *Supplemental Prospetto Informativo* or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country (including the Republic of Italy) or jurisdiction except where this will be made in compliance with all applicable laws, orders, rules and regulations.

This Prospectus is drawn up in the English language. The English version shall prevail over any part of this Prospectus translated into any other language.

**This Prospectus can only be used for the purposes for which it has been published.**

This Prospectus must not be used for the purpose of an offer or solicitation to subscribe for Notes by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

## 2. RESPONSIBILITY

This Prospectus includes information prepared in compliance with the Prospectus Directive for the purposes of providing prospective investors with information regarding the Issuer and the Notes. The Issuer and all of the Directors of the Issuer whose names appear under the heading “*Information about the Issuer*” in section 10 of this Prospectus accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors of the Issuer, who have taken all reasonable care to ensure that such is the case, such information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

The Arranger has provided, and accepts responsibility for, the information included in this Prospectus in section 7 headed “*Description of the Portfolio*”. To the best of the knowledge and belief of the Arranger, such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Zenith Service S.p.A. has provided, and accepts responsibility for, the information included in this Prospectus in section 11 headed “*The Servicer and the Corporate Servicer*”. To the best of the knowledge and belief of Zenith Service S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

J-Invest S.p.A. has provided, and accepts responsibility for, the information included in this Prospectus in section 12 headed “*The Sub-Servicer*”. To the best of the knowledge and belief of J-Invest S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Bank of New York Mellon (Luxembourg) S.A., Italian branch has provided, and accepts responsibility for, the information included in this Prospectus in section 13 headed “*The Account Bank and the Paying Agent*”. To the best of the knowledge and belief of The Bank of New York Mellon (Luxembourg) S.A., Italian branch (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

J-A Holding S.r.l. has provided, and accepts responsibility for, the information included in this Prospectus in section 14 headed “*The Representative of the Noteholders*”. To the best of the knowledge and belief of J-A Holding S.r.l. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation not contained in this document 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, the quotaholder of the Issuer or any of the Secured Creditors. Neither the delivery of this document nor any sale of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or in any of the other information contained herein since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof. None of the Secured Creditors or any other person (other than the Issuer and solely to the extent described above) makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus, other than as indicated above.

Neither the Issuer, the Arranger, nor the Representative of Noteholders accept responsibility to investors for the regulatory treatment of their investment in the Notes in any jurisdiction or by any regulatory authority. If the regulatory treatment of an investment in the Notes is relevant to an investor’s decision whether or not to

invest, the investor should make its own determination as to such treatment and for this purpose seek professional advice and consult its regulator.

In addition, any prospective purchaser of the Notes understands that no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes, or possession or distribution of this document (in preliminary or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Any prospective purchaser of the Notes will comply with and obtain any consent, approval or permission required under all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers the Notes or has in its possession or distributes this document or any other offering or publicity material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer in any such jurisdiction as a result of any of the foregoing actions and it will have any permission required by it for the acquisition, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery.

Prospective purchasers of the Notes are not to construe the contents of this Prospectus as investment, legal or tax advice. Each prospective purchaser should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. The Issuer does not make any representations to any purchaser of the Notes regarding the legality of an investment therein by such purchaser under appropriate legal, investment or similar laws.

Copies of the Transaction Documents and of the memorandum and articles of association of the Issuer in their form as at the Issue Date (or as at such subsequent date so as to reflect any amendment made thereto) will be available for inspection by holders of Notes at the offices of the Issuer and will be delivered in electronic form, upon request of any holder of the Notes, to the requesting holder of the Notes.

**THE LISTING AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS HEREOF.**

### 3. RISK FACTORS

#### 3.1 General

An investment in the Notes involves certain risks. The following risks are those identified by the Issuer as at the date of this Prospectus. Prospective investors should carefully consider, with their own independent investment and other professional advisors, the following risk factors and other investment considerations as well as all the other information contained in this Prospectus and the Transaction Documents before deciding to make an investment in the Notes.

Some of these risks are subject to 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 contingencies occurring. The sequence in which the risks below are listed is not intended to be indicative of any order of priority or of the extent of their consequences.

If any of the risks described below were to materialize, they could have a serious effect on the Issuer's financial results, trading prospects and the ability of the Issuer to fulfil its obligations under the Notes. The risks and uncertainties discussed below may not be the only ones that the Issuer faces. Additional risks and uncertainties, including those which the Directors of the Issuer are not currently aware of, may well result in a material impact on the financial condition and operational performance of the Issuer. Accordingly, prospective investors should make their own independent evaluation of all risk factors. In addition, prospective investors should consider all other sections of this Prospectus before investing in the Notes. Prospective investors should be aware that risk may be amplified due to a combination of risk factors.

#### 3.2 Limited recourse

The Notes will be limited recourse obligations of the Issuer. The Noteholders will receive payments on the Notes only if and to the extent that the Issuer has sufficient Available Funds to make such payment in accordance with the applicable Priority of Payments. If there are no sufficient Available Funds to pay in full principal and other amounts due in respect of the Notes, the Noteholders will have no further claims against the Issuer in respect of any unpaid amounts.

#### 3.3 Non petition

Under the Conditions and the Intercreditor Agreement each of the Noteholders and the Other Secured Creditors shall undertake not to institute against the Issuer (or its Directors), or join in any institution against the Issuer (or its Directors) of, any bankruptcy ("*fallimento*") or any other Insolvency Proceeding ("*procedura concorsuale*") in Italy or analogous proceedings in any jurisdiction (as the case may be), including, but not limited to, any reorganisation measure ("*procedura di risanamento*") or winding-up proceedings ("*procedura di liquidazione*"), of any nature, court settlement with creditors in pre-bankruptcy proceedings ("*concordato preventivo*"), out-of-court settlements with creditors ("*accordi di ristrutturazione dei debiti*"), extraordinary administration ("*amministrazione straordinaria*"), compulsory administrative liquidation ("*liquidazione coatta amministrativa*") or similar proceedings or measures in connection with any obligations relating to the Notes or the other documents relating to the issue of the Notes for two years and one day.

#### 3.4 No third parties guarantees

The Notes will be obligations solely of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any other person.

### 3.5 **Notes are not corporate bonds**

Investing in the Notes is different from investing in corporate bonds as the Issuer has no unconditional undertakings to repay principal and pay accrued interests on the Notes.

### 3.6 **No trading of assets**

The Securitisation is an investment on specific underlying assets. No trading activity is carried out with respect to assets under a securitisation transaction. The Servicer and the Sub-Servicer activities, under the terms and conditions of the relevant Transaction Documents, are generally limited to the collection of the Receivables comprised in each relevant Portfolio.

### 3.7 **Purchase of Additional Portfolios**

Each of the Noteholders, pursuant to the Conditions and the terms and conditions of the Transaction Documents, may, in its absolute discretion, make Notes Additional Subscription Payments in order to provide the Issuer with the funds required to purchase the Additional Portfolios. Especially given the non-performing status of the Receivables included in the Portfolio, each of the Noteholders must carry out their own independent investigation in relation to any Additional Portfolio and any Notes Additional Subscription Notice. The investors have no obligation to make Notes Additional Subscription Payments pursuant to each Notes Subscription Agreement. The Issuer has not carried out and will not carry out any investigation, search, due diligence or other action to verify the features and/or characteristics of any of the Portfolios sold or to be sold by the relevant Sellers to the Issuer and has not carried out and will not carry out, any investigation, search, due diligence or other action to establish the creditworthiness and/or the solvency of any assigned borrower under the Receivables.

### 3.8 **Liquidity**

All the investments in the Notes are investments in unsecured debt obligations. The holding of Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested. Prospective Noteholders should make their own independent investigation and seek their own independent advice as to the potential risks involved in purchasing and holding the Notes.

### 3.9 **Claw-back**

Assignments executed under the Securitisation Law are subject to revocation or bankruptcy under article 67 of Italian royal decree No. 267 of 16 March, 1942 but only in the event that the relevant transfer is entered into within three months of the adjudication of bankruptcy of the relevant party or, in cases where paragraph 1 of article 67 applies, within six months of the adjudication of bankruptcy. Under the Initial Transfer Agreement, the relevant Seller represents, in summary, that it is not subject to Insolvency Proceedings nor are there any circumstances which might cause it to become insolvent.

### 3.10 **Reliance on third parties**

The ability of the Issuer to meet its obligations under the Notes is dependent on the performance of the other parties to the Transaction Documents (i.e. the Servicer, the Sub-Servicer, the Account Bank, the Corporate Servicer and the Paying Agent).

### 3.11 **Securitisation Law**

The Securitisation Law was enacted in the Republic of Italy in April 1999. As at the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any



Italian court or governmental or regulatory authority, except for regulations issued by the Bank of Italy concerning the accounting treatment of securitisation transactions for special purpose companies, such as the Issuer, incorporated under the Securitisation Law and registered in the register of special purpose vehicles held by the Bank of Italy pursuant to Article 4 of the Bank of Italy Resolution dated 30 September 2014. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

### 3.12 **Commingling risk**

The Issuer is subject to the risk that, in the event of insolvency of the Servicer or the Sub-Servicer, the Collections held at the time the insolvency occurs might be treated by the Servicer's or Sub-Servicer's bankruptcy estate as an unsecured claim of the Issuer.

Each of the Servicing Agreement and the Special Servicing Agreement includes provisions in relation to the transfer of Collections into the Collections Account intended to reduce the amount of the monies from time to time subject to the commingling risk.

### 3.13 **Further Securitisations**

The Issuer has currently in place Further Securitisations as better described in the section hereto named "*Information about the Issuer*" and may carry out additional Further Securitisations, provided that the Issuer complies with the relevant provisions of the Conditions.

### 3.14 **Ring-fencing and claims of unsecured creditors of the Issuer**

By way of separate transactions the Issuer has entered into Further Securitisations as described hereto under the section named "*The Issuer*" and may enter into Further Securitisations. Under the terms of Article 3 of the Securitisation Law, the assets relating to the Securitisation and to any Further Securitisation (the ***Securitized Assets***) will, by operation of law, be segregated for all purposes from all other assets of the Issuer. On a winding up of the Issuer, such Securitized Assets will only be available to holders of the notes issued to finance the acquisition of the relevant Securitized Assets and to certain creditors claiming payments of debts incurred by the company in connection with the securitisation of the relevant Securitized Assets and they will not be available to the holders of notes issued to finance any other securitisation transaction or to the general creditors of the Issuer.

In relation to the Securitisation, the Portfolios and the Collections, when received by the Issuer and credited to the Collections Account, are segregated under the Securitisation Law from all other assets of the Issuer and from the assets relating to any Further Securitisation and will only be available to satisfy the obligations of the Issuer to the Noteholders, the Other Secured Creditors and any third party creditor of the Issuer in respect of the Securitisation (the ***Connected Third Party Creditors***) in the order of priority set out in the Conditions, subject to the terms of the Intercreditor Agreement.

The Issuer is unlikely to have a large number of creditors unrelated to the Securitisation and/or any Further Securitisation because the corporate object of the Issuer as contained in its by-laws ("*statuto*") is limited and the Issuer will covenant in the Conditions, *inter alia*, without prejudice to any activity related to any Further Securitisation, not to engage in any activity which is not incidental to or in connection with any activities which the Transaction Documents provide for or envisage that the Issuer may engage in or which is necessary in connection with or incidental to the Transaction Documents. Nonetheless, there remains the risk that the Issuer may incur unexpected expenses payable to Connected Third Party Creditors (which rank ahead of all other items in each of the

Priority of Payments), which means that the funds available to the Issuer for the purposes of fulfilling its payment obligations under the Notes could be reduced.

The Conditions contain provisions stating, and each of the Secured Creditors shall undertake in the Intercreditor Agreement and in the Conditions, that no Noteholder or Other Secured Creditor will petition or begin proceedings for a declaration of insolvency against the Issuer. However, there can be no assurance that each and every Noteholder and Other Secured Creditor will honour its contractual obligation not to petition or begin proceedings for a declaration of insolvency against the Issuer.

If any bankruptcy proceedings were to be commenced against the Issuer, no creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Secured Creditors and any Connected Third Party Creditor would have the right to claim in respect of the Receivables; however, there can in any event be no assurance that the Issuer would be able to meet all of its obligations under the Notes.

### 3.15 **Risks relating to the Portfolios**

The Initial Portfolio is made (and any Additional Portfolio will be made) of non-performing loans and thus the recoveries of any Receivables comprised in such Portfolios will depend largely on the ability of the Sub-Servicer (or any other entity appointed to carry out activities in connection with the recovery of the Receivables) to manage the Receivables.

All of the Receivables to be purchased in the context of the Securitisation are or will be (as the case may be) subject to insolvency or recovery proceedings being conducted in Italian courts. Amounts owed on the Receivables will have to be pursued in the Italian courts in prosecution of such proceedings which may involve significant delay, expenses and negotiations with each relevant assigned debtor, each of which may have an impact on the recoveries to be collected with respect to the Receivables.

The recovery of amounts in respect of the Receivables will be affected by the lengths of proceedings in respect of the Receivables, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and/or proceeding involved and where such action is taken or in which court the relevant proceeding is commenced. The length of the proceedings, together with the relevant increased legal and judicial costs may negatively affect the amount of cash flow available to meet payment obligations under the Notes.

### 3.16 **Risks relating to the Notes**

An investment in the Notes involves certain risks including, without limitation, those described below:

#### (a) **Regulatory initiatives**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in Securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for material their own regulatory position and none of the Issuer or the Originator, makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the relevant Issue Date or at any time in the future.

(b) **Subordination**

In respect of the Issuer's obligations to pay variable return with respect to (if applicable), interest on (if applicable), and repay the principal of, the Notes, the Conditions and the Intercreditor Agreement shall provide that the Notes of each Class shall rank *pari passu* without preference or priority amongst themselves, PROVIDED THAT, as regards the Notes of each Class, variable return (if applicable), interest (if applicable) and principal shall rank as follows: (i) the A Notes shall rank *pari passu* among themselves and in priority to the B Notes, and (ii) the B Notes shall rank *pari passu* among themselves, but subordinate to the A Notes, and in each case subordinated to the claims of certain other creditors of the Issuer as more fully specified under the Conditions or provided by mandatory provisions of law.

The Notes of each Class are subordinated in point of both payment of variable return (if applicable), interest (if applicable) and repayment of principal to the rights of the Other Secured Creditors that are expressed to rank higher than that Class in accordance with the applicable Priority of Payments and are subordinated generally to the claims of all Connected Third Party Creditors of the Issuer.

(c) **Subordination of the B Notes**

The B Notes will be affected by considerations which do not affect the A Notes. In particular, the A Notes will rank prior to the B Notes. Accordingly, following an Issuer Insolvency Event or the delivery of an Issuer Enforcement Notice, any losses after application of the Available Funds in accordance with the Post-Enforcement Priority of Payments will be attributable first to the B Notes and then to the A Notes. Prior to the occurrence of such events, the B Notes will support the timely payment of interest on and principal with respect to the A Notes because of the higher ranking of payments under the A Notes than those due under the B Notes.

(d) **Market for the Notes**

The existence of an orderly and liquid market for the Notes depends on a number of factors including, but not limited to, the presence of willing buyers and sellers of the Notes at any given time and the general economic conditions in the market in which the Notes are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market in which the Notes are traded, over which the Issuer has no control. Many other factors over which the Issuer has no control may affect the trading market for, and trading value of, the Notes. These factors include the time remaining to the maturity of the Notes, the outstanding amount of the Notes and the level, direction and volatility of market interest rates, generally. Accordingly, there can be no assurance that an active secondary market for the Notes will develop, or, if it develops, that it will continue. Furthermore, there can be no assurance that an investor will be able to sell or otherwise trade in the Notes at or above the price at which they acquired the Notes, or at all.

(e) **No credit ratings**

The Notes will not be assigned a credit rating by any rating agency on issue and nor does the Issuer currently have any intention of applying for a credit rating from any credit rating agency. However, one or more independent credit rating agencies may assign credit ratings to some or all of the Notes prior to their redemption. Any such ratings may not reflect the potential impact of all risks relating to the market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation

to buy, sell or hold securities and may be revised or withdrawn by the relevant rating agency at any time.

(f) **Optional redemption by the Issuer**

As from the second anniversary of the Issue Date, the Issuer shall have the option to redeem the Notes in full as long as it supplies to the Representative of the Noteholders adequate evidence that as at the immediately succeeding Payment Date the Issuer will have sufficient funds (but way of a disposal of the Portfolios or otherwise) to redeem the Notes in full together with all the amounts due to the Issuer Creditors ranking before the repayment of the Notes, by giving 30 Business Days prior notice to the Noteholders.

(g) **Meetings and Resolutions of the Noteholders**

Subject to the provisions of the Conditions, joint Meetings of the Noteholders of each Class may be necessary to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution. Furthermore, matters which in the opinion of the Representative of the Noteholders affect the Noteholders of more than one Class of Notes and give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of the other Class of Notes shall be transacted at a separate Meeting of the Noteholders of each Class. As a result, for specific matters it may be difficult for Noteholders of a Class of Notes to make a determination without the consent of the Noteholders of the other Class of Notes.

### 3.17 Tax risk factors

#### **Withholding tax under the Notes**

Payments of interest and other proceeds under the Notes may in certain circumstances, described in the section headed "*Taxation in the Republic of Italy*" of this Prospectus, be subject to a withholding or deduction or on account of "*imposta sostitutiva*" under Legislative Decree No. 239 No. 239 of 1 April 1996, as amended and supplemented from time to time (the **Decree 239 Deduction**). In such circumstance, any beneficial owner of an interest payment relating to the Notes will receive amounts of interest payable on the Notes net of a Decree 239 Deduction. Decree 239 Deduction, if applicable, is levied at the rate of 26 per cent. or such lower rate as may be applicable under the relevant double taxation treaty.

In the event that any Decree 239 Deduction or any other deduction or withholding for or on account of tax is required to be made under applicable laws in respect of payments to Noteholders of amounts due pursuant to the Notes, the Issuer will not be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of any such deduction or withholding, or otherwise to pay any additional amounts to any of the Noteholders.

#### **Tax treatment of the Issuer**

The Issuer is subject to Italian corporate income tax ("**IRES**") at the current 24 per cent rate (for the tax years prior to 2017 year the rate was 27,5 per cent rate) and to regional tax on productive activities ("**IRAP**") at the applicable rate. Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986 (the "**Decree No. 917**"). Pursuant to the regulations issued by the Bank of Italy on 15 December 2015 (*Istruzioni per la redazione dei bilanci e dei rendiconti degli Intermediari finanziari ex art. 107 del TUB, degli Istituti di pagamento, degli IMEL, delle SGR e delle*

*SIM*), the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Portfolio will be treated as off-balance sheet assets, liabilities, costs and revenues, to be reported in the notes to the financial statements. Based on the general rules applicable to the calculation of the net taxable income of a company, such taxable income should be calculated on the basis of accounting, i.e. on-balance sheet, earnings, subject to such adjustments as are specifically provided for by applicable income tax rules and regulations. On this basis, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio. This opinion has been expressed by scholars and tax specialists and has been confirmed by the Italian tax authority (Circular No. 8/E issued by the Italian Tax Authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the obligations of such issuer to the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws.

It is, however, possible that the Ministry of Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to Law 130 which might alter or affect the tax position of the Issuer as described above in respect of all or certain of its revenues and/or items of income also through the non-deduction of costs and expenses.

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

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

Pursuant to Legislative Decree No. 141/2010 which modified Article 3, paragraph 3, of Law 130, the Issuer is not any longer required to be registered as financial intermediary under Article 106 of the Banking Act while it is enrolled in the register for securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy's regulation dated 1 October 2014. The Italian Tax Authority (Agenzia delle Entrate) has not changed its tax guidelines and the Issuer has been advised that the current tax regime has not been modified by the new regulations of Bank of Italy.

### **EU Directive on the taxation of savings income**

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income (the “*Saving Directive*”) under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding

system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures. Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favor of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive.

On 10 November 2015, the Council of the European Union adopted the Council Directive 2015/2060/EU repealing the EU Savings Directive in the case of all Member States from 1 January 2016 (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates) and from 1 January 2017 in the case of Austria. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (the *Cooperation Directive*), as amended by Council Directive 2014/107/EU as of 30 September 2017. The Cooperation Directive is aimed at broadening the scope of the operational mechanism of intra-EU automatic exchange of information in order to combat cross-border tax fraud and tax evasion. The new regime under the Cooperation Directive is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. The Cooperation Directive is generally broader in scope than the Savings Directive, although it should not impose withholding taxes.

The Savings Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree, subject to a number of important conditions being met, with respect to interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement, Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of nonresident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information of the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. The same details of payments of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt similar measures with effect from the same date. Law No. 122 of 7 July 2016 implemented in Italy the Cooperation Directive and abolished the Decree N° 84 (subject to on-going requirements to fulfil some reporting communications and administrative obligations for the whole 2016).

### 3.18 **Change of law**

The structure of the Securitisation and, *inter alia*, the issue of the Notes are based on Italian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian

law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

### 3.19 **Forecasts**

Forward-looking statements, any other projections, forecasts and estimates in this Prospectus, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialize or may vary significantly from actual results.

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

### 3.20 **The performance of the Notes may be adversely affected by the recent conditions in the Italian and global financial markets and these conditions may not improve in the near future**

Italian and global markets and economic conditions have been negatively impacted between the beginning of the 2008 financial crisis and the present by market perceptions regarding the ability of certain EU member states, including Italy, to service their sovereign debt obligations. The continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global financial markets. In particular, it has disrupted, and could in the future further disrupt, equity markets and result in volatile bond yields on the sovereign debt of EU members, including Italy.

These developments could have material adverse impacts on financial markets and economic conditions throughout the world and, in turn, the market's anticipation of these impacts could have a material adverse effect on the business, financial condition and liquidity of the parties to the Securitisation. In particular, these developments could disrupt payment systems, money markets, long-term or short-term fixed income markets, foreign exchange markets, commodities markets and equity markets and adversely affect the cost and availability of funding. Certain impacts, such as increased spreads in money markets and other short term rates, have already been experienced as a result of market expectations.

These factors and general market conditions could adversely affect the performance of the Notes. There can be no assurance that governmental or other actions will improve these conditions in the future.

