

**KOROMO ITALY S.R.L.**

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

**Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035**

*Issue Price: 100 per cent*

**Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035**

*Issue Price: 100 per cent*

This Prospectus contains information relating to the issue by Koromo Italy S.r.l., a *società a responsabilità limitata* organised under the laws of the Republic of Italy with quota capital of Euro 10,000 (fully paid-up), having its registered office at Corso Vittorio Emanuele II, 24-28 - 20122 Milan, Italy, fiscal code and enrolment in the companies register of Milan-Monza-Brianza-Lodi No. 12428310960, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to article 4 of the regulation issued by the Bank of Italy on 7 June 2017 ("*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*") under No. 40003.6 (the "**Issuer**") of the Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035 (the "**Class A Notes**" or the "**Senior Notes**"). In connection with the issue of the Senior Notes, the Issuer will also issue the Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035 (the "**Class J Notes**" or the "**Junior Notes**" and, together with the Senior Notes, the "**Notes**").

This document constitutes a "*prospetto informativo*" for the purposes of article 2, sub-section 3 of Italian law number 130 of 30 April 1999, as amended from time to time (the "**Securitisation Law**"). This Prospectus constitutes also the admission document of the Senior Notes for the admission to trading on the professional segment ("**ExtraMOT PRO**") of the multilateral trading facility "ExtraMOT" operated by Borsa Italiana S.p.A. The Junior Notes are not being offered pursuant to this Prospectus and no application has been made to list the Junior Notes on any stock exchange. The Notes will be issued on 28 February 2023 (the "**Issue Date**").

The net proceeds of the offering of the Notes will be applied by the Issuer on the Issue Date to fund the purchase of a portfolio of monetary claims and connected rights arising under loan agreements (respectively, the "**Portfolio**" and the "**Receivables**") between Toyota Financial Services Italia S.p.A. ("**TFSI**" or the "**Originator**") and the relevant Debtors, purchased by the Issuer under the terms of a receivables purchase agreement entered into between the Issuer and the Originator pursuant to the Securitisation Law on 20 February 2023 (the "**Receivables Purchase Agreement**").

The Portfolio will constitute the principal source of funds available to the Issuer for the payment of interest on the Notes, Variable Return (if any) on the Class J Notes and repayment of principal on the Notes.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer's rights, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law in the context of any Further Securitisation). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding-up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditors of the Issuer in respect of any fees, costs and expenses in relation to the securitisation of the Portfolio (the "**Securitisation**"). In addition, security over certain rights of the Issuer arising out of certain English Law Transaction Documents (as defined in the Conditions) has been granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Charge for the benefit of the Noteholders and the Other Issuer Creditors. Amounts derived from the Portfolio will not be available to any such creditors of the Issuer in respect of any other amounts owed to it or to any other creditor of the Issuer. The Noteholders and the Other Issuer Creditors will agree that the Issuer Available Funds (as defined in the Conditions) will be applied by the Issuer in accordance with the applicable order of priority of the Issuer Available Funds set forth in Condition 6 (*Orders of Priority*) and in the Intercreditor Agreement (the "**Orders of Priority**").

Interest on the Notes will accrue on a daily basis and will be payable on 26 April 2023 (the "**First Payment Date**") and thereafter monthly in arrear in Euro in accordance with the applicable Order of Priority, on the 26<sup>th</sup> calendar day of each calendar month (or, in the event such day is not a Business Day, then on the next following Business Day) (each such dates, a "**Payment Date**").

The Senior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date. The rate of interest applicable to each period commencing on (and including) a Payment Date and ending on (but excluding) the next succeeding Payment Date (each, an "**Interest Period**") (provided that the initial Interest Period shall commence on (and include) the Issue Date and end on (but exclude) the First Payment Date) in respect of the Senior Notes (the "**Class A Notes Interest Rate**") will be the Euribor for 1 month (the "**One Month Euribor**") (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 1 (one) month and 3 (three) months), as determined and defined in accordance with Condition 7 (*Interest*) plus a margin equal to 0.8% *per annum* (the "**Margin**"), provided that the

Interest Rate (being the One Month Euribor plus the Margin) applicable on each of the Senior Notes shall not be negative.

The Junior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the rate of 7% *per annum* (the “**Junior Notes Interest Rate**” and, together with the Senior Notes Interest Rate, the “**Interest Rates**”). A Variable Return may or may not be payable on the Junior Notes on each Payment Date in accordance with the Conditions.