The Issuer believes that the risks described above are the principal risks inherent in the Securitisation for the Noteholders but the inability of the Issuer to pay interest or variable returns or repay principal on the Notes (as applicable) may occur for other reasons and the Issuer does not represent that the above statements on the risks of holding the Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for the Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of variable return, interest or principal (as applicable) on the Notes on a timely basis or at all.



#### **4. POTENTIAL CONFLICTS OF INTEREST**

The Issuer is not an affiliate of any of the Secured Creditors.

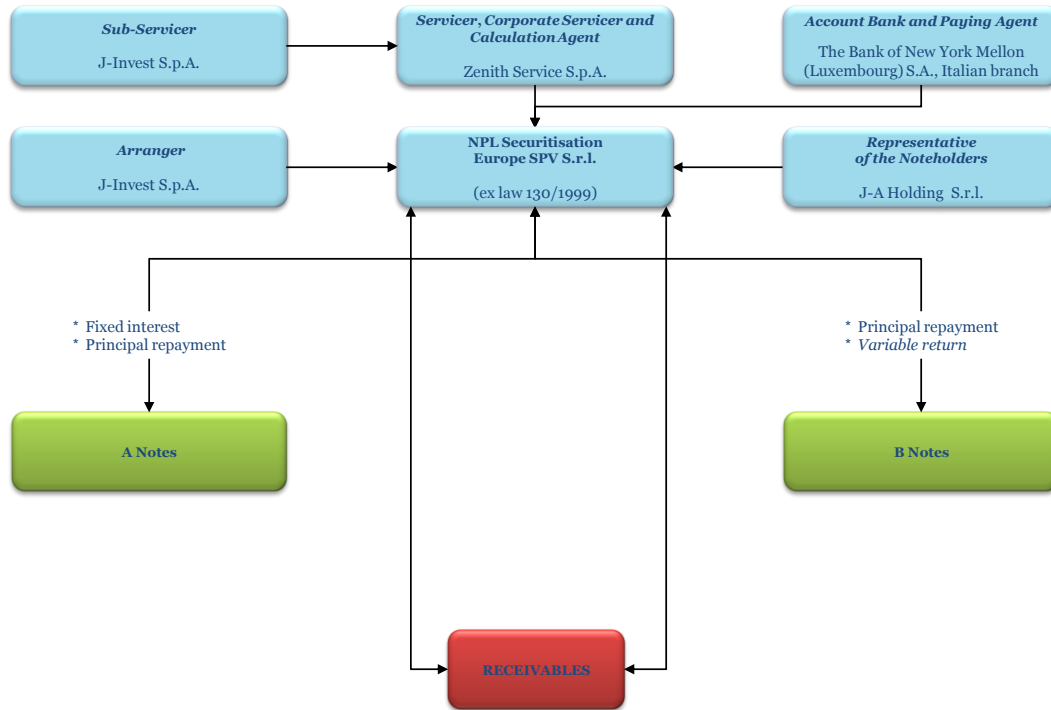
However, one (1) or more Directors of the Issuer may also hold shares in any of the Secured Creditors and/or be appointed to the board of directors (whether as executive or non-executive directors) of any Secured Creditors or have a role in such entities. Potential conflicts of interest may arise as a result. In fact, any such person may have an interest in securing maximum profits for the relevant Secured Creditor in which he holds shares or of which he is a director to the detriment of the Issuer and the Noteholders. The Issuer aims to avoid any conflict of interest arising as such by disclosing fees chargeable by the Secured Creditors under the Securitisation.

Also, it is likely that the majority of the Receivables envisaged to be purchased in the context of the Securitisation, will be purchased by the Issuer from the Arranger, which is an Italian regulated entity duly authorized by the Bank of Italy to purchase and sell receivables. The Issuer and the Arranger aims to avoid any conflict of interest arising as such by providing to each Noteholder, when a Notes Additional Subscription Notice is served in respect of any Additional Portfolio to be purchased in the context of the Securitisation, a set of information in respect of such Additional Portfolio in the forms described under Condition 2.7. It is also worth noting that each Noteholder, after having being served with the relevant Notes Additional Subscription Notice, is entitled, but shall not be obliged, to make the relevant Notes Additional Subscription Payment to finance the purchase of the relevant Additional Portfolio. Furthermore, the Arranger (through one of its subsidiaries), is intended to subscribe for B Notes which are subordinated to the A Notes. As a result thereof, losses after application of the Available Funds will be attributable first to the B Notes and then to the A Notes and, therefore, B Noteholders and A Noteholders interests are aligned. Indeed, the return on the investment made by the B Noteholders is connected with the performance of the collection of the Receivables and is ensured if and only to the extent that Collections from the Receivables are sufficient to pay interest in respect of the A Notes and redeem in full the A Notes.

The considerations set out above are not, and are not intended to be, a comprehensive list of all considerations relevant to a decision to purchase or hold any Notes. You should also read carefully the information set out elsewhere in this Prospectus (including any documents incorporated by reference) and reach your own views (taking such advice as you think necessary and appropriate) before you invest in the Notes.

## 5. TRANSACTION DIAGRAM

The following is a diagram showing the structure of the Securitisation as at the Issue Date. It is intended to illustrate to prospective noteholders a scheme of the principal transactions contemplated in the context of the Securitisation on the Issue Date. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this document.



## 6. GENERAL DESCRIPTION OF THE SECURITISATION

The following information is qualified in its entirety by, and is subject to, the detailed information contained elsewhere in the Transaction Documents and the Conditions. Unless the context requires otherwise, capitalised words and expressions used below will have the meaning ascribed to them in Condition 1 (*Definitions*) of the Conditions. The provisions set out in this document are subject to, and in some cases are summaries of, the provisions of the Transaction Documents, as they may be amended from time to time.

### 6.1 The Principal Parties

#### *Arranger*

J-Invest S.p.A., a joint stock company incorporated in accordance with Italian Law, whose registered office is at Via Castiglione 8, 40124 Bologna (Italy), with Tax and VAT registration number 06110740963 and enrolled with the general register (“*Elenco Generale*”) held by the Bank of Italy pursuant to article 106 of the Italian legislative decree No. 385 of 1 September 1993, as amended (the *Italian Banking Act*) with number 40764.

#### *Issuer*

NPL Securitisation Europe SPV S.r.l., a limited liability company incorporated in accordance with the Securitisation Law (as defined below), whose registered office is at Via Pestalozza 12/14, 20131 Milan (Italy), with paid-up capital of Euro 10,000.00 (ten thousand/00), which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 09686010969 and listed in the special register of securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy’s Resolution dated 30 September 2014, under No. 35327.6.

The Issuer has been established as a multi-purpose securitisation vehicle which may engage in separate securitisation transactions in accordance with the Securitisation Law.

Pursuant to article 3 of the Securitisation Law, the assets relating to each securitisation transaction engaged in by the Issuer will, by operation of law, constitute assets segregated for all purposes from the assets of the Issuer and from assets relating to other securitisation transactions. The assets relating to a particular securitisation transaction will not be available to the holders of securities issued in the context of any other securitisation transaction or to the general creditors of the Issuer.

#### *Servicer*

Zenith Service S.p.A., a joint-stock company incorporated under the laws of Italy with registered office at Via Guidubaldo del Monte 61, 00197 Rome, Italy and administrative office at Via A. Pestalozza n. 12/14, 20131 Milan, Italy, with paid-up capital of Euro 2,000,000.00, which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 02200990980, in the general register (“*Elenco Generale*”) held by the Bank of Italy pursuant to article 106 of the Italian Banking Act (as defined below) with number 32819 and in the special register held by the Bank of Italy pursuant to article 107 of the Italian legislative decree No. 385 of 1 September 1993, as amended (the

***Italian Banking Act).***

***Sub-Servicer***

J-Invest S.p.A.

***Corporate Servicer***

Zenith Service S.p.A.

***Account Bank and Paying Agent***

The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, a bank incorporated under Luxembourg Law, with registered office at 2-4 rue Eugène Ruppert, L-2453, Luxembourg, acting through its Italian branch, having its registered office at Via Mike Bongiorno 13, 20124 Milan, Italy which is registered in the Companies Register of Milan (Italy) with number 05694250969 and with the register of banking group held by the Bank of Italy pursuant to article 64 of the Italian Banking Act with number MI-1840512.

***Depository Bank***

Cassa di Risparmio in Bologna S.p.A., a bank incorporated under Italian Law, with registered office at Via Farini 22, 40124 Bologna, Italy, which is registered in the Companies Register of Bologna (Italy) with Tax and VAT registration number 02089911206, and with the register of the banks (*Albo delle Banche*) with number 5466, belonging to the *Gruppo Bancario Intesa Sanpaolo*, enrolled with the register of banking group held by the Bank of Italy pursuant to article 64 of the Italian Banking Act.

***Representative of the Noteholders***

J-A Holding S.r.l., a limited liability company incorporated in accordance with Italian Law, whose registered office is at Via Castiglione 8, 40124 Bologna (Italy), with Tax and VAT registration number 05959010967.

**6.2 Principal features of the Securitisation**

**(a) Description and Purpose**

The Notes will be issued by the Issuer to finance the acquisition of the Portfolio securitised in the context of the Securitisation.

The proceeds of the Notes received by the Issuer following the payments of the Notes Initial Subscription Payments by each of the Notes Initial Subscriber, have been used by the Issuer to fund the payment of the purchase price of the Initial Portfolio transferred to the Issuer pursuant to the Initial Transfer Agreements.

The Notes constitute obligations solely of the Issuer and do not constitute obligations of, and are not guaranteed or secured by, any of the other parties to the Transaction Documents. The obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered in respect of the Portfolios and the Transaction Documents. Each Noteholder acknowledges that the limited recourse nature of the Notes produces the effect under Italian law of a “*contratto aleatorio*” and accepts the consequences thereof, including the consequences of article 1469 of the Italian Civil Code.

**(b) Form of the Notes**

The Notes will be issued in bearer and dematerialised form (“*emesse in forma dematerializzata*”) on the terms and subject to the provisions of 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 the provisions set out in Part III, Title II of the Financial Laws Consolidated Act (as amended by Decree 27/2010), Consob Resolution on Markets and Regulation 22 February 2008.

(c) **Denomination of A Notes**

The A Notes will be issued in denomination of minimum Euro 100,000.00 (with the possibility to make A Notes Additional Subscription Payments of at least Euro 100,000 PROVIDED, HOWEVER, THAT the principal amount of an A Note shall be equal to:

- (i) on the Issue Date, Euro 61,579.80 corresponding to the A Notes Initial Subscription Payment made in respect of such A Notes; and
- (ii) on any date thereafter, the Principal Amount Outstanding of such A Notes.

(d) **Denomination of B Notes**

The B Notes will be issued in denomination of minimum Euro 1,00 (with the possibility to make B Notes Additional Subscription Payments of at least Euro 0.01) PROVIDED, HOWEVER, THAT the principal amount of a B Note shall be equal to:

- (i) on the Issue Date, Euro 6,842.20 corresponding to the B Notes Initial Subscription Payment made in respect of such B Notes; and
- (ii) on any date thereafter, the Principal Amount Outstanding of such B Notes.

(e) **Partly paid Notes**

Subject to the procedure described under Condition 2, during the Subscription Period, if so requested by the Issuer (or the Sub-Servicer on behalf of the Issuer) by means of a Notes Additional Subscription Notice:

- (i) the A Noteholders may, but shall not be obliged to, make A Notes Additional Subscription Payments in order to provide the Issuer with the funds required to purchase the relevant Additional Portfolio as described in the relevant Notes Additional Subscription Notice provided, however, that such A Notes Additional Subscription Payments shall not exceed in aggregate an amount equal to the difference between:
  - (A) the A Notes Notional Amount; and
  - (B) the aggregate of the A Notes Initial Subscription Payment and all A Notes Additional Subscription Payments paid prior to such date; and
- (ii) the B Noteholders may, but shall not be obliged to, make B Notes Additional Subscription Payments in order to provide the Issuer with the funds required to purchase the relevant Additional Portfolio as described in the relevant Notes Additional Subscription Notice PROVIDED, HOWEVER, THAT such B Notes Additional Subscription Payments shall not exceed in aggregate an amount equal to the difference between:
  - (A) the B Notes Notional Amount; and
  - (B) the aggregate of the B Notes Initial Subscription Payment and all B Notes Additional Subscription Payments paid prior to such date.

In the event of the denial to the purchase of an Additional Portfolio expressed by a Dissenting Noteholder in the forms provided for under Condition 2.9 the following shall occur:

- (i) in the event that each of the Noteholders who expressed its denial:
  - (A) sells its Notes to any other consenting Noteholder within the Sale Period; or
  - (B) within 5 Business Days from the end of the Sale Period, the option right provided for in the Notes Subscription Agreements is exercised in relation to all the Notes owned by the dissenting Noteholder,

the purchase of the Additional Portfolio shall be implemented anyway by the Issuer (provided that all the other Notes Additional Subscription Payments are made); or

- (ii) if what described in (i) above does not occur in relation to all the Notes held by the dissenting Noteholder:
  - (A) the Issuer shall not be authorised to proceed with the purchase of the Additional Portfolio;
  - (B) no Notes Additional Subscription Payment shall be due by any Noteholder; and

the Notes Additional Subscription Payments already made shall be paid back to the relevant Noteholders without the payment of any interest or other amount by the Issuer.

No Notes Additional Subscription Payments may be requested by the Issuer after the end of the Subscription Period.

(f) **Currency**

The Notes will be denominated in Euro.

(g) **Maturity of the Notes**

Unless previously redeemed in full and cancelled as provided under Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), the Notes will be redeemed at their Principal Amount Outstanding on the on the Payment Date falling on December 2036 (the ***Final Maturity Date***), subject to the sufficiency at the relevant time of Available Funds, the Priority of Payments and the provisions under Condition 6 (*Redemption, Purchase and Cancellation of the Notes*). On the Final Maturity Date and after application of the Available Funds in accordance with the Priority of Payments and the provisions under Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), the Issuer shall be discharged from any liability deriving from any payment obligations in connection with the Notes.

(h) **Limited recourse nature of the Notes**

The Notes constitute direct and limited recourse obligations of the Issuer, giving rise to rights of the Noteholders that are preferred over the proceeds of certain segregated assets of the Issuer. Payments of interest, variable return, principal and any other amounts under the Notes will be funded solely from the proceeds of the Portfolio acquired by the Issuer, together with such other amounts as the Issuer may derive from and in accordance with the Transaction Documents.

(i) **Priority of Payments**

The obligation of the Issuer to make payments from time to time under the Notes is limited to such Available Funds as are available to the Issuer for this purpose. Prior to the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, the Available Funds will be applied by the Issuer to make payments in accordance with the priority of payments set out in Condition 3.4 (*Priority of Payments Prior to Enforcement*) (the **Pre-Enforcement Priority of Payments**). Following the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, the Available Funds will be applied by the Issuer to make payments in accordance with the priority of payments set out in Condition 3.5 (*Priority of Payments Following Enforcement*) (the **Post-Enforcement Priority of Payments**).

(j) **Segregation**

By operation of article 3 of the Securitisation Law, the Portfolios, the Collections relating to the Receivables and all other assets of the Issuer relating to the Securitisation will be segregated from the Issuer's other assets and from the assets pertaining to any other securitisation transaction that the Issuer may carry out. Both before and after a winding-up of the Issuer, the Receivables and the relevant Collections will be available for the exclusive purpose of satisfying the claims of the Noteholders and the other Secured Creditors in accordance with the Pre-Enforcement Priority of Payments or (as the case may be) the Post-Enforcement Priority of Payments and may not be seized or attached in any form by other creditors of the Issuer.

(k) **Payment Periods**

Payment periods shall be the semi-annual periods from (and including) a Payment Date to (but excluding) the next Payment Date. The first Payment Period shall be the period from (and including) the Issue Date to (but excluding) the Payment Date falling on June 2017.

(l) **Interest**

Each A Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date up to the Final Maturity Date. Each A Note (or in the case of the redemption of part only of an A Note, that part only of that A Note) shall cease to bear interest from and including its due date for redemption.

Interest on each A Note is payable in arrears on each Payment Date in respect of the Interest Period ending on (but excluding) that Payment Date. Whenever it is necessary to compute an amount of interest in respect of the A Notes for any period (including any Interest Period), such interest shall be calculated on the basis of actual days elapsed and a 365 day year.

The rate of interest payable from time to time in respect of the A Notes for each Interest Period shall be equal to the Fixed Interest Rate.

(m) **B Notes Variable Return**

The B Notes Variable Return payable from time to time in respect of the B Notes will be determined by the Servicer in accordance with Condition 5 (*Notes Variable Return*). The B Notes Variable Return in respect of each B Note, shall be determined as an amount equal to any amount available to the Issuer after payment of items (a) to e (inclusive) of each Priority of Payments set out in Conditions 3.4 and 3.5 divided by the number of B Notes. The resulting figure shall be rounded to the nearest cent..

(n) **Mandatory *Pro rata* Redemption in whole or in part**

If, on any Payment Date, the Issuer has Available Funds that are available for the purpose of redeeming the Notes it shall apply the same to make on such date principal payments on the Notes in accordance with Condition 3.4 (*Status, Priority and Security – Priority of Payments Prior to Enforcement*). Each Note will be redeemed in an amount calculated in accordance with Condition 6.5 (*Redemption, Purchase and Cancellation of the Notes – Principal Payments and Principal Amount Outstanding*) together with interest and other amounts (if any) accrued to the date fixed for redemption. Notice of redemption under Conditions 6.3 and 6.4 (*Redemption, Purchase and Cancellation of the Notes – Mandatory Pro rata Redemption in whole or in part*) will be given to Noteholders in accordance with Condition 6.9 (*Redemption, Purchase and Cancellation of the Notes – Notice of Redemption*).

(o) **Subordination**

The Notes shall rank *pari passu* without preference or priority amongst themselves, PROVIDED THAT (before and after the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event):

- (i) payment of interest on the A Notes shall rank subordinated to the claims of certain other creditors of the Issuer as more fully specified in the Conditions or provided by mandatory provisions of law;
- (ii) repayment of principal on the A Notes shall rank subordinated to payment of interest on the A Notes and to the claims of certain other creditors of the Issuer as more fully specified below or provided by mandatory provisions of law;
- (iii) repayment of principal on the B Notes shall rank subordinated to payment of interest on the A Notes, repayment of principal on the A Notes and to the claims of certain other creditors of the Issuer as more fully specified below or provided by mandatory provisions of law; and
- (iv) payment of the B Notes Variable Return shall rank subordinated to the payment of interest and repayment of principal on the Notes and to the claims of certain other creditors of the Issuer as more fully specified below or provided by mandatory provisions of law.

(p) **Financing Agreements**

The Issuer is entitled to enter into Financing Agreements with a Financier in order to be made available of the funds necessary to pay any amount provided for under paragraph (a), sub-paragraphs (i) and (ii) of each Priority of Payments. Amounts to be drawn down under each Financing Agreement shall be credited into the Collections Account and be considered for the purposes of the Maintenance Amount.

(q) **Transaction Documents**

The Transaction Documents are: the Notes Subscription Agreements, the Monte Titoli Documentation, the Transfer Agreements, the Cash Administration, Calculation and Paying Agency Agreement, the Servicing Agreement, the Sub-Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, the Financing Agreements, this Prospectus, any Supplemental Prospectus and any other agreement identified as a Transaction Document thereunder.



(r) **Governing Law**

The Notes and all the Transaction Documents are governed by, and shall be construed in accordance with, Italian law.

(s) **Listing**

Application has been made for the A Notes to be listed on the European Wholesale Securities Market. No application has been made for the B Notes to be listed on any stock exchange.

(t) **Rating**

As at the date hereof, no application has been made for the Notes to be rated by any Rating Agency.

### 6.3 **Transaction overview**

(a) **Acquisition of the Initial Portfolio and Additional Portfolios**

The Issuer entered into a receivables transfer agreement on 17 January 2017 with J-Invest S.p.A., as seller, pursuant to which the Issuer has purchased a portfolio of receivables vis-à-vis certain Insolvency Proceedings (the *Initial Transfer Agreement*).

During the Subscription Period, the Issuer will be entitled to purchase Additional Portfolios without recourse (*pro soluto*) in accordance with articles 1 and 4 of the Securitisation Law. For each Additional Portfolio, the relevant Additional Receivables will have to satisfy the Eligibility Criteria and to comply with the Common Block Criteria set out in the relevant Additional Transfer Agreement.

Payment by the Issuer of the purchase price for the Additional Portfolios will be funded: (i) for an amount not exceeding the Further Purchases Available Funds available to the Issuer, through the amounts for such purpose standing to the credit of the Collections and Payments Account and (ii) through the Notes Additional Subscription Payments made from time to time during the Subscription Period by the Notes Initial Subscriber and/or the Noteholders pursuant to the Notes Subscription Agreement and the Conditions.

(b) **Servicing and Sub-Servicing**

By the Servicing Agreement the Issuer has appointed Zenith Service S.p.A. to act as the servicer of the Securitisation Programme (*i.e.* as “*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*” for the purposes of the Securitisation Law) and person in charge of carrying out functions and services relating to the management, collection and recovery, cash and payment services, including any activities aimed at verifying and ensuring the compliance of the Securitisation Programme and relevant transactions with the Securitisation Law and this Prospectus.

The Servicer entered into the Servicing Agreement subject to J-Invest S.p.A. entering into a sub-servicing agreement.

J-Invest S.p.A. has been identified by the Issuer, and appointed by the Servicer upon instruction of the Issuer, as the entity delegated by the Servicer to act as sub-servicer of the Securitisation Programme to carry out in respect of the Initial Portfolio and the Additional Portfolios all activities, functions and services relating to the management, collection and recovery of the Receivables which are set out in this Servicing Agreement.

(c) **Management of the Transaction Accounts and assets relating to the Securitisation**

The Issuer holds with the Account Bank the Transaction Accounts denominated in Euro to which collections deriving from the Receivables will be credited.

On each Payment Date, the Issuer shall instruct the Account Bank to withdraw amounts standing to the credit of the Transaction Accounts on such Payment Date in accordance with the relevant Payments Report prepared by the Servicer pursuant to the Cash Administration, Calculation and Paying Agency Agreement.

The Transaction Accounts will be operated in accordance with the terms of the Cash Administration, Calculation and Paying Agency Agreement.

(d) **Right of Enforcement**

Pursuant to the Conditions and the Intercreditor Agreement, at any time the Notes have become due and repayable following the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event and subject to any limitation provided by the Insolvency Law and the Transaction Documents, each of the Notes Initial Subscriber (or any subsequent Noteholders) and the other Secured Creditors may take such steps and/or institute such proceedings against the Issuer as they think fit to direct the Issuer to take any action in relation to the Portfolio and to enforce repayment of the Notes and payment of any other amounts owed but unpaid by the Issuer.

(e) **Intercreditor Agreement**

Pursuant to the Intercreditor Agreement, the Secured Creditors have agreed to the cash flow allocation of the proceeds in respect of the Portfolio, acknowledge the rights and obligations of the Issuer and the Noteholders under the Conditions and the Transaction Documents and the Issuer have undertaken certain covenants to the Secured Creditors on the terms set out in the Conditions and in relation to the Transaction Accounts.

(f) **Other Transaction Documents**

The Conditions contain a description of the main provisions of all the Transaction Documents. Copies of the Transaction Documents will be available for inspection at the registered office of the Issuer.

## 7. DESCRIPTION OF THE PORTFOLIO

The Initial Receivables contained in the Initial Portfolio (and the Additional Receivables which will be contained in each Additional Portfolio(s) that the Issuer may purchase from time to time during the Subscription Period shall) satisfy the following Eligibility Criteria: (i) non performing receivables against insolvency procedures (even where the insolvency procedure is no longer outstanding at the time of the purchase) (ii) bonds or notes issued by companies in insolvency or having gone through an insolvency procedure and (iii) non performing receivables against individuals.

The purchase of the Initial Portfolio has been financed through the proceeds arising from the Notes Initial Subscription Payments.

The gross book value of the Initial Receivables contained in the Initial Portfolio is Euro 1,323,079.17.

Below is a brief description of the Initial Portfolio:

| Debtor                        | GBV (in Euro)       | Individual purchase price (Euro) |
|-------------------------------|---------------------|----------------------------------|
| GIACOMELLI SPORT GROUP S.P.A. | 460,869.07          | 15,000.00                        |
| GIACOMELLI SPORT S.P.A.       | 862,210.10          | 52,000.00                        |
| NATURA & SPORT S.R.L.         | 4,407.89            | 573.00                           |
| LONGONI SPORT S.P.A.          | 424,36.31           | 849.00                           |
| <b>Total</b>                  | <b>1,323,079.17</b> | <b>68,422.00</b>                 |

## 8. DESCRIPTION OF THE SELLER

J-Invest S.p.A., a joint stock company incorporated in accordance with Italian Law, whose registered office is at Via Castiglione 8, 40124 Bologna (Italy), with Tax and VAT registration number 06110740963 and enrolled with the general register (“*Elenco Generale*”) held by the Bank of Italy pursuant to article 106 of the Italian legislative decree No. 385 of 1 September 1993, as amended (the *Italian Banking Act*) with number 40764

## **9. ESTIMATED WEIGHTED AVERAGE LIFE OF THE NOTES INITIAL SUBSCRIPTION PAYMENT – ASSUMPTIONS**

The estimated weighted average life of the Notes cannot be predicted as the actual rate and timing at which amounts will be collected in respect of the Portfolios and a number of other relevant facts are unknown. 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.

The estimated weighted average life of the Notes Initial Subscription Payments was calculated as of the Issue Date and prepared based on the characteristic of the Receivables pertaining to the Initial Portfolio and it is based on many assumptions, including:

- (a) no Issuer Enforcement Event or Issuer Insolvency Event occurs in respect of the Notes;
- (b) the Notes will commence amortisation on the First Payment Date;
- (c) the Notes are not redeemed in accordance with Condition 6.10; and
- (d) the Receivables are collected in accordance with the applicable business plans.

Based on the aforesaid assumptions, the weighted average life of the Notes Initial Subscription Payments is estimated to be of 3 years from the Issue Date.

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

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

## **10. INFORMATION ABOUT THE ISSUER**

### **10.1 The Issuer**

The Issuer was incorporated as a limited liability company under the name of NPL Securitisation Europe SPV S.r.l. pursuant to the Securitisation Law, whose registered office is at Via Pestalozza 12/14, 20131 Milan (Italy), with paid-up capital of Euro 10,000.00 (ten thousand/00), which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 09686010969 and listed in the special register of securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy's Resolution dated 30 September 2014, under No. 35327.6.

Fax number: +39 02 7788 0599

E-mail address: [societario@zenithservice.it](mailto:societario@zenithservice.it)

### **10.2 Organisational structure**

The issued quota capital of the Issuer is Euro 10,000 (ten thousand) and is fully paid up. The sole quotaholder of the Issuer is Special Purpose Entity Management S.r.l. a limited liability company incorporated under the laws of Italy, with registered office in Via Alessandro Pestalozza 12/14, 20131 Milan (Italy), registered in the Companies' Register of Milan with fiscal code and registration no. 09262340962. The deed of incorporation and the by-laws of the Issuer are publicly available at the Companies' Register of Milan.

### **10.3 Corporate governance**

The following persons are the directors of the Issuer:

- Giulia Reali (Chairman of the Board of Directors);
- Daniela Rognone; and
- Alvise Di Stefano.

Pursuant to the resolution of the board of directors of the Issuer passed on 16 January 2017, the Issuer approved the Securitisation and the issuance of the Notes at the terms and conditions set out in this Prospectus and the other Transaction Documents.

### **10.4 Principal activities**

The Issuer has not been involved in any governmental, legal or arbitration proceedings during the 12 months preceding the date of this Prospectus.

Since the date of its incorporation, no dividends have been declared or paid. The Issuer has no employees.

Since the date of its incorporation, the Issuer has not been engaged in any securitisation transactions, therefore the Securitisation described in this Prospectus is the first securitisation transaction carried out by the Issuer so far.

However, pursuant to, in accordance with and subject to the relevant provisions under the Conditions, the Issuer is entitled to enter into further securitisations transaction comprising, specifically, issuing Further Notes, acquiring further receivables or portfolios of receivables of any kind pursuant to the Securitisation Law (including by way of the grant of loans pursuant to article 7 of the Securitisation Law), which receivables will constitute separate receivables forming Further Portfolios and the securitisation of which

shall be a Further Securitisation, and entering into agreements and transactions relating thereto, including the opening or operating of bank accounts in connection therewith (the ***Further Transactions***) financed or to be financed by the issue of Further Notes and in respect of which security may be granted over such Further Portfolios and/or any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto or to such Further Transactions to secure such Further Notes and/or the rights of any person in connection with such Further Transactions (the ***Further Security***).

## 11. THE SERVICER AND THE CORPORATE SERVICER

### 11.1 The Servicer and Corporate Servicer

Zenith Service S.p.A. is a joint stock company (*società per azioni*), incorporated and organised under the laws of the Republic of Italy, with registered office at Via Guidubaldo del Monte 61, 00197 Rome, Italy and administrative office at Via A. Pestalozza n. 12/14, 20131 Milan, Italy, with a share capital of Euro 2,000,000 fully paid-up, enrolled with the companies register of Rome with No. 02200990980 and with the register (*albo unico*) held by the Bank of Italy pursuant to Article 106 of the Banking Act. Zenith Service S.p.A. is a professional Italian financial intermediary focusing in managing and monitoring securitisation transactions. In particular, it acts as servicer, master and back-up servicer, backup servicer facilitator, corporate servicer, calculation agent, cash manager and representative of the noteholders in several structured finance transactions.

### 11.2 Change of the Servicer

- (a) Starting from the second anniversary of the Issue Date, the Issuer is entitled to terminate the Servicing Agreement by giving not less than 60 Business Days prior written notice to the Servicer of its intention to terminate the Servicer's appointment.
- (b) The Issuer is entitled to terminate the Servicing Agreement, pursuant to article 1456, paragraph 2, of the Italian Civil Code upon the occurrence of any of the following events:
  - (i) the Servicer fails to transfer, deposit or pay any amount owed by it under the Servicing Agreement within 10 Business Days of the date on which such transfer, deposit or payment was due;
  - (ii) the Servicer fails to comply with any of the activities indicated under clause 3 (*Servicing Activities*) or clause 9 (*Limited recourse and non-petition*) of the Servicing Agreement, if such breach continues and is not remedied within 10 Business Days of receipt of notice thereof by the Issuer.
- (c) The Issuer, subject to the prior written consent of the Representative of the Noteholders, is also entitled to withdraw ("*recedere*") from the Servicing Agreement and revoke the appointment of the Servicer upon the occurrence of any of the events described below. Pursuant to the Servicing Agreement, the Servicer has accepted that the events mentioned below constitute cause ("*giusta causa*") for the revocation of the appointment of the Servicer pursuant to article 1725 of the Italian Civil Code and that, in any event, their occurrence entitles the Issuer to withdraw from the Servicing Agreement pursuant to article 1373 of the Italian Civil Code and revocation of the appointment of the Servicer. The aforementioned events are the followings:
  - (i) the Servicer is declared insolvent or any insolvency or liquidation proceeding is commenced with respect to the Servicer or any request to commence any of such proceedings is filed;
  - (ii) without prejudice to item (a) above, the Servicer does not comply with any of its obligations under the Transaction Documents to which it is a party and such breach is not remedied within 10 Business Days from the date of receipt by the Issuer and such breach prejudices the fiduciary relationship with the Issuer under the Servicing Agreement;
  - (iii) the Servicer materially changes the offices or branches involved in the management of the Receivables, if such changes may prevent the Servicer to comply with its obligations arising from the Servicing Agreement;



- (iv) the occurrence of an event which has or may have a material adverse effect on the legal, economic or financial condition of the Servicer and which materially prejudices the Servicer's ability to comply with its obligations under the Servicing Agreement or the rights of the Issuer thereunder;
  - (v) the Servicer does not comply with the rules and regulations issued by the Bank of Italy applicable to the activities carried out by it.
- (d) Upon the occurrence of any of the events indicated under items (a) and/or (c) above, the Issuer, with the prior consent of the Representative of the Noteholders, will be entitled to appoint, under terms analogous to those provided under the Servicing Agreement, a new entity having the requisites required by law to act as servicer of the Securitisation (the **Replacing Servicer**).
- (e) The Issuer's intention to terminate the Servicing Agreement or to revoke the appointment will be communicated in writing to the Servicer and the Representative of the Noteholders and they will be effective from the date specified in such notice, provided that the termination and revocation cannot be effective prior to 30 Business Days after receipt thereof or, if subsequent, starting from the date on which the Replacing Servicer has been appointed and the Replacing Servicer has accepted such appointment.

### 11.3 **Resignation by the Servicer**

The Servicer is entitled to resign by serving to the Issuer and the Representative of the Noteholders a 60-Business Days prior written notice, it being understood that in no event such resignation shall be effective until a Replacing Servicer is appointed and:

- (a) is satisfactory to the Issuer and the Representative of the Noteholders; and
- (b) accepts economic conditions substantially equivalent to those applied to the Servicer or economic conditions more onerous for the Issuer, provided that the Issuer and the Representative of the Noteholders have granted their prior consent thereof.

## 12. THE SUB-SERVICER

### 12.1 The Sub-Servicer

J-Invest S.p.A. was incorporated as a joint stock company in accordance with Italian Law, with registered office is at Via Castiglione 8, 40124 Bologna (Italy) and with offices also at Via dei Giardini 7, 20121 Milan (Italy) with Tax and VAT registration number 06110740963 and enrolled with the general register (“*Elenco Generale*”) held by the Bank of Italy pursuant to article 106 of the Italian legislative decree No. 385 of 1 September 1993, as amended (the *Italian Banking Act*) with number 40764.

### 12.2 Change of the Sub-Servicer

- (a) The Servicer, autonomously or upon request of the Issuer and, in any event, subject to the prior written consent of the Representative of the Noteholders, is entitled to withdraw (“*recedere*”) from the Sub-Servicing Agreement and revoke the appointment of the Sub-Servicer upon the occurrence of any of the events described below. Pursuant to the Sub-Servicing Agreement, the Sub-Servicer has accepted that the events mentioned below constitute cause (“*giusta causa*”) for the revocation of the appointment of the Sub-Servicer pursuant to article 1725 of the Italian Civil Code and that, in any event, their occurrence entitles the Issuer to withdraw from the Sub-Servicing Agreement pursuant to article 1373 of the Italian Civil Code and revocation of the appointment of the Sub-Servicer. The aforementioned events are the followings:
- (i) the Sub-Servicer is declared insolvent or any insolvency or liquidation proceeding is commenced with respect to the Sub-Servicer or any request to commence any of such proceedings is filed;
  - (ii) the Sub-Servicer does not comply with any of its obligations under the Transaction Documents to which it is a party and such breach is not remedied within 10 Business Days from the date of receipt by the Issuer and such breach prejudices the fiduciary relationship with the Issuer and/or the Servicer under the Sub-Servicing Agreement;
  - (iii) the Sub-Servicer materially changes the offices or branches involved in the management of the Receivables, if such changes may prevent the Sub-Servicer to comply with its obligations arising from the Sub-Servicing Agreement;
  - (iv) the occurrence of an event which has or may have a material adverse effect on the legal, economic or financial condition of the Sub-Servicer and which materially prejudices the Sub-Servicer’s ability to comply with its obligations under the Sub-Servicing Agreement or the rights of the Issuer and/or the Servicer thereunder;
  - (v) the Sub-Servicer does not comply with the rules and regulations issued by the Bank of Italy applicable to the activities carried out by it.
- (b) Upon the occurrence of any of the aforementioned events, the Servicer and the Issuer will be entitled to appoint, under terms analogous to those provided under the Sub-Servicing Agreement, a new entity having the requisites required by law to act as servicer of the Securitisation (the ***Replacing Sub-Servicer***).

### 12.3 Resignation by the Sub-Servicer

The Sub-Servicer has the right to resign for any reason whatsoever provided that a 6-months prior written notice is served to the Servicer, the Issuer and the Representative of the Noteholders.

### **13. THE ACCOUNT BANK AND THE PAYING AGENT**

The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, a bank incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 2-4 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg, acting through its Milan branch, enrolment in the companies' register of Milan number 05694250969, registered with the register of banking groups held by the Bank of Italy pursuant to article 64 of the Consolidated Banking Act under number MI-1840512, having its registered office at Via Mike Bongiorno 13, 20123 Milan, Italy.

#### **14. THE REPRESENTATIVE OF THE NOTEHOLDERS**

J-A Holding S.r.l. was incorporated as a limited liability company in accordance with Italian Law, whose registered office is at Via Castiglione 8, 40124 Bologna (Italy), with Tax and VAT registration number 05959010967.

## **15. TRANSACTION COSTS AND PROCEEDS**

### **15.1 Transaction costs**

The overall expected costs for implementing the Securitisation are in the region of Euro 70,000.00 per annum for the first year starting from the Issue Date, Euro 130,000.00 per annum from the second year starting from the Issue Date.

### **15.2 Expenses related to the admission to trading**

Expenses related to the admission to trading of the A Notes are equal to Euro 6,000.00 and Euro 2,000.00 on a yearly basis until the A Notes are listed.

### **15.3 Use of Proceeds**

The proceeds from the Notes Initial Subscription Payment amounting to Euro 68,422.00 are applied to fund payment the purchase price of the Initial Portfolio;

The initial costs and expenses of the Securitisation (including the expenses related to the admission to trading) will be paid by the Issuer by drawing down the amounts made available to it by the relevant Financier under the Financing Agreement in accordance with the terms of the relevant financing agreement and the Conditions.

The on-going costs of the Securitisation will be payable out of the Available Funds in accordance with the applicable Priority of Payments and may be met also by applying the sums made available under each relevant Financing Agreement.

## 16. FINANCIAL INFORMATION

As the Issuer has been incorporated on 8 November 2016, the first fiscal year will end on 31<sup>st</sup> December 2017 therefore there is no financial statements available to date..

Pursuant to the applicable regulations of the Bank of Italy, the accounting information relating to the Securitisation will be contained in the Issuer's "*nota integrativa*" which, together with the balance sheet and the profit and loss statement form part of the financial statements of an Italian limited liability company ("*società a responsabilità limitata*").

The Prospectus will be published on the website of the Malta Financial Services Authority (<http://www.mfsa.com.mt/>).

## 17. PRIVATE PLACEMENT AND SALE OF THE NOTES

### 17.1 Private placement

The Notes will be the subject of a private placement.

Application for the A Notes only to be admitted to the European Wholesale Securities Market and to trading on it has been made, no action has been taken with respect to the B Notes.

No action is being taken to permit a public offering of the Notes, or the distribution of any document, in or from any jurisdiction where action would be required for such purposes. This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised.

The Notes will be issued and placed directly by the Issuer and subscribed by each Initial Notes Subscriber for itself and not as an underwriter with a view to the placement (“*collocamento*”) of the Notes in the market.

The Notes can be offered, sold or delivered only to professional investors (“*investitori professionali*”) under article 2, paragraph 3 of the Securitisation Law and qualified investors (“*investitori qualificati*”), as defined under article 34-ter of the Consob Regulation No. 11971 of 14 May 1999, as amended and supplemented from time to time.

No up-front fees or commitment fees are envisaged to be paid to the Notes Initial Subscribers and/or the Noteholders pursuant to the Notes Subscription Agreements.

### 17.2 Selling restrictions

#### (a) General

Persons viewing this Prospectus are required by the Issuer and each Notes Initial Subscriber to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Notes Initial Subscriber shall, pursuant to each relevant Notes Subscription Agreement, acknowledge that: (i) no action has or will be taken by it which would allow an offering of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations; (ii) the Notes may not be offered, sold or delivered by them and neither this Prospectus nor any other offering material relating to the Notes will be distributed or made available by it to the public in the Republic of Italy (individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations); and (iii) no application has been made to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Each Notes Initial Subscriber, pursuant to each relevant Notes Subscription Agreement, shall:

- (i) further acknowledge that no further action has been or will be taken in any jurisdiction by it that would permit an offer of the Notes to the public, or possession or distribution of the offering circular or any other offering material, in any country or jurisdiction where such further action for that purpose is required; and

- (ii) undertake that it will not, directly or indirectly, offer or sell any Notes, or distribute the offering circular or any other material relating to the Notes in or from any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

(b) **Italy**

Each Notes Initial Subscriber, pursuant to each relevant Notes Subscription Agreement, shall acknowledge that no application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa (**CONSOB**) for the public offering (“*offerta al pubblico*”) of the Notes in the Republic of Italy. Accordingly, the Notes Initial Subscriber shall represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, and has not distributed and will not distribute and has not made and will not make available in the Republic of Italy any of the Notes nor any copy of the offering circular or any other offering material relating to the Notes other than:

- (i) to qualified investors (“*investitori qualificati*”), as defined by CONSOB Regulation no. 11971 of 14 May 1999, as amended from time to time, implementing article 100, paragraph 1, letter (a) of the Italian Legislative Decree no. 58 of 24 February 1998, as amended (**Decree no. 58**) on the basis of the relevant criteria set out by the Prospectus Directive; or
- (ii) in any other circumstances where an express exemption from compliance with the rules relating to public offers of financial products (“*offerta al pubblico di prodotti finanziari*”) provided for by Decree no. 58 and the relevant implementing regulations (including CONSOB Regulation no. 11971 of 14 May 1999, as amended) applies.

Any offer, sale or delivery of the Notes or any offering material relating to the Notes in the circumstances described in the preceding paragraphs (i) and (ii) shall be made:

- (i) only by banks, investment firms (“*imprese di investimento*”) or financial institutions enrolled on the register provided for under article 106 of Italian Legislative Decree no. 385 of 1 September 1993, as subsequently amended from time to time (the **Italian Banking Act**), in each case to the extent duly authorised to engage in the placement and/or underwriting (“*sottoscrizione e/o collocamento*”) of financial instruments (“*strumenti finanziari*”) in Italy in accordance with the Italian Banking Act, Decree no. 58 and the relevant implementing regulations;
- (ii) only to qualified investors (“*investitori qualificati*”) as set out above; 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 or the Bank of Italy.



## 18. MANAGEMENT OF CASH

The Transaction Accounts will be operated as follows:

### (a) The Collections Account

(i) ***Payments into the Collections Account.*** The Collections Account will be credited by the Servicer or the Sub-Servicer (in the case of paragraph (A) below), each relevant party to the relevant Transaction Document (in the case of paragraph (C), (D) and (G) below) and/or the Account Bank (in the case of paragraphs (B), (E) and (F) below) shall credit (or procure the crediting of) the amounts indicated below into the Collections Account:

- (A) on any Business Day all Collections received directly from the relevant obligors under each Receivable or otherwise collected or recovered by the Servicer or the Sub-Servicer;
- (B) on any Business Day, all interest paid on the first Business Day of each month on the balance of the Collections Account;
- (C) on any Business Day, the amount granted under any Financing Agreement by the relevant Financier;
- (D) on any Business Day, the proceeds of disposal of the Receivables (if any);
- (E) on any Business Day, with the amounts standing to the credit of the Deposit Account (if any) pursuant to item (c)(ii) below;
- (F) on the date falling 2 Business Days prior to the Calculation Date, the amount standing to the credit of the Investments Account (if any); and
- (G) on any Business Day, with any other amount to be received by the Issuer in relation to the Securitisation, unless otherwise expressly stated in the Transaction Documents.

(ii) ***Withdrawals out of the Collections Account.*** On the dates specified below, the Account Bank shall withdraw (or procure the withdrawal of) the amounts indicated below from the Collections Account:

- (A) on each Business Day indicated in the relevant instruction from the Sub-Servicer, the amount specified in such instruction for transfer to the Investments Account (if any);
- (B) on any Business Day, upon instruction from the Issuer (or the Servicer on behalf of the Issuer), the amount required to make the payments provided for under items (a)(i) and (a)(ii) of each Priority of Payments; and
- (C) by no later than 11.00 a.m. (Milan time) on the date falling 2 (two) Business Days prior to each Interests Payment Date, the Available Funds specified in the relevant Payment Instruction, for transfer to the Payments Account for subsequent application on such Interests Payment Date in accordance with the Priority of Payments.

### (b) The Payments Account

(i) ***Payments into the Payments Account.*** The Payments Account shall be credited by the Account Bank with the amounts standing on the Collections Account pursuant to (a)(ii)(C) above.