The Senior Notes are expected, on issue, to be rated “AA(sf)” by Fitch Ratings Ireland Limited (*Sede Secondaria Italiana*) (“**Fitch**”) and “Aa3(sf)” by Moody’s Italia S.r.l. (“**Moody’s**”). **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.** In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as subsequently amended (the “**EU CRA Regulation**”), unless such rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or such rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. In general, regulated investors in the United Kingdom (“**UK**”) are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the EU CRA Regulation, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as from time to time amended and/or supplemented, the “**EUWA**”) (the “**UK CRA Regulation**”), unless such rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or such rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. As at the date of this Prospectus, each of the Rating Agencies is established in the European Union and is registered under the EU CRA Regulation, as evidenced in the latest update of the list published by the ESMA on its website (being, as at the date of this Prospectus, [www.esma.europa.eu](http://www.esma.europa.eu)). As at the date of this Prospectus, none of the Rating Agencies is established in the UK but the ratings assigned by each of Fitch Ratings Ireland Limited (*Sede Secondaria Italiana*) and Moody’s Italia S.r.l. are endorsed by Fitch Ratings Limited and Moody’s Investors Service Limited respectively, each of which is registered under the UK CRA Regulation, as evidenced in the latest update of the list published by the Financial Conduct Authority (“**FCA**”) on its website (being, as at the date of this Prospectus, <https://register.fca.org.uk/s/>).

Calculations as to the estimated weighted average life of the Senior Notes can be made based on certain assumptions. See the section headed “*Estimated Maturity and Weighted Average Life of the Senior Notes*”.

As at the date of this Prospectus, payments of interest on the Notes, Variable Return (if any) on the Class J Notes and other proceeds in respect of the Notes may be subject to withholding or deduction for or on account of Italian tax, in accordance with Italian Legislative Decree number 239 of 1 April 1996 (“**Decree number 239**”), as amended and supplemented from time to time, and any related regulations. Upon the occurrence of any withholding or deduction for or on account of tax from any payments under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes. For further details see the section entitled “*Taxation in the Republic of Italy*”.

The Notes will be direct, secured and limited recourse obligations solely of the Issuer. In particular, the Notes will not be the obligations or liabilities of, or guaranteed by, any of the Other Issuer Creditors (as defined below). Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

As of the Issue Date, the Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Euronext Securities Milan for the account of the relevant Euronext Securities Milan Account Holders (being any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Euronext Securities Milan, including any depository banks appointed by Euroclear and Clearstream). Euronext Securities Milan shall act as depository for Euroclear and Clearstream. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-*bis* of the Consolidated Financial Act and regulation of 13 August 2018 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented from time to time (the “**Joint Regulation**”). No physical document of title will be issued in respect of the Notes.

Before the Payment Date falling in February 2035 (the “**Final Maturity Date**”), the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (*Redemption, purchase and cancellation*)). Save for the fact that in any event full redemption will have to occur on the Final Maturity Date, there is no predetermined fixed duration of the Notes the actual maturity of which is therefore uncertain.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Notes may not be offered or sold directly or indirectly, and neither this document nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom, France and the United States), except under circumstances that

will result in compliance with all applicable laws, orders, rules and regulations. This document may not be used for any purpose other than that for which it is being published. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see the section headed "*Subscription, sale and selling restrictions*".

The Issuer will be relying on an exclusion or exemption from the definition of "*investment company*" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Issuer is being structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd–Frank Act (both as defined in this Prospectus). No assurance can be given as to the availability of the exclusion or exemption under the Volcker Rule and investors should consult their own legal and regulatory advisors with respect to such matters and assess for themselves the availability of this or other exemptions or exclusions and the legality of their investment in the Notes.

**U.S. RISK RETENTION** – The Securitisation will not involve risk retention by the Originator for the purposes of the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**") and the issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules. The Originator intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non–U.S. transactions that meet certain requirements. Consequently, except with the prior written consent of the Originator (a "**U.S. Risk Retention Consent**") and where such sale falls within the exemption provided by Section \_\_.20 of the U.S. Risk Retention Rules, any Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. persons" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**").

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

**UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (as from time to time amended and/or supplemented, the "**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (as from time to time amended and/or supplemented, the "**UK MIFIR**"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the Manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention And Product Governance Sourcebook (as from time to time amended and/or supplemented, the "**UK MIFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as from time to time amended and/or supplemented, the "**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in in article 2 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

**BENCHMARK REGULATION**– Amounts payable under the Senior Notes will be calculated by reference to EURIBOR which is provided by the European Money Markets Institute (“EMMI”). As at the date of this Prospectus, EMMI is authorised as benchmark administrator and included on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of Regulation (EU) No. 2016/1011.

Under the Intercreditor Agreement, the Originator has undertaken that it will retain for the life of the transaction a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the Regulation (EU) No. 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (as subsequently amended, the “**EU Securitisation Regulation**”) and the relevant applicable technical standards and by the EU Securitisation Regulation, as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the “**UK Securitisation Regulation**”) (as in effect as at the Issue Date) in accordance with Article 6(3)(d) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date). As at the Issue Date, such material net economic interest is represented by the retention of not less than 5% of the retention of the first loss tranche (*i.e.* the Junior Notes), as required by the text of Article 6(3)(d) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date).

Each prospective Noteholder is required to independently assess and determine the sufficiency of the information described in this Prospectus for the purposes of complying with article 5 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date), and none of the Issuer, TFSI (in any capacity), the Lead Manager, the Arranger nor any other party to the Transaction Documents, makes any representation that the information described in this Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that it complies with any implementing provisions in respect of article 5 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date). Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator. Please refer to the sections entitled “*Regulatory Disclosure and Retention Undertaking*” and “*Compliance with STS Requirements*” for further information.