- (ii) ***Withdrawals out of the Payments Account.*** The Payments Account shall be debited by the Account Bank:
  - (A) on each Payment Date, with the amounts to be credited to the Paying Agent for payments to be made in accordance with the Conditions on such Payment Date, as specified in the relevant Payment Instruction; and
  - (B) on a date other than the Interests Payment Date with such amounts as instructed by the Servicer, the Sub-Servicer and/or the Corporate Servicer.
- (c) **The Deposit Account**
  - (i) The Deposit Account shall be credited by the Servicer or the Sub-Servicer on any Business Day with:
    - (A) any Receivables which is a bond instrument issued by a company (“*titoli obbligazionari emessi da società*”) and is purchased by the Issuer in the context of the Securitisation; and
    - (B) any Collection in respect of the Receivables provided for under (A) above.
  - (ii) The Deposit Account shall be debited on any Business Day with any amounts standing to the credit of the Deposit Account (if any) for transfer to the Collections Account.
- (d) **Investments Account**
  - (i) The Investments Account shall be credited by the Account Bank on each Business Day with the amounts standing to the credit of the Collections Account pursuant to (a)(i)(A) above.
  - (ii) Any amount standing to the credit of the Investments Account shall be transferred to the Collections Account by the Account Bank by no later than 2 Business Days before each Calculation Date.

## 19. TAXATION

The following is a general description of current Italian tax law provisions relating to the Notes specifically concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules.

This summary is based upon tax laws and practice of Italy in effect on the date of this Prospectus which is however subject to a potential retroactive change. Prospective Noteholders should consult their tax advisers as to the consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes including in particular the effect of any state, regional or local tax laws.

Prospective Noteholders should in any event seek their own professional advice regarding the Italian or other jurisdictions' tax consequences of the subscription, purchase, ownership and disposition of the Notes, including the effect of Italian or other jurisdictions' tax rules on residence of individuals and entities.

### 19.1 Interest, premia and other proceeds payable on the Notes

Under the current legislation, pursuant to Article 6, paragraph 1, of the Securitisation Law, payments of interest, premium and other proceeds (including the difference between the redemption amount and the issue price) in respect of the Notes (hereinafter collectively referred to as **Interest**) are subject to the tax regime set forth by Legislative Decree No. 239 of 1 April 1996, as amended and supplemented (**Decree 239**). The provisions of Decree No. 239 only apply to Notes issued by the Issuer which qualify as obbligazioni (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Decree No. 917.

#### (a) Italian Resident Noteholders

Where an Italian resident Noteholder is: (a) an individual not engaged in an entrepreneurial activity to which the Notes are effectively connected (unless such individual has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called “*risparmio gestito*” regime according to article 7 of Legislative Decree No. 461 of 21 November, 1997 as amended (**Decree 461**)); (b) a partnership (other than a “*società in nome collettivo*” or “*società in accomandita semplice*” or similar partnership) or a de facto partnership not carrying out commercial activities; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, Interest accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are affectively connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the income tax due.

Pursuant to Decree 239, the *imposta sostitutiva* is levied by banks, “*società di intermediazione mobiliare*” (**SIMs**), “*società di gestione del risparmio*” (**SGR**), fiduciary companies, exchange agents (“*agenti di cambio*”) and other qualified intermediaries identified by the relevant decrees of the Ministry of Finance (the **Intermediaries**, and each an **Intermediary**). For the Intermediaries to be entitled to apply the *imposta sostitutiva*, they must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) organisations and companies non-resident in Italy, acting through a system of

centralised administration of securities directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239; and (ii) be involved, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva* a transfer of Notes is deemed to occur upon any assignment or any 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.

Italian resident individuals holding Notes not in connection with an entrepreneurial activity who have opted for the “*risparmio gestito*” regime are subject to an ad hoc substitute tax at the rate of 26 per cent. annual on the appreciation in value of the managed assets accrued at the end of each tax year (which appreciation would include any interest and other proceeds accrued on the Notes). The ad hoc 26 per cent. Substitute tax is applied on behalf of the taxpayer by the authorised intermediary acting as asset manager.

The *imposta sostitutiva* is not applicable on Interest payable to Italian resident corporate entities or to permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, PROVIDED THAT the Notes and the relevant coupons are timely deposited, directly or indirectly, with the Intermediary. Interest 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 27.5 per cent. (though surcharges may be applicable). Pursuant to Art. 1, paragraph 61 of Budget Law 2016, from the tax year starting from 1st January 2017 IRES should be reduced to 24 per cent rate; 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 (to be increased by regional laws for certain categories of taxpayers and subject to possible regional surcharges).

The *imposta sostitutiva* is not applicable on Interest payable to Italian pension funds (subject to the regime set forth by Article 17 of Legislative Decree No. 252 of 5 December 2005) PROVIDED THAT the Notes are timely deposited with an authorised financial Intermediary. Interest on the Notes must be included in the calculation of the fund result accrued at year-end, which is subject to a substitute tax at the rate of 20 per cent. In addition, as of 1 January 2015, Italian pension fund benefits from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets to be identified with a Ministerial Decree.

The *imposta sostitutiva* is not applicable on Interest payable to Italian collective investment funds (including a *Fondo Comune d’Investimento*, a SICAV (an investment company with variable capital) or a SICAF (an investment company with fixed capital other than real estate SICAFs defined below), collectively, the “*Funds*”), PROVIDED THAT the Notes are timely deposited with an authorised financial Intermediary. Interest on the Notes must be included in the calculation of the fund result accrued at year-end. Upon payment of distributions by the Funds, such distributions are generally subject to a substitute tax at a rate of 26 per cent.; however, such a substitutive tax is not applicable in respect of certain categories of unitholders. Upon redemption or disposal of the units in the Fund, the excess net asset value is subject to the same tax regime applicable to distributions.

The *imposta sostitutiva* is not applicable on Interest payable to Italian real estate funds to which the provision of Decree no. 351/2001, as subsequently amended, apply, and to Italian

resident “*società di investimento a capitale fisso*” to which the provisions of article 9 of Legislative Decree No. 44 of 4 March 2014 apply (the ***Real Estate SICAFs***), PROVIDED THAT the Notes are timely deposited with an authorised financial Intermediary. Proceeds paid by the real estate fund to their unitholders or shareholders are subject, in certain circumstances, to a 26 per cent withholding tax.

(b) **Non-Italian Resident Noteholders**

An exemption from *imposta sostitutiva* is provided with respect to certain beneficial owners of the Notes resident outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected, provided that such non-Italian resident beneficial owners of the Notes (a) are resident, for fiscal purposes, in a Country that recognises the Italian tax authorities’ right to a satisfactory exchange of information as listed in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or in a decree to be issued under Article 11(4)(c) of Decree 239/96 (the ***Qualifying Countries*** and each of them a ***Qualifying Country***) or are institutional investors incorporated in one of the Qualifying Countries and (b) all the requirements and procedures set forth by Decree 239 as to the deposit of the Notes with certain qualified financial Intermediaries and as to the filing of a self-declaration (“*autocertificazione*”) (the ***Self Declaration***) with the depository of the Notes are timely satisfied.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of Notes made to (i) international bodies or entities set up in accordance with international agreements which have entered into force in Italy, (ii) Central Banks or entities also authorized to manage the official reserves of a State, or (iii) foreign institutional investors that are established in a Qualifying Country, even if they are not liable to tax in their own country of establishment, provided that these latter timely file with the relevant depository, as appropriate, the Self-Declaration (Luxembourg holding companies incorporated under the Grand-Duchy of Luxembourg Law of 31 July 1929, and certain other entities listed by Ministerial Circulars No. 23/E of 1 March 2002 and No. 20/E of 27 March 2003 cannot qualify as institutional investors under this point (iii) according to the interpretation of the Italian tax authorities).

To ensure payment without the application of the *imposta sostitutiva*, non-Italian resident Noteholders must be the beneficial owners of payments of interest on the Notes and hold the Notes through an authorised Intermediary. In this respect, the exemption procedure for Noteholders, who are non-resident in Italy but resident in Qualifying Countries, identifies two categories of intermediaries:

- (i) an Italian, or non Italian, resident 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 (as defined below), 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 that are non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance and Economy (which includes Euroclear and Clearstream) are treated as Second Level Banks, PROVIDED THAT they appoint an Italian representative (an Italian resident bank or SIM, a permanent establishment in Italy of a non-resident bank or

SIM, or a company which provides for the centralised management of securities in compliance with Art. 80 Legislative Decree 24 February 1998, No. 58) for the purposes 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 as a Second Level Bank.

The exemption from *imposta sostitutiva* applies to non-Italian resident Noteholders with no permanent establishment in Italy to which the Notes are effectively connected, PROVIDED THAT such non Italian resident investors:

- (i) are the beneficial owners of payments of Interest on the Notes:
- (ii) timely deposit the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (iii) timely submit to the First Level Bank or the Second Level Bank the Self-Declaration, valid until revocation, required by Decree 239 and in which each of them declares, inter alia, that it is resident, for tax purposes, in a Qualifying Country. The Self-Declaration must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001. This form is not required for non-Italian investors that are international entities and organisations set up in accordance with international agreements ratified in Italy and Central Banks or entities which manage, inter alia, the official reserves of a foreign State.

Failure by a non-resident Noteholder to timely comply with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of the *imposta sostitutiva* on Interest payments to a non-resident Noteholder. The 26 per cent. *imposta sostitutiva* may be reduced (generally to 10 per cent.) under certain applicable double tax treaties entered into by Italy, if more favourable, PROVIDED THAT certain documentation formalities are complied with. The reduced rate is applied under the responsibility of the withholding agent who is not obliged to apply the reduced rate.

## 19.2 Capital gains on the disposal or redemption of the Notes

### (a) Italian Resident Noteholders

Pursuant to Decree 461, a substitute tax at the rate of 26 per cent. is applicable to capital gains (the *Capital Gain Tax*) realised by Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected on any sale or transfer for consideration of the Notes or redemption thereof.

In respect of the application of this Capital Gain Tax, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (“*regime della dichiarazione*”), which is the default regime for the taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, the 26 per cent. Capital Gain Tax will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital losses, realised by the Italian resident individual Noteholder, holding Notes not in connection with an entrepreneurial activity, in any sale or redemption of the Notes which occurs during the relevant tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital losses, in their annual tax return and pay Capital Gain Tax on such gains together with any balance due in respect of income tax due for such year. Capital

losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Law Decree No. 66 of 24 April 2014, as converted with amendments by Law 23 June 2014, No. 89 (**Law 89**), capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses realized from January 1, 2012 to June 30, 2014.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the Capital Gain Tax separately on capital gains realised on each sale or redemption of the Notes (the “*risparmio amministrato*” regime provided for by article 6 of Decree 461). Such separate taxation of capital gains is allowed on condition that:

- (i) the Notes are deposited with Italian banks, SIM or certain authorised financial intermediaries; and
- (ii) an election for the “*risparmio amministrato*” regime is made in writing in due time by the relevant Noteholder.

The intermediary is responsible for accounting for Capital Gain Tax at the rate of 26 per cent. in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised, or deemed to be realised, upon the revocation of the mandate to such intermediary), net of any incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the “*risparmio amministrato*” regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains of the same kind subsequently realised, within the same relationship of deposit, in the same tax year or in the four subsequent tax years. Pursuant to Law 89 capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses accrued from January 1, 2012 to June 30, 2014. Under the “*risparmio amministrato*” regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have opted for the “*risparmio gestito*” regime will be included in the computation of the annual appreciation in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the authorised intermediary acting as asset manager. Under the “*risparmio gestito*” regime, any loss in value of the managed assets accrued at year end may be carried forward against appreciation in value of the managed assets accrued in any of the four subsequent tax years. Pursuant to the Decree 66 capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses accrued from January 1, 2012 to June 30, 2014. Further, under this regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Any capital gain realised upon the sale or redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the “status” of

the Noteholder, also as part of the net value of the production for IRAP purposes) subject to tax in Italy according to the relevant tax provisions if realised by an Italian company or a similar commercial entity (including an Italian permanent establishment of a foreign entity to which the Notes are effectively connected) or Italian resident individuals engaged in an entrepreneurial activity, as to any capital gains realised within the scope of the commercial activity carried out.

Any capital gains on the sale or redemption of the Notes realised by the Italian pension funds, the Funds, the Italian real estate funds and the Real Estate SICAFs are not subject to the Capital Gain Tax and must be included in the fund result accrued at year-end. In this regard, the same remarks under paragraph headed “*Interest, premia and other proceeds payable on the Notes – Italian Resident Noteholders*” apply.

(b) **Non-Italian Resident Noteholders**

The 26 per cent. Capital Gain Tax is payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy, subject to certain exceptions.

However, pursuant to Article 23 of Presidential Decree of 22 December 1986, No. 917, any capital gains realised, by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected, through the sale for consideration or redemption of Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Notes are held in Italy. The exemption applies provided that the non Italian investor promptly file with the authorized financial intermediary an appropriate affidavit (autodichiarazione) stating that the investor is not resident in Italy for tax.

As the Notes are not listed on a regulated market in Italy or in a OECD Country:

- (i) capital gains realised upon sale for consideration or redemption of the Notes by non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the Capital Gain Tax in the Republic of Italy if they are resident, for tax purposes, in a Qualifying Country (reference is at present to the Ministerial Decree 4 September 1996, as amended or integrated. Under this circumstance, if the non-Italian resident beneficial owners without a permanent establishment in Italy to which the Notes are effectively connected fall under the “*risparmio amministrato*” regime or the “*risparmio gestito*” regime, the exemption from the Capital Gain Tax will apply on the condition that they file in time appropriate documentation with the authorised financial intermediary stating that they are resident in a Qualifying Country; and
- (ii) in any event, non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with the Republic of Italy, providing that capital gains realised upon the sale or redemption of securities are to be taxed only in the country of tax residence of the seller, will not be subject to the Capital Gain Tax in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Notes. In such a case, if the non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected fall under the “*risparmio amministrato*” regime or the “*risparmio gestito*” regime, the exemption from Italian Capital Gains Tax will apply on the condition that they file the appropriate documents within the relevant time limit with the



authorised financial intermediary which include, inter alia, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

### 19.3 **Anti Abuse provisions and General Abuse of Law**

With Legislative Decree 5 August 2015, no. 128, the Italian Government introduced a new definition of "abuse of law or tax avoidance" (*abuso del diritto o elusion fiscale*) that replaces all definitions and doctrines previously developed by the Italian tax authorities and endorsed by case law. Under the new definition, abuse of law occurs when one or more transactions, formally compliant with tax law, instead are lacking economic substance and are essentially aimed at obtaining undue tax advantages. There is no abuse of law when a transaction is justified by sound and material non-tax reasons, including managerial and organizational ones, aimed at improving the structure or the functionality of the business. Consequently, it is not possible to exclude, if the parties involved are not able to demonstrate that this securitisation transaction has been implemented not essentially for the purposes of obtaining a tax saving or reduction and that there are alternative or concurring financial motivation that are not of a merely marginal or theoretical character, that the tax regime of the securitisation as herein outlined is disallowed by the Italian Tax Authority, thereby possibly causing, amongst other, the re-characterisation of the Notes as shares-like securities or in any case, securities not having the legal nature of a bond.

### 19.4 **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, on the net asset value exceeding, for each person, Euro 1 million, if the beneficiary (or donee) is the spouse or a direct ascendant or descendant;
- (b) 6 per cent, on the net asset value exceeding, for each person, Euro 100,000, if the beneficiary (or donee) is a brother or sister;
- (c) 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;
- (d) 8 per cent if the beneficiary is a person, other than those mentioned under (a) to (c), 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.

### 19.5 **Registration tax on the sale of the Notes**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarized deeds are subject to fixed registration tax at rate of Euro 200.00; (ii) private deeds are subject to registration tax where a "*caso d'uso*", an "*enunciazione*" or a voluntary registration will occur.

### 19.6 **Stamp duty on financial products and instruments held in Italy**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011, as amended from time to time, (*Decrete 201*), a proportional stamp duty applies on an annual basis to any periodic reporting communications which are sent by a financial intermediary to a client in respect of any financial instruments (including, inter alia, bonds and shares) deposited with such financial intermediary. The stamp duty applies at a rate of 0,2%; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the financial

instruments held. The stamp duty cannot exceed Euro 14,000.00 if the Noteholder is not an individual

The communication is deemed to be sent to the customers at least once a year, even for instruments for which it is not mandatory.

Under a certain interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

#### 19.7 **Stamp duty on financial products held outside of Italy**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding financial instruments (including, *inter alia*, bonds and shares) outside the Italian territory are required to pay an additional tax at a rate of 0,2% . In this case the above mentioned stamp duty provided for by Article 19(1) of Decree 201 does not apply. This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to deduct from the tax a tax credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 19(1) of Decree 201 does apply.

#### 19.8 **0,25% stamp tax on the issuance of the Notes**

If the Issuer elects for the 0,25 per cent stamp tax regime set out by Presidential Decree no. 601 of 29 September 1973 on the issuance of the Notes, this will replace stamp and documentary taxes (i.e. registration tax, mortgage taxes, cadastral taxes, etc.) otherwise applicable to the security interests, if any, related to the Notes

#### 19.9 **Tax monitoring**

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree 917) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Notes) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the beneficial owners ("*titolari effettivi*") of the instrument, as clarified by the Italian tax authority (Circular Letter No. 38/E issued by the Italian Tax Authority on 23 December 2013).

Furthermore, the above reporting requirement is not required to comply with respect to the (i) Notes deposited for management or administration with qualified Italian financial intermediaries, (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a €15,000 threshold throughout the year.

## 19.10 EU savings tax directive

On June 3, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income (the "Saving Directive") under which Member States are required starting from July 1, 2005, to provide to the tax authorities of another Member State the details of payments of interest (or similar income) paid by a person within its jurisdiction, qualifying as paying agent under the Directive, to an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain Third Countries).

A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures. Luxembourg and Austria may however elect to introduce automatic exchange of information during the transitional period, in which case they will no longer apply the withholding tax. Based on the available information, Luxembourg announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Council Directive. On March 24, 2014, the European Council adopted a revised version of the Council Directive.

On 10 November 2015, the Council of the European Union adopted the Council Directive 2015/2060/EU repealing the EU Savings Directive (the "Repealing Directive") in the case of all Member States from 1 January 2016 (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates) and from 1 January 2017 in the case of Austria and. This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (the Cooperation Directive), as amended by Council Directive 2014/107/EU as of 30 September 2017. The Cooperation Directive is aimed at broadening the scope of the operational mechanism of intra-EU automatic exchange of information in order to combat cross-border tax fraud and tax evasion. The new regime under the Cooperation Directive is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. The Cooperation Directive is generally broader in scope than the Savings Directive, although it should not impose withholding taxes.

The Saving Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree, subject to a number of important conditions being met, with respect to interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement, Italian paying agents (e.g., banks, SIMs, SGRs., financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information of the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. The same details of payments of interest (or similar income) shall be provided to the tax authorities of a number of non-EU countries and territories, which have agreed to adopt similar measures with effect from the same date. Law No. 122 of 7 July 2016 implemented in Italy the Cooperation Directive and

abolished the Decree N° 84 (subject to on-going requirements to fulfil some reporting communications and administrative obligations for the whole 2016).

Prospective investors resident in a Member State of the European Union should consult their own legal and tax advisers regarding the consequences of the Saving Directive and the Cooperation directive in their particular circumstances.

## 20. TERMS AND CONDITIONS OF THE NOTES

### Up to Euro 20,000,000 Partly Paid Asset-Backed Fixed Rate Class A Notes due December 2036

(ISIN Code: IT0005240814)

### Up to Euro 2,222,222 Partly Paid Asset-Backed Variable Return Class B Notes due December 2036

(ISIN Code: IT0005240822)

*The Terms and Conditions of the Notes are to be read in conjunction with the Prospectus.*

#### TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the *Conditions*) of the Notes (as defined below).

NPL Securitisation Europe SPV S.r.l., a limited liability company, incorporated in accordance with Italian Law No. 130 of 30 April 1999, as amended (the *Securitisation Law*), whose registered office is at Via Pestalozza 12/14, 20131 Milan (Italy), with paid-up capital of Euro 10,000.00 (ten thousand/00), which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 09686010969 and listed in the special register of securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy's Resolution dated 30 September 2014, under No. 35327.6 (the *Issuer*) has determined pursuant to its by-laws ("*statuto*") to issue on or about 3 February 2017 (the *Issue Date*) the Up to Euro 20,000,000 Partly Paid Asset-Backed Fixed Rate Class A Notes due December 2036 (the *A Notes*) and the Up to Euro 2,222,222 Partly Paid Asset-Backed Variable Return Class B Notes due December 2036 (the *B Notes*, together with the A Notes, the *Notes*) in the context of a securitisation transaction pursuant to the Securitisation Law (the *Securitisation*).

Any reference in these Conditions to:

- (a) any Transaction Document (as defined below) is to such document as from time to time amended in accordance with its provisions and to any deed or other document expressed to be supplemental to it, as from time to time so amended, and
- (b) a person acting in a specified capacity shall include references to that person's successors, permitted assignees and transferees, and any persons deriving title under or through it and/or for the time being acting in such capacity.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents (as defined below).

The A Notes shall be partly paid notes and as a consequence thereof:

- (a) on the Issue Date, the A Notes Initial Subscribers shall make the A Notes Initial Subscription Payments (as defined below) in respect of the A Notes, and
- (b) at any time during the Subscription Period (as defined below), the A Noteholders (as defined below) may make A Notes Additional Subscription Payments (as defined below) in respect of the A Notes for an amount up to and not exceeding together with the A Notes Initial Subscription Payment (in aggregate) Euro 20,000,000.00. The principal amount outstanding of the A Notes shall at any time be equal to:
  - (i) the aggregate of the A Notes Initial Subscription Payment and of all A Notes Additional Subscription Payments made at any time in respect thereof,

*minus*

- (ii) the aggregate of all principal repayments made at that time in respect thereof.

The B Notes shall be partly paid notes and as a consequence thereof:

- (a) on the Issue Date, the B Notes Initial Subscribers shall make the B Notes Initial Subscription Payments (as defined below) in respect of the B Notes, and
- (b) at any time during the Subscription Period (as defined below), the B Noteholders (as defined below) may make B Notes Additional Subscription Payments (as defined below) in respect of the B Notes for an amount up to and not exceeding together with the B Notes Initial Subscription Payment (in aggregate) Euro 2,222,222.00. The principal amount outstanding of the B Notes shall at any time be equal to:
  - (i) the aggregate of the B Notes Initial Subscription Payment and of all B Notes Additional Subscription Payments made at any time in respect thereof,

*minus*

- (ii) the aggregate of all principal repayments made at that time in respect thereof.

The principal source of payment of amounts due and payable in respect of the Notes will be collections and recoveries received by the Issuer in respect of portfolios of receivables and connected rights, satisfying the Eligibility Criteria (as defined below) and identifiable as a “pool” (“*in blocco*”), which during the Subscription Period will be purchased without recourse (*pro soluto*) by the Issuer pursuant to the Securitisation Law. The initial Portfolio (the **Initial Portfolio**), comprising non-performing receivables towards certain Insolvency Proceedings (the **Initial Receivables**) arising from loans in various technical forms owned to J-Invest S.p.A. (the **Initial Seller**), have been transferred from the Initial Seller to the Issuer pursuant a transfer agreement entered into on 17 January 2017 (the **Initial Transfer Agreement**). Pursuant to these Conditions and the Notes Subscription Agreements, during the Subscription Period (as defined below) the Issuer may purchase additional portfolios (the **Additional Portfolios** and, together with the Initial Portfolio, the **Portfolio**) of receivables and connected rights (the **Additional Receivables** and, together with the Initial Receivables, the **Receivables**) satisfying the Eligibility Criteria and identified as a “pool” (“*in blocco*”) pursuant to the block criteria to be set out in the relevant additional transfer agreements (the **Additional Transfer Agreements** and, together with the Initial Transfer Agreement, the **Transfer Agreements**).

Pursuant to the provisions of article 3, paragraph 2, of the Securitisation Law, the Receivables will be segregated from all other assets of the Issuer by operation of the Securitisation Law and, pursuant to the Intercreditor Agreement (as defined below) and these Conditions, amounts deriving therefrom will be available, both before and after a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to pay costs, fees and expenses due to the Other Secured Creditors under the Transaction Documents (each as defined below) and to pay any other creditor of the Issuer in respect of costs, liabilities, fees and/or expenses payable to any such other creditor in relation to or in connection with the Securitisation.

By a servicing agreement entered into on or about 17 January 2017 (the **Servicing Agreement**) between the Issuer and Zenith Service S.p.A. as servicer (in such capacity, the **Servicer**), Zenith Service S.p.A. has been appointed to act as Servicer of the Securitisation and to provide certain credit collection and recovery services to the Issuer in relation to the Portfolio.

The Servicer shall ensure at all times the proper segregation of the Issuer’s accounting and property from its own activities. Furthermore, in its capacity as “*soggetto incaricato della riscossione dei crediti e dei servizi di cassa e pagamento*”, the Servicer will be responsible for verifying that the transactions carried out in

connection with the Securitisation comply with the Securitisation Law and all other applicable laws and regulations and are consistent with the contents of the Prospectus (as defined below).

By a sub-servicing agreement entered into on or about 17 January 2017 (the ***Sub-Servicing Agreement***) between the Issuer, the Servicer and J-Invest S.p.A. (***J-Invest***) as sub-servicer (in such capacity, the ***Sub-Servicer***), J-Invest has been appointed by the Servicer, upon instruction of the Issuer, to act as Sub-Servicer of the Securitisation and to provide certain credit collection and recovery and related reporting services to the Issuer in relation to the Portfolio.

By a corporate services agreement (the ***Corporate Services Agreement***) entered into on or about 17 January 2017 between the Issuer and Zenith Service S.p.A. as corporate servicer (in such capacity, the ***Corporate Servicer***), the Corporate Servicer has agreed to provide certain corporate administration services to the Issuer.

By an agency agreement (the ***Cash Administration, Calculation and Paying Agency Agreement***) to be entered into on or about the Issue Date between the Issuer, The Bank of New York Mellon (Luxembourg) S.A., Italian Branch (the ***Account Bank*** and the ***Paying Agent***), the Account Bank and the Paying Agent shall agree, *inter alia*, to hold the Collections Account and the Payments Account (each as defined by reference below) opened with it on behalf of the Issuer and the operation of such accounts and to make payments under the Notes.

By an intercreditor agreement (the ***Intercreditor Agreement***) to be entered into on or about the Issue Date, between the Issuer, the Servicer, the Sub-Servicer, the Account Bank, the Paying Agent and the Corporate Servicer, the parties thereto shall agree upon the allocation of the cash flows of the proceeds in respect of the Portfolio and the priority and limited recourse rights of the Secured Creditors in respect thereof.

Copies of the Transaction Documents (as defined below) are available for inspection at the registered office of the Issuer.

The Issuer is entitled to enter into Financing Agreements (as defined below) with a Financier (as defined below) in order to be made available of the funds necessary to pay any amount provided for under paragraph (a), sub-paragraphs (i) and (ii) of each Priority of Payments (as defined below). Amounts to be drawn down under each Financing Agreement shall be credited into the Collections Account and be considered for the purposes of the Maintenance Amount (as defined below).

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Transaction Documents (as defined below) applicable to them. In particular, each Noteholder, by reason of holding one or more Notes, agrees to be bound by the terms of the Transaction Documents to which it is a party.

## 1. Definitions

In these Conditions (to the extent such terms are used herein):

***A Noteholders*** means, at any time, the holders of the A Notes.

***A Notes Additional Subscription Payments*** means each additional subscription payment to be made by the A Noteholders under Condition 2.6 (***Form, Denomination, Title and Additional Subscription Payments – Notes Additional Subscription Payments***) required by the Issuer to fund the purchase of Additional Portfolios.

***A Notes Initial Subscribers*** means the initial subscribers of the Class A Notes.

***A Notes Initial Subscription Payment*** means the initial subscription payment equal in the aggregate

to Euro 61,579.80 which will be made by the A Notes Initial Subscriber on the Issue Date upon subscription of the A Notes.

**A Notes** means the Up to Euro 20,000,000 Partly Paid Asset-Backed Fixed Rate A Notes due December 2036 issued by the Issuer on the Issue Date.

**A Notes Notional Amount** means the notional amount of all A Notes, being equal to Euro 20,000,000 in aggregate.

**Account Bank** means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, a bank incorporated under the laws of Luxembourg, having its registered office at 2-4, rue Eugène Ruppert, L-2453, Luxembourg, acting through its Italian branch, enrolment in the companies' register of Milan number 05694250969 and/or or such other entity appointed as its successor by the Issuer with the consent of the majority of the Noteholders and in accordance with the terms of the relevant Transaction Documents.

**Additional Portfolios** means any portfolio of Additional Receivables.

**Additional Receivables** means any receivables, other than the Initial Receivables, that the Issuer may elect to purchase during the Subscription Period pursuant to the provisions of the Securitisation Law, comprising receivables satisfying the Eligibility Criteria and identifiable as a "pool" ("in blocco") on the basis of the Common Block Criteria set out in the relevant Additional Transfer Agreement.

**Additional Transfer Agreements** means any of the transfer agreements entered into by the Issuer during the Subscription Period for the acquisition of Additional Portfolios.

**Available Funds** means, on each Calculation Date, the amount as having been received by the Issuer during the immediately preceding Collection Period and which is the sum of:

- (a) all Collections relating to that Collection Period (including, in relation to the first Collection Period, all Collections received by the Issuer from its incorporation to the end of the first Collection Period) and paid into or credited to the Collections Account and Payments Account;
- (b) all amounts of interest (if any) accrued on and credited to the Collections Account and the Payments Account during that Collection Period; and
- (c) any amount paid to the Issuer during that Collection Period pursuant to the Transaction Documents including, for the avoidance of doubt:
  - (i) any amounts however received or recovered in respect of each Portfolio;
  - (ii) any amounts received pursuant to the indemnities contained in each of the Transaction Documents;
  - (iii) any sum advanced to the Issuer under any Financing Agreement to be used to pay any amount provided for under paragraph (a), sub-paragraphs (i) and (ii) of each Priority of Payments; and
  - (iv) any amount not paid on the immediately preceding Payment Date, as applicable, as B Notes Variable Return due to the rounding provided for in Condition 5 (*Interest and B Notes Variable Return*).

**B Notes Variable Return Determination Date** means any Calculation Date or the date of determination of the B Notes Note Variable Return upon the service of an Issuer Enforcement Notice



or the occurrence of an Issuer Insolvency Event, as provided for in Condition 10 below (*Issuer Enforcement Events and Issuer Insolvency Events*).

**B Noteholders** means, at any time, the holders of the B Notes.

**B Notes Additional Subscription Payments** means each additional subscription payment to be made by the B Noteholders under Condition 2.6 (*Form, Denomination, Title and Additional Subscription Payments – Notes Additional Subscription Payments*) required by the Issuer to fund the purchase of Additional Portfolios.

**B Notes Initial Subscribers** means the initial subscribers of the Class B Notes.

**B Notes Initial Subscription Payment** means the initial subscription payment equal in the aggregate to Euro 6,842.20 which will be made by the B Notes Initial Subscriber on the Issue Date upon subscription of the B Notes.

**B Notes** means the Up to Euro 2,222,222 Partly Paid Asset-Backed Variable Return B Notes due December 2036 issued by the Issuer on the Issue Date.

**B Notes Notional Amount** means the notional amount of all B Notes, being equal to Euro 2,222,222 in aggregate.

**B Notes Variable Return** has the meaning given to it in Condition 5.10 (*B Notes Variable Return – Amount of the B Notes Variable Return*).

**Business Day** means the day on which banks are open for business in Milan, London and Paris and the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET 2) System (or any successor thereto) is open.

**Calculation Date** means, in respect of any Payment Date, the date falling 4 (four) Business Days prior to that Payment Date.

**Cash Administration, Calculation and Paying Agency Agreement** shall have the meaning given to it in the Recitals.

**Class** means, in respect of Notes or Noteholders, the A Notes or the B Notes, as the case may be, or the respective holders thereof, as the context may require.

**Collection Date** means in respect of any Payment Date the date falling 9 (nine) Business Days prior to any Payment Date.

**Collection Period** means:

- (a) in the case of the first Collection Period, the period commencing on the Issue Date and ending on (but excluding) the next succeeding Collection Date; and
- (b) in the case of the following Collection Periods, the monthly period commencing on (and including) the relevant Collection Date and ending on (but excluding) the next succeeding Collection Date.

**Collections Account** means the Euro denominated bank account opened in the name of the Issuer with the Account Bank (or any other current account opened in the name of the Issuer with the consent of the majority of the Noteholders and notified to the Servicer) on which Collections will be credited and which will be operated in accordance with the Cash Administration, Calculation and Paying Agency Agreement.

**Collections** means all the amounts collected and/or received in relation to the Receivables (including as a consequence of the sale of such Receivables to third parties) and/or any proceed deriving from any Eligible Investment.

**Common Block Criteria** means, in respect of a Portfolio, the criteria (“*criteri di blocco*”) set out in the relevant Transfer Agreement identifying the Receivables contained in that Portfolio as a “pool” pursuant to the Securitisation Law.

**Conditions** means these terms and conditions of the Notes and any reference to a **Condition** shall be construed accordingly.

**Consob** means Commissione Nazionale per le Società e la Borsa.

**Consob Resolution on Markets** means the regulation adopted by Consob with Resolution No. 16191 of 29 October 2007 as amended from time to time, containing rules implementing the provisions on markets set out in the Financial Laws Consolidated Act.

**Corporate Servicer** means Zenith Service S.p.A. or such other entity appointed as its successor by the Issuer with the consent of the majority of the Noteholders and in accordance with the terms of the relevant Transaction Documents.

**Corporate Services Agreement** shall have the meaning given to it in the Recitals.

**Decree 27/2010** means Italian Legislative Decree No. 27 of 27 January 2010.

**Deposit Account** means the deposit account which may be opened with any authorised bank by the Issuer in its name, on which will be deposited each Receivable having the form of bonds or any other debt instrument issued by companies and purchased from time to time in the context of the Securitisation.

**Depository Bank** means Cassa di Risparmio in Bologna S.p.A., a bank incorporated under the laws of Italy in the form of a joint-stock company with registered office in Via Farini 22, 40124 Bologna, Italy, VAT code and registration number with the Companies’ Register of Bologna 02089911206, enrolled with the Bank Register (*Albo delle Banche*) under no. 5466, part of the Intesa Sanpaolo Banking Group, enrolled with the Banking Groups Register (*Albo dei Gruppi Bancari*), in its capacity as depository bank or any other primary or international bank, as identified by the Issuer with the consent of the Representative of the Noteholders.

**Dissenting Noteholder** has the meaning ascribed to it under Condition 2.10.

**Eligibility Criteria** means the following eligibility criteria satisfied by each Initial Receivables and to be satisfied by each Additional Receivables in order to be eligible for purchase by the Issuer in the context of the Securitisation: (i) non performing receivables against insolvency procedures (even where the insolvency procedure is no longer outstanding at the time of the purchase) (ii) bonds or notes issued by companies in insolvency or having gone through an insolvency procedure and (iii) non performing receivables against individuals.

**Eligible Investments** means any investment made with respect to the amounts from time to time standing to the credit of the Investments Account which shall be made exclusively as follows:

- (a) debt securities (“*titoli obbligazionari*”) with a rating not lower than BBB- issued by Standard and Poor’s LLC (or an equivalent rating issued by another External Credit Assessment Institution (**ECAI**)) having a maturity date falling no later than 2 Business Days prior to the immediately following Calculation Date;

- (b) current accounts repayable on demand (“*conti deposito non vincolanti*”) opened with the Account Bank or with any other bank having a rating not lower than BBB- issued by Standard and Poor’s LLC (or an equivalent rating issued by another ECAI);
- (c) repurchase agreements (“*pronti contro termine*”) with the Account Bank or with any other bank having a rating not lower than BBB- issued by Standard and Poor’s LLC (or an equivalent rating issued by another ECAI) having a maturity date falling no later than 2 Business Days prior to the immediately following Calculation Date;
- (d) unsubordinated debt securities (“*titoli obbligazionari*”) or other debt instruments, provided that:
  - (i) such investments are immediately repayable on demand or disposable with a maximum penalty cost equal to the interest accrued but not yet paid, or have a maturity date falling no later than 2 Business Days prior to the immediately following Calculation Date;
  - (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount); and
  - (iii) such investments are issued and held in a dematerialised form (“*in forma dematerializzata*”),

it being understood that any interest and any other amount paid in respect to such investments shall be credited to the Investments Account and shall be transferred to the Collections Account.

**European Wholesale Securities Market** means the European Wholesale Securities Market, the regulated market operated by European Wholesale Securities Market Limited (and authorised and supervised by the Malta Financial Services Authority).

**Final Maturity Date** means the Payment Date falling on 30 December 2036.

**Financial Laws Consolidated Act** means Italian Legislative Decree No. 58 of 24 February 1998, as amended.

**Financier** means J-Invest S.p.A. or any primary bank or financial intermediary authorised to carry out lending activity in Italy, identified by the Representative of the Noteholders.

**Financing Agreement** means each financing agreement which the Issuer is entitled to enter into with a Financier in order to be made available of the funds necessary to pay any amount provided for under paragraph (a), sub-paragraphs (i) and (ii) of each Priority of Payments.

**Further Purchase Date** means the date on which the Purchase Price for an Additional Portfolio is due to be paid pursuant to the relevant Additional Transfer Agreement.

**Indebtedness** means any indebtedness of any person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;
- (c) the amount of any liability in respect of leases which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the

payment of which is deferred for a period in excess of 30 (thirty) days; and

- (e) amounts raised under any other transaction (including without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing.

**Initial Portfolio** shall have the meaning given to it in the Recitals.

**Initial Receivables** shall have the meaning given to it in the Recitals.

**Initial Transfer Agreements** shall have the meaning given to it in the Recitals.

**Insolvency Proceedings** means bankruptcy (“*fallimento*”) or any other insolvency procedure (“*procedura concorsuale*”) in Italy or analogous proceedings in any jurisdiction (as the case may be), including, but not limited to, any reorganisation measure (“*procedura di risanamento*”) or winding-up proceedings (“*procedura di liquidazione*”), of any nature, court settlement with creditors in pre-bankruptcy proceedings (“*concordato preventivo*”), out-of-court settlements with creditors (“*accordi di ristrutturazione dei debiti*”), extraordinary administration (“*amministrazione straordinaria*”, including “*amministrazione straordinaria delle grandi imprese in crisi*”), compulsory administrative liquidation (“*liquidazione coatta amministrativa*”) or similar proceedings or measures.

**Intercreditor Agreement** shall have the meaning given to it in the Recitals.

**Investment Account** means the bank account which the Issuer is entitled to open with the Depository Bank on which the Account Bank, upon instruction of the Issuer, will transfer the Collections standing to the credit of the Collections Account so that, if deemed opportune by it, the Issuer will make Eligible Investments with such sums. Any sum standing to the credit of the Investments Account will be transferred to the Collections Account within 2 Business Days prior to the Calculation Date.

**Issue Date** means the date of issue of the Notes, being on or about 3 February 2017.

**Issuer Enforcement Event** has the meaning given to it in Condition 10 (*Issuer Enforcement Events and Issuer Insolvency Events*).

**Issuer Enforcement Notice** has the meaning given to it in Condition 10 (*Issuer Enforcement Events and Issuer Insolvency Events*).

**Issuer Insolvency Event** has the meaning given to it in Condition 10 (*Issuer Enforcement Events and Issuer Insolvency Events*).

**Issuer** means NPL Securitisation Europe SPV S.r.l., a limited liability company incorporated in accordance with the Securitisation Law (as defined below), whose registered office is at Via Pestalozza 12/14, 20131 Milan (Italy), with paid-up capital of Euro 10,000.00 (ten thousand/00), which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 0968601 0969 and listed in the special register of securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy’s Resolution dated 30 September 2014, under No. 35327.6.

**Italian Banking Act** means Legislative Decree No. 385 of 1 September 1993, as amended.

**Italian Civil Code** means the Royal Decree No. 262 of 16 March 1942, as amended.

**Law 239 Withholding** means any withholding or deduction on account of “*imposta sostitutiva*” pursuant to Italian Legislative Decree No. 239 of 1 April 1996.

**Maintenance Amount** means the amount to be credited on each Payment Date on the Collections

Account necessary to cover the items set out in sub-paragraphs 3.4(a)(i) and (ii) of paragraph (a) of each Priority of Payments for the immediately succeeding Payment Period, in accordance with the calculation provided by the Servicer and/or the Sub-Servicer.

**Maximum Redemption Amount** has the meaning give to it in Condition 3.4(e).

**Meeting** has the meaning ascribed to it in Condition 12 (*Resolutions and Meetings of Noteholders*).

**Monte Titoli Account Holder** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli.

**Monte Titoli Documentation** means any document and agreement relating to the issue in dematerialised form and common management (“*gestione accentrata*”) of the Notes.

**Monte Titoli** means Monte Titoli S.p.A..

**Noteholders** means each person which holds from time to time the Notes in accordance with any applicable laws and regulations and these Conditions.

**Notes Additional Subscription Drawdown Date** means the date upon which the Noteholders are required to make Notes Additional Subscription Payments and which is set by the relevant Notes Additional Subscription Notice.

**Notes Additional Subscription Notice Date** means the date of a Notes Additional Subscription Notice.

**Notes Additional Subscription Notice** means a notice to be served by the Issuer (or the Sub-Servicer on behalf of the Issuer) under the Notes Subscription Agreements setting out the Issuer’s intention to purchase one or more Additional Portfolio(s) and indicating, amongst other things, a description of the relevant Additional Portfolios and their relevant Purchase Price, the Notes Additional Subscription Payments to be made by the Noteholders, the amount of Further Purchases Available Funds that will be used to fund the purchase of the relevant Additional Portfolio(s), the Notes Additional Subscription Drawdown Date and the Further Purchase Date.

**Notes Additional Subscription Payments** means, collectively, the A Notes Additional Subscription Payments and the B Notes Additional Subscription Payments.

**Notes Initial Subscribers** mean, collectively, the A Notes Initial Subscriber and the B Notes Initial Subscriber.

**Notes Initial Subscription Payment** means, collectively, A Notes Initial Subscription Payment and the B Notes Initial Subscription Payment.

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

**Notes Notional Amount** means, collectively, the A Notes Notional Amount and the B Notes Notional Amount, being equal to Euro 22,222,222 in aggregate.

**Notes Subscription Agreement** shall have the meaning given to it in the Recitals.

**Notes Subscription Payments** means, collectively, the Notes Initial Subscription Payments and the Notes Additional Subscription Payments.

**Other Secured Creditor** means the Secured Creditor with the exception of the Noteholders.

**Paying Agent** means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, a bank

incorporated under the laws of Luxembourg, having its registered office at 2-4, rue Eugène Ruppert, L-2453, Luxembourg, acting through its Italian branch, enrolment in the companies' register of Milan number 05694250969, and/or or such other entity appointed as its successor by the Issuer with the consent of the majority of the Noteholders and in accordance with the terms of the relevant Transaction Documents.

**Payment Date** means:

- (a) the 30 June and the 30 December of each year;
- (b) such other date as indicated to the Issuer and the Other Secured Creditors by the majority of the Noteholders; and
- (c) in the case of the first Payment Date, 30 June 2017,

provided that, if any such day is not a Business Day, the relevant Payment Date will fall on the immediately succeeding Business Day.

**Payment Period** means, in respect of each Note, each period from (and including) a Payment Date to (but excluding) the next Payment Date. The first Payment Period shall be the period from (and including) the Issue Date to (but excluding) the Payment Date falling on the first Payment Date.

**Payments Account** means the Euro denominated bank account opened in the name of the Issuer with the Account Bank (or any other current account opened in the name of the Issuer, with the prior consent of the Noteholders, and notified to the Servicer) which will be operated in accordance with the Cash Administration, Calculation and Paying Agency Agreement and on which will be credited the relevant Available Funds prior to each Payment Date in order to subsequently carry out the relevant payments in accordance with the Priority of Payments.

**Payments Report** means the report, substantially in the form set out in the Servicing Agreement and in the Cash Administration, Calculation and Paying Agency Agreement (or in such other form agreed between the Servicer and the Paying Agent), to be prepared on a semi-annual basis by the Servicer on each Calculation Date, setting out the allocation of the Available Funds as of that Payment Date in accordance with the applicable Priority of Payments.

**Portfolio** means, collectively, the Initial Portfolio purchased by the Issuer on 17 January 2017 and any Additional Portfolio from time to time purchased by the Issuer during the Subscription Period.

**Post-Enforcement Priority of Payments** has the meaning given to it in Condition 3.5 (*Status and Relationship between the Notes – Priority of Payments following Enforcement*).

**Pre-Enforcement Priority of Payments** has the meaning given to it in Condition 3.4 (*Status and Relationship between the Notes – Priority of Payments prior to Enforcement*).

**Principal Amount Outstanding** means, on any date in relation to a Note:

- (a) the Notes Subscription Payments paid prior to such date in respect of that Note, less
- (b) the aggregate amount of principal repayments made prior to such date in respect of that Note.

**Principal Payment** has the meaning given to it in Condition 6.6 (*Redemption, Purchase and Cancellation of the Notes – Principal Payments and Principal Amount Outstanding*).

**Priority of Payments** means the Pre-Enforcement Priority of Payments or the Post-Enforcement

Priority of Payments, as the case may be.

**Prospectus** means the prospectus relating to the Securitisation produced by the Issuer pursuant to article 2 of the Securitisation Law.

**Purchase Price** means, with respect to any Additional Portfolio, the relevant purchase price to be paid by the Issuer pursuant to the relevant Additional Transfer Agreement.

**Receivables** shall have the meaning given to it in the Recitals.

**Regulation 22 February 2008** means the regulation jointly issued by the Consob and the Bank of Italy on 22 February 2008, as amended from time to time.

**Relevant Notes** has the meaning given to it in Condition 15 (*Limited Recourse*).

**Relevant Obligation** has the meaning given to it in Condition 15 (*Limited Recourse*).

**Representative of the Noteholders** means the entity appointed from time to time as representative of the Noteholders, being, as at the Issue Date, J-A Holding S.r.l..

**Sale Period** has the meaning ascribed to it under Condition 2.10.

**Secured Creditors** means the Noteholders, the Account Bank, the Paying Agent, the Servicer, the Sub-Servicer, the Financier and the Corporate Servicer.

**Securitisation Law** means Italian Law No. 130 of 30 April 1999, as amended.

**Securitisation** means the securitisation of the Portfolio carried out by the Issuer through the issuance of the Notes pursuant to the Securitisation Law.

**Servicer** means Zenith Service S.p.A., a joint-stock company incorporated under the laws of Italy with registered office at Via Guidubaldo del Monte 61, 00197 Rome, Italy and administrative office at Via A. Pestalozza n. 12/14, 20131 Milan, Italy, with paid-up capital of Euro 2,000,000.00, which is registered in the Companies Register of Milan (Italy) with Tax and VAT registration number 02200990980, in the general register ("*Elenco Generale*") held by the Bank of Italy pursuant to article 106 of the Italian Banking Act (as defined below) with number 32819 and in the special register held by the Bank of Italy pursuant to article 107 of the Italian Banking Act and/or or such other entity appointed as its successor by the Issuer with the consent of the majority of the Noteholders and in accordance with the terms of the relevant Transaction Documents.

**Servicing Agreement** shall have the meaning given to it in the Recitals.

**Subscription Period** means the period beginning on the Issue Date and ending on the earlier of:

- (a) the date falling 6 months after the Issue Date or such later date as may be (x) proposed by the Issuer and approved by an Extraordinary Resolution of the Noteholders and/or (y), in any case falling no longer than 9 months after the Issue Date, proposed by the Issuer upon instruction of the Sub-Servicer;
- (b) the date on which an Issuer Enforcement Notice is served on the Issuer in accordance with Condition 10.2 (*Issuer Enforcement Events and Issuer Insolvency Events*);
- (c) the date on which an Issuer Insolvency Event occurs pursuant to Condition 10.3 (*Issuer Enforcement Events and Issuer Insolvency Events*); and
- (d) the date on which any third party purchases from a Noteholder the Notes without executing

an accession letter to the Notes Subscription Agreement in accordance with the Notes Subscription Agreement.

**Sub-Servicer** means J-Invest S.p.A., a joint stock company incorporated in accordance with the laws of Italy, with its registered office at Via Castiglione 8, 40124 Bologna (Italy), which is registered in the Companies Register of Bologna (Italy) with Tax and VAT registration number 06110740963 and enrolled with the general register (“*Elenco Generale*”) held by the Bank of Italy pursuant to article 106 of the Italian Banking Act with number 40764 and/or or such other entity appointed as its successor by the Issuer with the consent of the majority of the Noteholders and in accordance with the terms of the relevant Transaction Documents.

**Sub-Servicing Agreement** shall have the meaning given to it in the Recitals.

**Supplemental Prospectus** means each supplement to the Prospectus relating to the Securitisation which will be produced by the Issuer in connection with each Notes Additional Subscription Payment.

**Transaction Accounts** means the Collections Account, the Payments Account, the Investments Account, the Deposit Account and any other account designated as such by the Issuer with the prior consent of the Representative of the Noteholders.

**Transaction Documents** means the Notes Subscription Agreement, the Monte Titoli Documentation, the Transfer Agreements, the Cash Administration, Calculation and Paying Agency Agreement, the Servicing Agreement, the Sub-Servicing Agreement, the Intercreditor Agreement, the Corporate Services Agreement, any Financing Agreement, the Prospectus and any Supplemental Prospectus.

**Transfer Agreements** means the Initial Transfer Agreements and the Additional Transfer Agreements.

## **2. Form, Denomination, Title and Notes Additional Subscription Payments**

### **Form of Notes**

2.1 The Notes will be issued in bearer and dematerialised form (“*emesse in forma dematerializzata*”) on the terms and subject to the provisions of 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 the provisions set out in Part III, Title II of the Financial Laws Consolidated Act (as amended by Decree 27/2010), Consob Resolution on Markets and Regulation 22 February 2008.

### **Denomination of A Notes**

2.2 The A Notes will be issued in denomination of minimum Euro 100,000 (with the possibility to make A Notes Additional Subscription Payments of at least Euro 100,000) provided, however, that the principal amount of an A Note shall be equal to:

- (a) on the Issue Date, Euro 61,579.80 corresponding to the A Notes Initial Subscription Payment made in respect of such A Notes; and
- (b) on any date thereafter, the Principal Amount Outstanding of such A Note.



### **Denomination of B Notes**

- 2.3 The B Notes will be issued in denomination of minimum Euro 1,00 (with the possibility to make B Notes Additional Subscription Payments of at least Euro 0.01) provided, however, that the principal amount of a B Note shall be equal to:
- (a) on the Issue Date, Euro 6,842.20 corresponding to the B Notes Initial Subscription Payment made in respect of such B Notes; and
  - (b) on any date thereafter, the Principal Amount Outstanding of such B Note.

### **Title to Notes**

- 2.4 Title to the Notes will at all times be evidenced by book-entries in accordance with the provisions of article 83-*quater* of the Financial Laws Consolidated Act (as amended by Decree 27/2010) and Regulation 22 February 2008. No physical document of title shall be issued in respect of the Notes.

### **Notes Initial Subscription Payments**

- 2.5 The A Notes Initial Subscriber shall (upon purchase of the A Notes) make the A Notes Initial Subscription Payment in respect of the A Notes and the B Notes Initial Subscriber shall (upon purchase of the B Notes) make the B Notes Initial Subscription Payment in respect of the B Notes.

### **Notes Additional Subscription Payments**

- 2.6 Subject to the procedure described under this Condition 2 (*Form, Denomination, Title and Notes Additional Subscription Payments*), during the Subscription Period, if so requested by the Issuer (or the Sub-Servicer on behalf of the Issuer) by means of a Notes Additional Subscription Notice:
- (a) the A Noteholders may, but shall not be obliged to, make A Notes Additional Subscription Payments in order to provide the Issuer with the funds required to purchase the relevant Additional Portfolio as described in the relevant Notes Additional Subscription Notice provided, however, that such A Notes Additional Subscription Payments shall not exceed in aggregate an amount equal to the difference between:
    - (i) the A Notes Notional Amount; and
    - (ii) the aggregate of the A Notes Initial Subscription Payment and all A Notes Additional Subscription Payments paid prior to such date; and
  - (b) the B Noteholders may, but shall not be obliged to, make B Notes Additional Subscription Payments in order to provide the Issuer with the funds required to purchase the relevant Additional Portfolio as described in the relevant Notes Additional Subscription Notice provided, however, that such B Notes Additional Subscription Payments shall not exceed in aggregate an amount equal to the difference between:
    - (i) the B Notes Notional Amount; and
    - (ii) the aggregate of the B Notes Initial Subscription Payment and all B Notes Additional Subscription Payments paid prior to such date.
- 2.7 By serving the relevant Notes Additional Subscription Notice the Issuer (or the Sub-Servicer on behalf of the Issuer) shall notify to the Noteholders the intention to purchase one or more Additional Portfolios. Such Notes Additional Subscription Notice shall indicate:

- (a) a description of the relevant Additional Portfolio and its relevant Purchase Price, and in particular:
  - (i) the face value of the relevant Additional Receivables; and
  - (ii) the details of the originator and the seller of the relevant Additional Receivables;
- (b) the Notes Additional Subscription Payments to be made by the Noteholders;
- (c) the Notes Additional Subscription Drawdown Date; and
- (d) the approximate Further Purchase Date.

2.8 The Notes Additional Subscription Notice may also include (if not otherwise provided to the Noteholders) an investor report, prepared by the Sub-Servicer on behalf of the Issuer, which may include, *inter alia*, the following additional information:

- (a) the purchase price and any transaction costs payable by the Issuer;
- (b) indicative information relating to:
  - (i) best case/worse case recovery analysis; and
  - (ii) expected date of distributions of the relevant Additional Receivables,

provided that, the Issuer will provide, upon reasonable request of the Noteholder and to the extent available, any additional information relating to the Additional Receivables.

2.9 Within 5 (five) Business Days of receipt of a Notes Additional Subscription Notice each Noteholder shall address a notice to the Issuer (with a copy to the Sub-Servicer) giving or denying the consent to the purchase of the relevant Additional Portfolio. If a Noteholder does not express its consent or denial within 5 (five) Business Days of receipt of a Notes Additional Subscription Notice, such Noteholder's silence will be deemed to be a consent to the purchase of the relevant Additional Portfolio. If no express denial is served by any Noteholder within 5 (five) Business Days of receipt of a Notes Additional Subscription Notice, the Noteholders will be obliged to carry out the relevant Notes Additional Subscription Payment.

2.10 In the event of the denial to the purchase of an Additional Portfolio expressed by a Noteholder in the forms provided for under Condition 2.9 above (each a ***Dissenting Noteholder***) the following shall occur:

- (a) in the event that each of the Noteholders who expressed its denial:
  - (i) sells its Notes to any other consenting Noteholder within the following 10 Business Days from the communication of the denial (the ***Sale Period***); or
  - (ii) within 5 Business Days from the end of the Sale Period, the option right provided for in the Notes Subscription Agreements is exercised in relation to all the Notes owned by the Dissenting Noteholder;

the purchase of the Additional Portfolio shall be implemented anyway by the Issuer (provided that all the other Notes Additional Subscription Payments are made); or

- (b) if what described in paragraph (a) above does not occur in relation to all the Notes held by the Dissenting Noteholder:

- (i) the Issuer shall not be authorised to proceed with the purchase of the Additional Portfolio;
- (ii) no Notes Additional Subscription Payment shall be due by any Noteholder; and
- (iii) the Notes Additional Subscription Payments already made shall be paid back to the relevant Noteholders without the payment of any interest or other amount by the Issuer.

2.11 Any Notes Additional Subscription Notice shall be notified by the Issuer (or the Sub-Servicer on behalf of the Issuer), in the manner provided by Condition 14 (*Notices and Information*).

### **3. Status and priority**

#### **Status and Relationship between the Notes**

- 3.1 The Notes constitute direct and limited recourse obligations of the Issuer.
- 3.2 The Notes constitute obligations solely of the Issuer and do not constitute obligations of, and are not guaranteed or secured by, any of the other parties to the Transaction Documents. The obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered in respect of each Portfolio and the Transaction Documents. Each Noteholder acknowledges that the limited recourse nature of the Notes produces the effect under Italian law of a “*contratto aleatorio*” and accepts the consequences thereof, including the consequences of article 1469 of the Italian Civil Code.
- 3.3 The A Notes will rank *pari passu* without preference or priority amongst themselves both in terms or payment of interest and repayment of principal. The B Notes will rank *pari passu* without preference or priority amongst themselves both in terms or payment of variable return and repayment of principal. The A Notes will rank in priority to the B Notes both in terms of payment of interest and repayment of principal. The rights of the Noteholders in respect of priority of payment of interest and principal are set out in Condition 3.4 (*Status and Relationship between the Notes – Priority of Payments prior to Enforcement*) and Condition 3.5 (*Status and Relationship between the Notes – Priority of Payments following Enforcement*), as the case may be, and are subject to the provisions of the Intercreditor Agreement. Payments in respect of the Notes are subordinated to certain prior ranking amounts due from the Issuer as set out in Condition 3.4 (*Status and Relationship between the Notes – Priority of Payments prior to Enforcement*) and Condition 3.5 (*Status and Relationship between the Notes – Priority of Payments following Enforcement*), as the case may be, and are subject to the provisions of the Intercreditor Agreement.

#### **Priority of Payments prior to Enforcement**

- 3.4 Prior to the delivery of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, the Available Funds shall be applied on each Payment Date in the following order of priority (the ***Pre-Enforcement Priority of Payments***) in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full:
  - (a) to pay *pari passu* and *pro rata* according to the respective amounts thereof:
  - (i) the portion attributable to the Securitisation of costs and expenses, including taxes, payable when due in order to preserve the corporate existence of the Issuer, maintaining it in good standing or in compliance with applicable laws and fees to the directors and auditors (if any) of the Issuer which have not been already met by applying the Maintenance Amount;

- (ii) all outstanding fees, costs, expenses and taxes incurred and other amounts due by the Issuer in connection with the Securitisation to persons who are not party to the Intercreditor Agreement (including amounts which may become due by the Issuer to any transferors of the Portfolio under the relevant Transfer Agreements) which have not been already met by applying the Maintenance Amount; and
  - (iii) the amounts necessary to replenish the Collections Account up to the Maintenance Amount;
- (b) to pay *pari passu* and *pro rata* according to the respective amounts thereof any fees and expenses due and payable to the Other Secured Creditors pursuant to each relevant Transaction Document;
  - (c) *pari passu* and *pro rata*, in satisfaction of all interest due and payable on the A Notes as at such Payment Date;
  - (d) to make, *pari passu* and *pro rata*, Principal Payments on the A Notes;
  - (e) upon redemption of the Principal Amount Outstanding of the A Notes, to make, *pari passu* and *pro rata*, Principal Payments on the B Notes up to an amount equal to the Principal Amount Outstanding on the B Notes as at that Payment Date, provided however that no such Principal Payments shall cause the Principal Amount Outstanding on the B Notes to be redeemed to an amount exceeding 99% (ninety-nine percent) of the Principal Amount Outstanding on the B Notes (the **Maximum Redemption Amount**) at such Payment Date (before making the Principal Payments)
  - (f) to pay the B Notes Variable Return and, on the earlier of:
    - (i) the Final Maturity Date, or
    - (ii) the Payment Date coinciding with, or immediately following, the date on which there are no further amounts due to be paid in respect of any Receivables,

*pari passu* and *pro rata*, according to the respective amounts thereof, in or towards satisfaction of the repayment of the remaining portion of the Principal Amount Outstanding of the B Notes.

It being agreed that the payments under paragraphs (a)(i) and (a)(ii) above may be made by the Issuer, if so instructed by the Servicer, the Sub-Servicer and/or the Corporate Servicer, on a date which is not a Payment Date by utilising the amounts standing to the credit of the Collections Account, if such fees, costs, expenses and taxes become due and payable at any date other than an Payment Date.

It being further agreed that any amount standing to the credit of the Collections Account can be transferred to the Investments Account in order for the Issuer to carry out, with respect to such Collections, Eligible Investments, provided that any amount standing to the credit of the Investments Account shall be re-transferred to the Collections Account within 2 Business Days prior to each Calculation Date.

### **Priority of Payments following Enforcement**

3.5 Following delivery of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, the Available Funds shall be applied in the following order of priority (the **Post-Enforcement**

**Priority of Payments**) in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full and subject to insolvency law:

- (a) to pay *pari passu* and *pro rata* according to the respective amounts thereof:
  - (i) the portion attributable to the Securitisation of costs and expenses, including taxes, payable when due in order to preserve the corporate existence of the Issuer, maintaining it in good standing or in compliance with applicable laws and fees to the directors and auditors (if any) of the Issuer which have not been already met by applying the Maintenance Amount;
  - (ii) all outstanding fees, costs, expenses and taxes incurred and other amounts due by the Issuer in connection with the Securitisation to persons who are not party to the Intercreditor Agreement (including amounts which may become due by the Issuer to any transferors of the Portfolio under the relevant Transfer Agreements) which have not been already met by applying the Maintenance Amount; and
  - (iii) the amounts necessary to replenish the Collections Account up to the Maintenance Amount;
- (b) to pay *pari passu* and *pro rata* according to the respective amounts thereof any fees and expenses due and payable to the Other Secured Creditors pursuant to each relevant Transaction Document;
- (c) *pari passu* and *pro rata*, in satisfaction of all interest due and payable on the A Notes;
- (d) to make, *pari passu* and *pro rata*, Principal Payments on the A Notes;
- (e) upon redemption of the Principal Amount Outstanding of the A Notes, to make, *pari passu* and *pro rata*, Principal Payments on the B Notes up to the relevant Maximum Redemption Amount; and
- (f) to pay the B Notes Variable Return and, before the earlier of:
  - (i) the Final Maturity Date Notes, or
  - (ii) the date coinciding with, or immediately following, the date on which there are no further amounts due to be paid in respect of any Receivables,  
*pari passu* and *pro rata*, according to the respective amounts thereof, in or towards satisfaction of the repayment of the remaining portion of the Principal Amount Outstanding of the B Notes,

it being agreed that the payments under paragraphs (a)(i) and (a)(ii) may be made by the Issuer, if so instructed by the Servicer, the Sub-Servicer and/or the Corporate Servicer, on a date which is not a Payment Date by utilising the amounts standing to the credit of the Collections Account, if such fees, costs, expenses and taxes become due and payable at any date other than an Payment Date.

It being further agreed that any amount standing to the credit of the Collections Account can be transferred to the Investments Account in order for the Issuer to carry out, with respect to such Collections, Eligible Investments, provided that any amount standing to the credit of the Investments Account shall be re-transferred to the Collections Account within 2 Business Days prior to each Calculation Date.

#### **4. Covenants**

Except with the prior approval of an Extraordinary Resolution of the Noteholders or unless so provided in the Transaction Documents, the Issuer shall not (to the extent permitted by Italian law) (where applicable, call a quotaholders' meeting in order to), for so long as any Note remains outstanding:

##### **Negative Pledge**

- (a) create or permit to subsist any mortgage, charge, pledge, lien (unless arising by operation of law) or other encumbrance or security interest of any kind including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction over the whole or any part of its present or future assets, revenues (including any uncalled capital) or undertaking except where the above is made in connection with any Further Securitisation pursuant to paragraph (l) below (*Further Securitisations*);

##### **Restrictions on Activities**

- (b) with the exception of activities related to the issue of Further Notes carry on any business other than as described in the Prospectus and in respect of that business, shall not engage in any activity or do anything whatsoever except that the Issuer shall be entitled to:
  - (i) enter into the Transaction Documents to which it is required to be a party and preserve, exercise and/or enforce any of its rights and perform and observe its obligations under and pursuant to the Transaction Documents to which it is required to be a party and under any modifications or supplements thereto;
  - (ii) issue the Notes;
  - (iii) perform any act, incidental to or necessary in connection with any of the above; and
- (c) engage in those activities necessary for its continued existence and proper management.

##### **Indebtedness**

- (d) without prejudice for any Indebtedness permitted under any Further Securitisation, create, incur or permit to subsist any Indebtedness whatsoever (save for any Indebtedness arising from any Financing Agreement) or give any guarantee or indemnity in respect of any Indebtedness or of any other obligation of any person;

##### **Dividends, Distributions and Quotas**

- (e) pay any dividend or make any other distribution or repayment to its quotaholders (or subsequent quotaholders, as the case may be) or issue any further quotas other than where so required by applicable law;

##### **Subsidiaries, Employees and Premises**

- (f) have or form or cause to be formed, any subsidiaries, subsidiary undertakings of any other nature or "*società controllata*" (as defined in article 2359 of the Italian Civil Code) or have any employees or premises;

##### **Merger**

- (g) amalgamate, consolidate or merge with any other person or convey or transfer its assets or undertaking substantially in their entirety to any other person;

## No Variation or Waiver

- (h) (i) permit (other than by operation of Italian law) any of the Transaction Documents to which it is a party to become invalid or ineffective;
- (ii) consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, any such Transaction Documents, or
- (iii) permit any party to any such Transaction Document to be released from its obligations thereunder;

## Separateness

- (i) permit or consent to any of the following occurring:
  - (i) its books and records being maintained with or co-mingled with those of any other person or entity;
  - (ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
  - (iii) its assets or revenues being co-mingled with those of any other person or entity; or
  - (iv) its business being conducted other than in its own name;

## Tax Residency

- (j) become tax resident in any country outside Italy;

## Other Agreements

- (k) enter into any agreement containing any provision that would be violated or breached by the performance of the Issuer's obligations hereunder or under any Transaction Document;

## Further Securitisations

- (l) nothing in this Condition 4 (*Covenants*) shall prevent or restrict the Issuer from entering into further securitisations (the **Further Securitisations**) comprising, specifically, issuing further debt securities (the **Further Notes**), acquiring further receivables or portfolios of receivables of any kind pursuant to the Securitisation Law (including by way of the grant of loans pursuant to article 7 of the Securitisation Law), which receivables will constitute separate receivables (the **Further Portfolios**) and the securitisation of which shall be a Further Securitisation, and entering into agreements and transactions relating thereto, including the opening or operating of bank accounts in connection therewith (the **Further Transactions**) financed or to be financed by the issue of Further Notes and in respect of which security may be granted over such Further Portfolios and/or any right, benefit, agreement, instrument, document or other asset of the Issuer relating thereto or to such Further Transactions to secure such Further Notes and/or the rights of any person in connection with such Further Transactions (the **Further Security**), PROVIDED THAT:
  - (i) the Issuer confirms in writing to the Representative of the Noteholders that such Further Security (if any) is constituted separately from the security constituted by the Issuer Security and does not include or comprise any asset over or in respect of which security is constituted by the Transaction Documents;

- (A) the Issuer confirms in writing to the Representative of the Noteholders that the terms and conditions of such Further Notes contain provisions to the effect that the obligations of the Issuer whether in respect of interest, principal, premium or other amounts in respect of such Further Notes, are limited recourse obligations of the Issuer, limited to some or all of the assets of the Issuer comprised within the relevant Further Portfolios and/or secured by the relevant Further Security (if any) and/or relating to the Further Transaction and that the terms and conditions of such Further Notes contain limitations on the rights of the holders of such Further Notes to take action against the Issuer comparable (although not necessarily identical) to those contained in the Intercreditor Agreement and in the Conditions; and
- (B) the Issuer confirms in writing to the Representative of the Noteholders that each person party to any transaction document in connection with such Further Transaction has agreed that the obligations of the Issuer to such party are limited recourse obligations, limited to some or all of the assets of the Issuer comprised within the relevant Further Portfolios and/or secured by the relevant Further Security (if any) and/or relating to the Further Transaction and has agreed to limitations on its right to take action against the Issuer, including in respect of Insolvency Proceedings relating to the Issuer comparable (although not necessarily identical) to those contained in the Intercreditor Agreement and in the Conditions.

#### **Separateness in respect of the Issuer**

- (m) procure that, with respect to itself:
  - (i) separate financial statements in relation to its financial affairs are maintained;
  - (ii) all corporate formalities with respect to its affairs are observed;
  - (iii) separate stationery, invoices and cheques are used;
  - (iv) it always holds itself out as a separate entity; and
  - (v) any known misunderstandings regarding its separate identity are corrected as soon as possible;

#### **Business and Existence**

- (n) perform all things necessary to preserve and keep in full force and effect its existence and will comply in all material respects with all laws applicable to it, in particular the Securitisation Law;

#### **Right of Inspection**

- (o) permit any person designated by the Noteholders, at the Noteholders' expense, to visit and inspect any of the properties, books and financial reports of the Issuer and to discuss its affairs, finances and accounts all at such reasonable times during ordinary business hours of the Issuer; and



## Authorisation and Consents

- (p) forthwith take, fulfil or do any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, license, order, recording or registration) at any time required to be taken, fulfilled or done in order:
  - (i) to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under these Conditions and the Transaction Documents,
  - (ii) to ensure that those obligations are legally binding and enforceable, and
  - (iii) to enable these Conditions and the Transaction Documents to be admissible in evidence in the courts of Italy.

## 5. Interest and B Notes Variable Return

### Period of accrual of the interest

- 5.1 Each A Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date up to the Final Maturity Date. Each A Note (or in the case of the redemption of part only of an A Note, that part only of that A Note) shall cease to bear interest from and including its due date for redemption.

### Payment Dates and Interest Periods

- 5.2 Interest on each A Note is payable in arrears on each Payment Date in respect of the Interest Period ending on (but excluding) that Payment Date. Whenever it is necessary to compute an amount of interest in respect of the A Notes for any period (including any Interest Period), such interest shall be calculated on the basis of actual days elapsed and a 365 day year.

### Fixed Rate of Interest and Additional Fixed Interest Amount

- 5.3 The rate of interest payable from time to time in respect of the A Notes for each Interest Period (the *Fixed Rate of Interest*) shall be a fixed rate of 10% per annum.
- 5.4 As long as a Notes Additional Subscription Payment is made on a day which is not a Payment Date, the interest payable on each A Note shall include an additional amount calculated according to Condition 5.6.

### Calculation of Fixed Interest Amounts

- 5.5 The aggregate amount of interest due on each Note for any relevant Interest Period (the *Fixed Interest Amount*) shall be an amount equal to the product of the following:
- (a) an amount equal to the product of:
    - (i) the Fixed Rate of Interest for the A Notes, and
    - (ii) the Principal Amount Outstanding of such A Note on the first day of the relevant Interest Period (after giving effect to any Principal Payment made by the Issuer on that date); and
  - (b) an amount equal to the quotient of:
    - (i) the actual number of days in the relevant Interest Period, and
    - (ii) 365 days.

The resulting figure shall be rounded to the nearest Euro cent.

### **Calculation of Additional Fixed Interest Amount**

5.6 If a Notes Additional Subscription Drawdown Date is not a Payment Date, the Fixed Interest Amount shall be increased by an amount (the *Additional Fixed Interest Amount*) being equal to the product of:

- (a) an amount equal to the product of:
  - (i) the Fixed Rate of Interest, and
  - (ii) the amount of the relevant Notes Additional Subscription Payment divided by the number of the A Notes then outstanding; and
- (b) an amount equal to the quotient of:
  - (i) the actual number of days contained between that Notes Additional Subscription Drawdown Date and the end of the then current Interest Period, and
  - (ii) 365 days.

The resulting figure shall be rounded to the nearest Euro cent.

### **Publication of Fixed Rates of Interest and Interest Amounts**

5.7 The Calculation Agent shall determine as soon as practicable:

- (a) the Fixed Interest Amount; and
- (b) Additional Fixed Interest Amount;

and cause such amounts to be notified to the Issuer, the Representative of the Noteholders, the Noteholders and to be published in accordance with Condition 14.1 (*Notices and Information*).

### **Period of Accrual of the B Notes Variable Return**

5.8 Subject to the redemption in full of the Principal Amount Outstanding of the A Notes and as from the date of redemption of the Principal Amount Outstanding of the B Notes up to the Maximum Redemption Amount, each B Note shall have the right to receive on each Payment Date the B Notes Variable Return.

5.9 Upon the earlier of:

- (a) the Final Maturity Date; and
- (b) if:
  - (i) prior to the occurrence of an Issuer Insolvency Event or the delivery of an Issuer Enforcement Notice, the Payment Date coinciding with, or immediately following, the date on which there are no further amounts due to be paid in respect of any Receivables; or
  - (ii) following the occurrence of an Issuer Insolvency Event or the delivery of an Issuer Enforcement Notice, the date coinciding with, or immediately following, the date on which there are no further amounts due to be paid in respect of any Receivables,

each B Note shall cease to have the right to receive the B Notes Variable Return and the Issuer, subject to application of the Available Funds in accordance with the Priority of Payments, shall be discharged from any liability deriving from any payment obligations in connection with the B Notes.

#### **Amount of the B Notes Variable Return**

5.10 The variable return payable from time to time in respect of the B Notes (the *B Notes Variable Return*) will be determined by the Servicer in accordance with this Condition 5 (*Interest and B Notes Variable Return*). The B Notes Variable Return in respect of each B Note, shall be determined as an amount equal to any amount available to the Issuer after payment of items (a) to (e) (inclusive) of each Priority of Payments set out in Conditions 3.4 and 3.5 above (as applicable) divided by the number of B Notes. The resulting figure shall be rounded to the nearest cent.

#### **Determination of B Notes Variable Return**

5.11 The Servicer shall, on each B Notes Variable Return Determination Date or, following the delivery of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, at any time, determine and notify through the Payments Report or the Post Enforcement Report (as applicable) to the Issuer, the Account Bank and the Paying Agent the amount of the B Notes Variable Return due on each Note on (a) the next succeeding Payment Date (if the Pre-Enforcement Priority of Payments applies) or (b) the applicable date (if the Post Enforcement Priority of Payments applies).

#### **Publication of B Notes Variable Return**

5.12 As soon as practicable after making the determination pursuant to Condition 5.11 (*B Notes Variable Return – Determination of B Notes Variable Return*), the Servicer shall cause the amount of B Notes Variable Return, as determined by the Servicer, to be notified in accordance with Condition 14.1 (*Notices and Information*).

### **6. Redemption, purchase and cancellation of the Notes**

#### **Final redemption**

6.1 Unless previously redeemed in full and cancelled as provided in this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), the Notes will be redeemed at their Principal Amount Outstanding on the Final Maturity Date, subject to the sufficiency at the relevant time of Available Funds, the Priority of Payments and the provisions of this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*).

6.2 On the Final Maturity Date and after application of the Available Funds in accordance with the Priority of Payments and the provisions of this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), the Issuer shall be discharged from any liability deriving from any payment obligations in connection with the Notes.

#### **Mandatory *pro rata* redemption in whole or in part**

6.3 If prior to the delivery of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, on any Payment Date, the Issuer has Available Funds that are available for the purpose of redeeming the Notes it shall apply the same to make on such date principal payments on the Notes in accordance with Condition 3.4 (*Status and Relationship between the Notes – Priority of Payments prior to Enforcement*).

6.4 If following the delivery of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event, on any date, the Issuer has Available Funds that are available for the purpose of redeeming

the Notes it shall apply the same to make on such date principal payments on the Notes in accordance with Condition 3.5 (*Status and Relationship between the Notes – Priority of Payments following Enforcement*).

- 6.5 Each Note will be redeemed in an amount calculated in accordance with Condition 6.6 (*Redemption, Purchase and Cancellation of the Notes – Principal Payments and Principal Amount Outstanding*) together with interest and other amounts (if any) accrued to the date fixed for redemption. Notice of redemption under Conditions 6.3, 6.4 and 6.5 (*Redemption, Purchase and Cancellation of the Notes – Mandatory Pro rata Redemption in whole or in part*) will be given to Noteholders in accordance with Condition 6.10 (*Redemption, Purchase and Cancellation of the Notes – Notice of Redemption*).

### **Principal payments and Principal Amount Outstanding**

- 6.6 The principal amount redeemable in respect of the Notes on any Payment Date (the **Principal Payment**) under Condition 6.3 (*Redemption, Purchase and Cancellation of the Notes – Mandatory Pro rata Redemption in whole or in part*) shall be the amount of Available Funds less the amounts represented by items 3.4(a) to 3.4(c) (including) of the Pre-Enforcement Priority of Payments and 3.5(a) to 3.5(c) (including) of the Post-Enforcement Priority of Payments, provided that such Principal Payments shall not cause the Principal Amount Outstanding on the Notes to exceed the Maximum Redemption Amount at such Payment Date or any other date if Post-Enforcement Priority of Payments applies (before making the Principal Payments) before the earlier of:
- (a) the Final Maturity Date, or
  - (b) the Payment Date (or the relevant date, if Post-Enforcement Priority of Payments applies) coinciding with, or immediately following, the date on which there are no further amounts due to be paid in respect of any Receivables.
- 6.7 Subject to the above, each Note will be redeemed in an amount equal to the Principal Payment by the number of Notes and rounded to the nearest Euro 0.01.
- 6.8 The Servicer will cause each determination of a Principal Payment and a Principal Amount Outstanding in respect of the Notes to be notified through the Payments Report or the Post Enforcement Report (as applicable) to the Issuer, the Account Bank and the Paying Agent.
- 6.9 If the Servicer does not at any time for any reason determine a Principal Payment, the Principal Amount Outstanding in accordance with this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*) or any other applicable provision of the Transaction Documents, the Issuer shall appoint a bank or financial institution of a commercial standing, reputation and professionalism equal to the Servicer to:
- (a) determine the Principal Payment in the manner specified in Condition 6.6 (*Redemption, Purchase and Cancellation of the Notes – Principal Payments and Principal Amount Outstanding*); and
  - (b) determine the Principal Amount Outstanding in the manner specified in this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*) or any other applicable provision of the Transaction Documents.

Any such determination shall be deemed to have been made by the Issuer.

## **Optional Redemption**

- 6.10 As from the second anniversary of the Issue Date, the Issuer shall have the option to redeem the Notes in full as long as it supplies to the Representative of the Noteholders adequate evidence that as at the immediately succeeding Payment Date the Issuer will have sufficient funds (but way of a disposal of the Portfolio or otherwise) to redeem the Notes in full together with all the amounts due to the Issuer Creditors ranking before the repayment of the Notes, by giving 30 Business Days prior notice to the Noteholders in accordance with Condition 14.1 (*Notices and Information*).

## **Notice of redemption**

- 6.11 A notice of redemption in the circumstances set out in this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*) shall be irrevocable. The Servicer shall cause any notice of redemption in the circumstances set out in this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*) to be given in accordance with Condition 14.1 (*Notices and Information*).

## **No purchase by Issuer**

- 6.12 The Issuer will not be permitted to purchase any of the Notes.

## **Cancellation**

- 6.13 All Notes redeemed under this Condition 6 (*Redemption, Purchase and Cancellation of the Notes*) or otherwise surrendered will be cancelled upon redemption or surrender, and may not be resold or reissued. Upon the Final Maturity Date, all Notes will be cancelled and may not be resold or re issued.

## **7. Payments**

All payments of in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Account Bank and the Paying Agent on behalf of the Issuer to an account in the name of Monte Titoli which will then credit the accounts of those Monte Titoli Account Holders whose accounts with Monte Titoli are credited with those Notes and thereafter credited by such Monte Titoli Account Holders to the accounts of the beneficial owners of those Notes. The Issuer shall be deemed to have discharged its payment obligations in respect of the Notes *pro tanto* to the extent of payments made by it or on its behalf in accordance with the instructions of Monte Titoli to an account in the name of Monte Titoli.

## **8. Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any taxes whatsoever nature other than a Law 239 Withholding or any other withholding or deduction required to be made by applicable law. The Issuer shall not be obliged to pay any additional amount to any Noteholder on account of such withholding or deduction.

## **9. Limitation of action (“*Prescrizione*”)**

Claims against the Issuer for payments in respect of the Notes will be barred and become void unless made within 10 (*ten*) years (in the case of principal) or 5 (*five*) years (in the case of interest or B Notes Variable Return) from the Relevant Date in respect thereof. In this Condition 9 (*Limitation of action (“*Prescrizione*”)*), **Relevant Date** in respect of a Note is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all Notes due on or before that date has not been duly received by the Paying Agent on or prior to such date)

the date on which, the full amount of such monies having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14 (*Notices and Information*).

## 10. Issuer Enforcement Events and Issuer Insolvency Events

10.1 The occurrence of any of the following events shall constitute an **Issuer Enforcement Event**, subject to the provisions below:

- (a) **Non-payment:** default is made, unless such default is due to Available Funds being insufficient for the relevant payments, in respect of any repayment of principal or payment of interest and any other amount due in respect of the Notes on the Payment Date with reference to which it has been determined, which default shall have continued unremedied for 3 (three) days;
- (b) **Breach of obligations:** default is made by the Issuer in the performance or observance of any obligation binding upon it under the Notes or any of them or any other Transaction Document to which it is a party (other than as set out otherwise in this Condition), and in any such case such default continues unremedied for a period of 30 (thirty) days following the service by the Noteholders on the Issuer of notice requiring the same to be remedied;
- (c) **Breach of representation and warranty:** the Issuer breaches in any material respect any representation or warranty made by it pursuant to the Notes or any other Transaction Document to which it is a party or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with a Transaction Document to which it is a party, and in any case the circumstances giving rise to such breach continue unremedied for a period of 30 (thirty) days following the service by the Noteholders on the Issuer of notice requiring the same to be remedied;
- (d) Liquidation and Insolvency:
  - (i) an order is made or an effective resolution is passed for the winding up of the Issuer or any of the events under article 2484 of the Italian Civil Code occurs with respect to the Issuer;
  - (ii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or applies for any Insolvency Proceedings;
  - (iii) proceedings are initiated against the Issuer under any applicable Insolvency Proceedings and are not, in the opinion of the Noteholders, being disputed in good faith with a reasonable opportunity of success;
- (e) **Unlawfulness:** it is or will become unlawful, in any respect deemed by the Noteholders, to be material for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any Transaction Document to which it is a party; or
- (f) **Judgments:** a judgment or order for the payment of money is entered against the Issuer for more than Euro 75,000 (or its equivalent in other currencies) and such judgment is not, within ninety (90) calendar days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal.

10.2 If an Issuer Enforcement Event occurs, the Representative of the Noteholders may and, if so directed by a resolution of the holders of the of the Notes, passed in accordance with Condition 12 (*Resolutions and Meetings of Noteholders*), or if so requested in writing by the holders of at least 90

(ninety) percent. of the aggregate of the Principal Amount Outstanding of the Notes shall serve to the Issuer an enforcement notice (an **Issuer Enforcement Notice**) setting out that the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest (if any) as provided in Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), subject however to the provisions set out in Condition 15 (*Limited Recourse*).

- 10.3 Upon the service by the Representative of the Noteholders of an Issuer Enforcement Notice declaring the Notes to be due and repayable, or upon the Issuer becoming subject to any Insolvency Proceedings (an **Issuer Insolvency Event**), the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued B Notes Variable Return (if any) as provided in Condition 6 (*Redemption, Purchase and Cancellation of the Notes*), subject however to the provisions set out in Condition 15 (*Limited Recourse*).

## 11. Enforcement

- 11.1 At any time after the Notes have become due and repayable following the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event and subject to any limitation provided by insolvency law and the Transaction Documents:

- (a) the Representative of the Noteholders may, and, if so directed by a resolution of the Noteholders passed in accordance with Condition 12 (*Resolutions and Meetings of Noteholders*) or if so requested in writing by the holders of at least 90 (ninety) percent. of the aggregate of the Principal Amount Outstanding of the Notes, shall take such steps and/or institute such proceedings against the Issuer as it thinks fit:
  - (i) to direct the Issuer to take any action in relation to the Portfolios; and
  - (ii) to enforce repayment of the Notes and payment of accrued interest thereon and any other amounts owed but unpaid by the Issuer; and
- (b) the Representative of the Noteholders (acting upon instructions of the Noteholders) is entitled, pursuant to the mandate granted to it under the Intercreditor Agreement and any other Transaction Document, to dispose of the Portfolios.

- 11.2 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Issuer Enforcement Events and Issuer Insolvency Events*) or this Condition 11 (*Enforcement*) by the Noteholders shall (in the absence of manifest error) be binding on the Issuer.

### Rights of the Representative of the Noteholders to enforce

- 11.3 Each Noteholder, by acquiring title to the relevant Note, is deemed to agree and acknowledge that subject to Condition 12 (*Resolutions and Meetings of Noteholders*) and the Intercreditor Agreement, the Representative of the Noteholders, in its capacity as agent in the name and on behalf of the Noteholders acting with due skill and care, shall be the only person entitled to institute proceedings against the Issuer and/or to take any steps against the Issuer or any of the other parties to the Transaction Documents for the purposes of enforcing the rights of the Noteholders under the Notes and/or with respect to the other Transaction Documents and recovering any amounts owing under the Notes.

- 11.4 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 10 (*Issuer Enforcement Events and Issuer Insolvency Events*) or this Condition 11 (*Enforcement*) by the Representative of the Noteholders

shall (in the absence of manifest error) be binding on the Issuer and all Noteholders and (in the absence of wilful misconduct (“*dolo*”) or gross negligence (“*colpa grave*”)) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its authorities, powers, duties and discretions hereunder or under the other Transaction Documents, as the case may be.

## **12. Resolutions and Meetings of Noteholders**

### **General**

- 12.1 The Noteholders shall resolve by Written Resolution or resolution taken at a Meeting and, in such later case, meet in accordance with this Condition 12 (*Resolutions and Meetings of Noteholders*).
- 12.2 Whenever these Conditions, or any other Transaction Documents, provide that any matter, consent, waiver or measure is to be done, given or taken, with the “consent of the Noteholders”, that consent is given by the Noteholders following a Written Resolution or a resolution taken at a meeting pursuant to this Condition 12 (*Resolutions and Meetings of Noteholders*), unless the Conditions, or any other Transaction Documents, provide otherwise.
- 12.3 Subject to the provisions of these Conditions (including, among others, those relating to the quorum with respect to each relevant Class), joint Meetings of the Noteholders of each Class may be held to consider the same resolution and/or, as the case may be, the same Extraordinary Resolution and the provisions of these Conditions shall apply *mutatis mutandis* thereto.
- 12.4 The following provisions shall apply where outstanding Notes belong to more than one Class and are held by more than one sole Noteholder:
- (a) matters which in the opinion of the Representative of the Noteholders affect only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;
  - (b) matters which in the opinion of the Representative of the Noteholders affect more than one Class of Notes but do not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of the other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each Class of Notes or, subject to the provisions of Condition 12.3 above, at a joint Meeting of the Noteholders of all Classes of Notes;
  - (c) matters which in the opinion of the Representative of the Noteholders affect the Noteholders of more than one Class of Notes and give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of the other Class of Notes shall be transacted at a separate Meeting of the Noteholders of each Class; and
  - (d) matters which relate to a Basic Terms Modification shall be required to be transacted by the Noteholders of each affected Class separately passing an Extraordinary Resolution.

In this Condition 12.4 “*matters*” includes (without limitation) the passing or rejection of any resolution, and references to “*Notes*” and “*Noteholders*” shall be deemed to be to the Notes of the relevant Class and to the holders thereof, respectively.

### **Convening a Meeting**

- 12.5 The Representative of the Noteholders or the Issuer at any time may convene a Meeting and each of them must do so upon a request in writing of Noteholders holding not less than 10% (ten percent) of



the aggregate Principal Amount Outstanding of the Notes then outstanding. Every Meeting shall be held at such place as the Issuer may designate or approve, provided that it is in an EU Member State.

## **Notice**

- 12.6 At least 21-day notice (exclusive of the day on which the notice is given and the day on which the relevant meeting is to be held) specifying the day, time, place and agenda of the Meeting shall be given by the Issuer or the Representative of the Noteholders (as applicable) to the Noteholders in the manner provided by Condition 14.1 (*Notices and Information*). The notice may also set the day for a second call, being not less than 14 (fourteen) clear days and no more than 42 (forty-two) clear days after the date fixed for the first call;
- 12.7 such notice shall specify the terms of any resolution or Extraordinary Resolution (as the case may be) to be proposed at such Meeting; and
- 12.8 in respect of any Meeting adjourned for want of a quorum and which is resumed after such adjournment, 10-day notice (exclusive of the day on which the notice is given and of the date on which the Meeting is to be resumed) shall be given by the Issuer or the Representative of the Noteholders (as the case may be) to the Noteholders unless the notice of the original Meeting set the date for a second call, in which case no such notice shall be necessary. Such notice shall specify the quorum which will apply at such adjourned Meeting. Subject as aforesaid, it shall not be necessary to give notice of an adjourned Meeting.

## **Participation**

- 12.9 The following may attend and speak at a Meeting:
- (a) Voters;
  - (b) the Issuer or its representatives;
  - (c) the financial advisers to the Issuer;
  - (d) the legal counsel(s) to the Issuer, the Representative of the Noteholders and any of the Noteholders as the case may be;
  - (e) the Representative of the Noteholders; and
  - (f) such other person as may be resolved by the Meeting or decided by the Representative of the Noteholders.

## **Admission**

- 12.10 Any bearer of a valid Certificate of Admission or any Proxy named in a Block Voting Instruction can attend and vote at any Meeting relating to the Notes in respect of which the Certificate of Admission or Block Voting Instruction has been issued.

## **Proxies and validity of Block Voting Instruction**

- 12.11 Each Block Voting Instruction and each form of Proxy shall be deposited at the registered office of the Issuer, or at such other place as the Representative of the Noteholders shall designate or approve not less than 2 (two) Business Days before the time appointed for holding the Meeting or adjourned Meeting at which the Proxies named in the Block Voting Instruction propose to vote and in default the Block Voting Instruction shall not be treated as valid unless the chairman of the Meeting decides otherwise before such meeting or adjourned Meeting proceeds to business;

- 12.12 any vote given in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the instructions of the Noteholders pursuant to which it was executed, provided that no intimation in writing of such revocation or amendment shall have been received by or on behalf of the Representative of the Noteholders at its registered office or by the chairman of the Meeting at any time more than 1 (one) Business Day prior to the commencement of the Meeting or adjourned Meeting at which the Block Voting Instruction is intended to be used; and
- 12.13 without prejudice to the obligations of the Proxies named in any Block Voting Instruction or form of Proxy, any person entitled to more than one vote need not use every vote or cast all such votes in the same way.

### **Chairman**

- 12.14 An individual (who may, but need not, be a Noteholder) nominated in writing by the Representative of the Noteholders shall be entitled to take the chair at every such Meeting but if no such nomination is made or if at any Meeting the person nominated is not present within 15 (fifteen) minutes after the time appointed for the holding of such Meeting, those present shall choose one of their members to be chairman and, failing such choice, the Issuer may appoint a chairman (who may, but need not, be a Noteholder).
- 12.15 The chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote-counters, who are not required to be Noteholders.

### **Quorum**

- 12.16 The quorum for conducting business at any Meeting (“*quorum constitutivo*”) and for passing a resolution (“*quorum deliberativo*”) shall be in either case as follows:
- (a) for all business other than voting on an Extraordinary Resolution, one or more persons holding or representing not less than 10% (ten percent) of the aggregate Principal Amount Outstanding of the Notes then outstanding;
  - (b) for all business other than voting on an Extraordinary Resolution, one or more persons holding or representing not less than 50% (fifty percent) of the aggregate Principal Amount Outstanding of the Notes;
  - (c) where the business of such Meeting includes voting on any Extraordinary Resolution, one or more persons holding or representing not less than 90% (ninety percent) of the aggregate Principal Amount Outstanding of the Notes;

provided that in the case of any Meeting which has resumed for a second call after adjournment for want of a quorum, the quorum shall be as follows:

- (i) subject to paragraph (ii) below, one or more persons being or representing the Noteholders, whatever the aggregate Principal Amount Outstanding of the Notes so held or represented;
- (ii) where the business of the adjourned Meeting includes an Extraordinary Resolution the necessary quorum shall be one or more persons holding or representing not less than 75% (seventy-five percent), of the aggregate Principal Amount Outstanding of the Notes,

it being understood that for the purposes of calculating the quorum for a second call Meeting, the Noteholders which were not represented at the first call and are not at the same time present at the second call shall not be taken into account for calculating the quorum for the second call.

- 12.17 No business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.

### **Adjournment**

- 12.18 If, within half an hour from the time appointed for any Meeting, a quorum is not present, the Meeting shall be adjourned for such period not being less than 14 (fourteen) days nor more than 42 (forty-two) days, and to such place as may be determined by the chairman. Each adjourned Meeting, subject to Condition 12.16 (*Quorum*), shall have the power to pass any resolution and to decide upon all matters which could properly have been dealt with at the Meeting adjourned for want of a quorum had a quorum been present at such Meeting.

### **Votes**

- 12.19 On a show of hands and on a poll every Voter present in person shall have one vote in respect of each Euro 1 (one) of the Principal Amount Outstanding of Notes represented or held by such Voter; and
- 12.20 in the case of an equality of votes either on a poll or a show of hands the chairman shall have a casting vote in addition to any other vote or votes to which he may be entitled as Voter.

### **Show of hands and poll**

- 12.21 Every question submitted to a Meeting shall be decided in the first instance by a show of hands and any resolution, other than an Extraordinary Resolution, may be passed by a simple majority. In the case of equality of votes, the chairman shall, both on a show of hands and on a poll, have a casting vote in addition to any other vote or votes to which the chairman is entitled as Noteholder and/or as a proxy;
- 12.22 at any Meeting, unless a poll is demanded, a declaration by the chairman that a resolution has been carried or carried by a particular majority or lost or not carried by any particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution;
- 12.23 at any Meeting a poll may be demanded, before or after the declaration of the result of a show of hands, by the chairman, by the Issuer or by one or more Voters representing or being in the aggregate the holders of not less than 2 (two) percent. of the Principal Amount Outstanding of the Notes;
- 12.24 if at any Meeting a poll is so demanded, it shall be taken in such manner and (subject as hereinafter provided) either at once or after such adjournment as the chairman directs, and the result of such poll shall be deemed to be the resolution of the Meeting at which the poll was demanded as at the date of the taking of the poll. Notwithstanding the foregoing, the demand for a poll shall not prevent the continuance of the Meeting for the transaction of any business other than the question on which the poll has been demanded;
- 12.25 any poll demanded at any Meeting on the election of a chairman or on any question of adjournment shall be taken at the meeting without adjournment; and

12.26 notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 14.1 (*Notices and Information*).

### **Written Resolution**

12.27 A resolution in writing executed by or on behalf of all the Noteholders who for the time being are entitled to receive notice of a Meeting in accordance with these Conditions shall be as effective as a resolution or an Extraordinary Resolution (as the case may be) passed at a Meeting of Noteholders duly convened and held and may consist of several instruments in like form each executed by or on behalf of one or more of such Noteholders.

### **Exclusive powers of the Meetings**

12.28 The Meeting of the Noteholders shall have exclusive powers in relation to the following matters:

- (a) to instruct the Representative of the Noteholders to take any action or make any determination as it is entitled to make in accordance with the terms of these Conditions and/or the other Transaction Documents;
- (b) to authorise any person or Noteholders (other than the Representative of the Noteholders or its permitted agents and employees) to take any action on behalf of or separately from the Noteholders with respect to the Issuer, its assets, the Portfolios, the Transaction Documents or any party thereto;
- (c) to approve or consent to any proposal or matter for which the approval or consent of the Noteholders is required in accordance with the terms of these Conditions and/or the other Transaction Documents (including, without limitation, any matter which, in the opinion of the Representative of the Noteholders, may be materially prejudicial to the interests of the Noteholders) and to approve the opening of any further bank account and the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (d) to make any determination of any matter for which the determination of the Noteholders is required in accordance with the terms of these Conditions and/or the other Transaction Documents;
- (e) to approve any proposal by the Issuer for any modification, abrogation, variation or compromise of any of these Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes;
- (f) to appoint and remove the Representative of the Noteholders;
- (g) to establish an extraordinary Payment Date;
- (h) to approve the terms of any settlement of a dispute or litigation with any Other Secured Creditor;
- (i) to approve any Extraordinary Resolution; and
- (j) to approve any Basic Terms Modification.

### **Powers exercisable only by Extraordinary Resolution**

12.29 A Meeting of the Noteholders may not validly resolve nor have the power to do any of the following unless such resolution is an Extraordinary Resolution:

- (a) to approve any Basic Terms Modification;

- (b) to appoint and remove the Representative of the Noteholders;
- (c) to approve any matter which, in the opinion of the Representative of the Noteholders, is materially prejudicial to the interests of the Noteholders;
- (d) to approve or consent to any proposal or matter for which the approval or consent of the Noteholders is required in accordance with the terms of these Conditions of the Notes and/or the other Transaction Documents and to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes;
- (e) to make any determination of any matter for which the determination of the Noteholders is required in accordance with the terms of these Conditions of Notes and/or the other Transaction Documents;
- (f) to permit the obligations of the Issuer to redeem the Principal Amount Outstanding under the Notes or to pay any amount of interest thereunder to be discharged in any manner other than in accordance with their terms;
- (g) to sanction any proposal by the Issuer for any alteration, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Noteholders against the Issuer or against any of its properties or against any other person whether such rights shall arise under these Conditions, the Notes or otherwise;
- (h) to assent to any alteration of the provisions contained in these Conditions, the Notes or the Transaction Documents which shall be proposed by the Issuer or any other party thereto;
- (i) to discharge or to exonerate the Representative of the Noteholders from any liability in respect of any act or omission for which the Representative of the Noteholders may have become responsible under or in relation to these Conditions or any other Transaction Documents;
- (j) to approve, authorise, or give any direction which under the provisions of these Conditions is required to be given by Extraordinary Resolution;
- (k) to approve the terms of any settlement of a dispute or litigation in which the Noteholders are involved as Noteholders;
- (l) to grant any person a release or authority to derogate from the requirement to obtain the consent of the Noteholders under these Conditions;
- (m) to authorise the Representative of the Noteholders to issue an Issuer Enforcement Notice;
- (n) to ratify the actions made by the Representative of the Noteholders under these Conditions, the Intercreditor Agreement and any other Transaction Document;
- (o) to waive any breach by the Issuer or (if relevant) any Secured Creditor of its respective obligations under or in respect of these Conditions or any Transaction Document; and
- (p) to sanction, as required, an Extraordinary Resolution by any other Class of Noteholders and authorise the Representative of the Noteholders and/or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

### **Limitations on Resolutions as between Classes of Notes**

- 12.30 No Extraordinary Resolution involving a Basic Terms Modification in relation to all the Notes passed by the Noteholders of any Class shall be effective unless it is sanctioned by an Extraordinary Resolution of the Noteholders of the other outstanding Class of Notes.
- 12.31 Where it is specified in these Conditions or the Transaction Documents that only the Extraordinary Resolution or resolution of a particular Class of Notes is required, such Extraordinary Resolution or resolution shall be effective for all purposes without the sanction of any other Class of Noteholders.

### **Binding nature of resolution**

- 12.32 A resolution passed at any Meeting of the relevant Class of Noteholders shall be binding on all Noteholders of the relevant Class whether or not they are present at the meeting.

### **Minutes**

- 12.33 Minutes shall be made of all resolutions and proceedings at each Meeting. The chairman shall sign the minutes, which shall be *prima facie* evidence of the proceedings recorded therein. Unless and until the contrary is proved, every such Meeting in respect of the proceedings of which minutes have been signed shall be deemed to have been duly convened and held, and all resolutions passed or proceedings transacted at it shall be deemed to have been duly passed and transacted.

### **Challenge of resolution**

- 12.34 Each Noteholder who was absent from and/or dissenting at any Meeting can challenge resolutions which are not passed in accordance with the provisions of the relevant Conditions.

### **Individual actions and remedies**

- 12.35 Without prejudice to the other provisions of these Conditions (and subject, in particular, to the provisions in Condition 11 (*Enforcement*)) the right of each Noteholder to bring individual actions or take individual remedies to enforce his/her rights under the Notes will be subject to a Meeting not passing a resolution objecting to such individual action or other remedy on the grounds that is not convenient at the time when the Meeting is held, having regard to the interests of the Noteholders. In this respect, the following provisions shall apply:
- (a) the Noteholder of the relevant Class intending to enforce his/her rights under the relevant Notes will notify the Representative of the Noteholders of his/her intention;
  - (b) the Representative of the Noteholders will, without delay, convene a Meeting, in accordance with the relevant Conditions;
  - (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (provided that the same matter can be submitted again to a further meeting of the Noteholders of the relevant Class after a reasonable period of time has elapsed); and
  - (d) if the Meeting of the Noteholders of the relevant Class does not object to the enforcement of individual action or remedy, or no resolution is taken by the Meeting for want of quorum, the Noteholder will not be prohibited from taking such individual action or remedy;
- 12.36 No individual action or remedy can be taken by a Noteholder to enforce his/her rights under the relevant Notes unless a meeting of the Noteholders has been held to resolve on such action or remedy and in accordance with the provisions of this paragraph.

12.37 The provisions of Condition 11 (*Enforcement*) and the Intercreditor Agreement govern the right of the Noteholders to institute against, or join any other person in instituting against, the Issuer any bankruptcy, insolvency or compulsory liquidation or similar proceedings.

For the purposes of this Condition 12 (*Resolutions and Meetings of Noteholders*):

**Basic Terms Modification** means:

- (i) a modification of the date fixed for final maturity of the Notes of any relevant Class;
- (ii) a reduction or cancellation of the principal amount payable on the relevant Class of Notes or the priority of redemption of the relevant Class of Notes;
- (iii) an alteration of the amount of the Rate of Interest or the B Notes Variable Return and other amounts, if any, payable on the relevant Class of Notes, a modification of the method of calculating the amount of the Interest Amount or the B Notes Variable Return or such other amounts payable on the relevant Class of Notes or a modification of the date of payment of the B Notes Variable Return or such other amount payable of the relevant Class of Notes;
- (iv) an alteration of the currency in which payments are made under the relevant Class of Notes;
- (v) an alteration of the majority required to pass a resolution at any Meeting, the manner in which such majority is constituted at any Meeting or an alteration of the quorum required to convene such a Meeting;
- (vi) the alteration of the authorisation or consent by the Noteholders, as Secured Creditors, to the application of funds as provided for in the Transaction Documents;  
or
- (vii) the amendment of:
  - (A) this definition;
  - (B) the majority required to effect a Basic Terms Modification; or
  - (C) the majority required to pass an Extraordinary Resolution;

**Block Voting Instruction** means, in relation to any Meeting, a document:

- (i) certifying that certain specified Notes of a specified aggregate principal amount have been blocked in an account with a clearing system or the depository Monte Titoli Account Holders (under the Monte Titoli system pursuant to Resolution No. 11768), as the case may be, and that no such Notes will cease to be so blocked until the conclusion of the meeting specified in such document or, if applicable, any adjournment of such Meeting;
- (ii) certifying that each holder of such Notes or a duly authorised person on such holder's behalf has instructed the relevant intermediary that the vote(s) attributable to such blocked Note(s) should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjournment of such Meeting and that all such instructions are during the period commencing 2 (two) Business Days prior to the time for which such meeting or any adjournment of such

Meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;

- (iii) specifying the aggregate principal amount of the Notes so blocked, distinguishing with regard to each resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (iv) authorising and instructing one or more persons (who need not be Noteholders) named in such document (each, hereinafter, called a **Proxy**) to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (iii) above as set out in such document;

**Certificate of Admission** means a certificate issued by the Monte Titoli Account Holders under the Monte Titoli system pursuant to Resolution No. 16191;

**Extraordinary Resolution** means a resolution passed at a meeting duly convened and held in accordance with the provisions contained in the relevant Conditions by a majority determined in accordance with Condition 12.16 (*Quorum*);

**Meeting** means a meeting of the Noteholders of any Class;

**Voter** means any person as described in Condition 12.10 (*Admission*); and

**Written Resolution** means a resolution in writing executed by or on behalf of all the Noteholders of the relevant Class and may consist of several instruments in like form each executed by or on behalf of one or more of such holders.

### 13. Listing

Application will be made for the A Notes to be listed on the European Wholesale Securities Market. No application has been made to list the B Notes on any Stock Exchange, provided that nothing in these Conditions shall prevent the Noteholders from resolving to list the B Notes on any Stock Exchange.

### 14. Notices and Information

14.1 Any notice to the Noteholders shall be validly given:

- (a) if given in writing and served by sending it by fax to the number notified by the relevant Noteholder to the Issuer, or delivering it by hand, sending it by pre-paid recorded delivery or registered post, or sending it by email, in each case to the address notified by the relevant Noteholder to the Issuer; or
- (b) as long as the Notes are held through Monte Titoli, if duly given through the system of Monte Titoli.

14.2 A copy of each notice given in accordance with this Condition 14.1 (*Notices and Information*) shall be provided to Monte Titoli. Notice to Monte Titoli shall be delivered by the Issuer in accordance with the provisions of Regulation 22 February 2008.

14.3 Any such notice shall be deemed to have been given on the date of such publication (or on the date of delivery to Monte Titoli in accordance with Regulation 22 February 2008) or, if published or



delivered more than once or on different dates, on the first date on which publication (or delivery to Monte Titoli) is made.

## **15. Limited Recourse**

15.1 None of the Noteholders or any other Secured Creditor will have any right or entitlement to the Issuer's assets other than such of the proceeds of the Portfolio as are available to the Issuer for this purpose in accordance with these Conditions and the Transaction Documents.

15.2 If:

- (a) following the service of an Issuer Enforcement Notice or the occurrence of an Issuer Insolvency Event or any determination to direct the Issuer to take any action in respect of the Portfolio and any assets or amount derived therefrom; or
- (b) no Issuer Enforcement Notice has been served or Issuer Insolvency Event occurred, and on the Payment Date falling on the Final Maturity Date,

the aggregate funds available to the Issuer in accordance with the provisions of the relevant Priority of Payments for application in or towards any payment obligation (for the purposes of this Condition 15 (*Limited Recourse*), the **Relevant Obligation**) on the Notes (for the purposes of this Condition 15 (*Limited Recourse*), the **Relevant Notes**) which, but for the operation of this Condition 15 (*Limited Recourse*), would be due and payable, are not sufficient to pay in full the aggregate amount which would be due and payable on the Relevant Notes in respect of the Relevant Obligations on the relevant date, then, notwithstanding any other provision in these Conditions, only a *pro rata* share of the funds which are available to make payments in respect of the Relevant Obligation on the Relevant Notes shall be due and payable on any Relevant Note on the relevant date and the balance of the amount outstanding in respect of the Relevant Obligation on the Relevant Notes which, but for the operation of this Condition 15 (*Limited Recourse*), would be due and payable, shall not become due and payable and shall be cancelled. The *pro rata* amount due and payable in respect of any Relevant Note shall be calculated:

- (a) with reference to the A Notes, by multiplying the amounts available to make payments in respect of the Relevant Obligation on the Relevant Note by a fraction, the numerator of which is the Principal Amount Outstanding of such Relevant Note and the denominator of which is the aggregate Principal Amount Outstanding of all the Relevant Notes (rounding down the resultant figure to the nearest Euro 0.01); and
- (b) with reference to the B Notes, by multiplying the amounts available to make payments in respect of the Relevant Obligation on the Relevant Note by a fraction, the numerator of which is the Principal Amount Outstanding of such Relevant Note and the denominator of which is the aggregate Principal Amount Outstanding of all the Relevant Notes (rounding down the resultant figure to the nearest Euro 0.01).

## **16. Non-petition**

16.1 Without prejudice to the other provisions of these Conditions, each of the Noteholders acknowledges and agrees that it shall not at any time take any steps for the purpose of the commencement of any Insolvency Proceedings against the Issuer, petitioning for the winding up of the Issuer or in connection with any reorganisation or arrangement or composition proceedings in respect of the Issuer, for at least 1 (one) year following redemption in full or otherwise cancellation of the Notes.

16.2 Each of the Noteholders shall not, at any time, exercise any right of set-off in respect of its obligations against the Issuer pursuant to the Transaction Documents.

## 17. Representative of the Noteholders

17.1 Save for the initial Representative of the Noteholders appointed pursuant to the Notes Subscription Agreement, the Noteholders shall have the right to appoint any other Representative of the Noteholders by passing an Extraordinary Resolution for each Class of Notes subject to and in accordance with these Conditions. Upon appointment of the Representative of the Noteholders, each Noteholder will:

- (a) be deemed to accept such appointment;
- (b) acknowledge and agree that the Representative of the Noteholders shall implement the resolutions taken by the Noteholders and generally protect the interests of the Noteholders against the Issuer;
- (c) acknowledge and agree that the Representative of the Noteholders is appointed until the date on which the last of the holders of any of the Notes has been paid in full and all amounts due to it from the Issuer by reason of its holding the Notes are duly paid or the Notes have been cancelled in accordance with these Conditions;
- (d) acknowledge and agree that the Representative of the Noteholders can be removed by the Noteholders at any time by an Extraordinary Resolution passed by the Noteholders of each Class and may resign at any time upon giving notice to the Issuer without assigning any reason therefore and without being responsible for any costs incurred as a result of such resignation, provided that the current Representative of the Noteholders will remain in office until a new Representative of the Noteholders is appointed.

17.2 The Representative of the Noteholders shall act in the exercise of its powers by having regard to the general interest of the Noteholders as a whole, without having regard to single positions or interests or classes and shall be indemnified for the role as performed. The Representative of the Noteholders shall constitute the representative of the Noteholders for all legal purposes. The Representative of the Noteholders can seek the prior approval of a meeting of the Noteholders in relation to any action or matter regarding the Notes.

17.3 The Representative of the Noteholders shall be authorised to represent the Noteholders in judicial proceedings, including enforcement proceedings and Insolvency Proceedings against the Issuer in so far as they relate to the Notes and the other Transaction Documents.

17.4 The Representative of the Noteholders shall not assume and shall not be liable for any obligations other than those expressly provided in the Transaction Documents and in the Conditions. In particular the Secured Creditors agree that the Representative of the Noteholders shall not be liable *vis-à-vis* the Noteholders or the Other Secured Creditors for damages suffered by the relevant party deriving from any activity carried out by the Representative of the Noteholders acting in its capacity as representative of the Noteholders and of the Other Secured Creditors save in circumstances where the Representative of the Noteholders acts with gross negligence ("*colpa grave*") and/or wilful misconduct ("*dolo*") and/or fraud.

## 18. Governing Law

The Notes, all the Transaction Documents and any non-contractual obligation related or connected to them are governed by, and shall be construed in accordance with, Italian law.

**THE ISSUER**

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**ISE Listing Services**

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