**STS SECURITISATION** – The Securitisation is intended to qualify as simple, transparent and standardised (“**STS**”) securitisation within the meaning of article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Prospectus, the requirements of articles 19 to 22 of the EU Securitisation Regulation (the “**EU STS Requirements**”) and, on or about the Issue Date, will be notified by the Originator to be included in the list published by ESMA referred to in article 27(5) of the EU Securitisation Regulation (the “**STS Notification**”). Pursuant to article 27(2) of the EU Securitisation Regulation, the STS Notification includes an explanation by the Originator of how each of the EU STS Requirements has been complied with in the Securitisation. The STS Notification will be available for download on the ESMA website (being, as at the date of this Prospectus, [https://registers.esma.europa.eu/publication/searchRegister?core=esma\\_registers\\_stsre](https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_stsre)) (the “**ESMA STS Register**”). The Notes can also qualify as STS under UK Securitisation Regulation until maturity, provided that the Notes remain on the ESMA STS Register and continue to meet the EU STS Requirements. The Originator has used the service of Prime Collateralised Securities (PCS) EU SAS (“**PCS**”), as a third party verifying STS compliance authorised under article 28 of the EU Securitisation Regulation in connection with an assessment of the compliance of the Notes with EU STS Requirements (the “**STS Verification**”) and to prepare verification of compliance of the Notes with the relevant provisions of article 243 the CRR (together with the STS Verification, the “**STS Assessments**”). It is expected that the STS Assessments prepared by PCS will be available on the PCS website (being, as at the date of this Prospectus, <https://pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope at <https://pcsmarket.org/disclaimer/>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. **No assurance can be provided that the Securitisation does or will continue to qualify as an STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation as at the date of this Prospectus or at any point in time. The STS status of a transaction is not static and investors should verify the current status of the Securitisation on the ESMA STS Register.** None of the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager, the Representative of the Noteholders or any other party to the Transaction Documents makes any representation or accepts any liability for the Securitisation to qualify as an STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation at any point in time. Please refer to the sections entitled “*Regulatory Disclosure and Retention Undertaking*” and “*Compliance with STS Requirements*” for further information.

**EUROSYSTEM ELIGIBILITY** – The Class A Notes are intended to be issued in a manner which will allow for participation in the Eurosystem liquidity scheme. However, there is no guarantee and neither the Issuer nor the Arranger, the Lead Manager or the Originator nor any other person takes responsibility for the Class A Notes being recognised as eligible collateral for Eurosystem monetary policy and intra–day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the Class A Notes satisfying the Eurosystem eligibility criteria (as amended from time to time). In this respect, it should be noted that in accordance with their policies, neither the European Central Bank (the “**ECB**”) nor the central banks of the Eurozone will confirm the eligibility of the Class A Notes for the above purpose prior to their issuance or to their rating and listing and if the Class A Notes are accepted for such purpose, the relevant central bank may amend or withdraw any such approval in relation to the Class A Notes at any time. The assessment and/or decision as to whether the Class A Notes qualify as eligible collateral for Eurosystem monetary policy and intra–day credit operations rests with the relevant central bank. None of the Issuer, the Originator, the Arranger, the Lead Manager or any other party to the Transaction Documents gives any representation or warranty as to the eligibility of the Class A Notes for such purpose, nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Class A Notes at any time.

Capitalised words and expressions in this Prospectus shall, except so far as the context otherwise requires, have the meanings set out in the section headed "*Terms and Conditions of the Notes*".

**CONSOB AND BORSA ITALIANA HAVE NOT EXAMINED NOR APPROVED THE CONTENT OF THIS PROSPECTUS.**

Each prospective investor in the Notes should consult with its own legal, accounting and other advisors to determine whether, and to what extent, an investment in the Securitisation is a suitable investment for such prospective investor.

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

Dated 27 February 2023

*Arranger and Lead Manager*

**CITIGROUP GLOBAL MARKETS LIMITED**

## **NOTICE TO INVESTORS**

### ***Responsibility for information***

*None of the Issuer, the Arranger, the Lead Manager or any other party to any of the Transaction Documents (as defined below) or any other person, other than the Originator, has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of the Issuer, the Arranger, the Lead Manager or any other party to any of the Transaction Documents (as defined below) or any other person, other than the Originator, undertaken, nor will they undertake, any investigations, searches, or other actions to establish the existence of any of the monetary claims in the Portfolio or the creditworthiness of any Debtor in respect of the relevant Receivables. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Loan Agreements and the Debtors.*

*The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information contained in this Prospectus for which it takes responsibility is true and does not omit anything likely to affect the import of such information. In respect of any information contained in this Prospectus that has been sourced by the Issuer from a third party, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

*Toyota Financial Services Italia S.p.A. has provided the information relating to itself and to the Portfolio included in this Prospectus in the sections headed "Regulatory Disclosure and Retention Undertaking", "The Portfolio", "The Originator and the Sub-Servicer", "Credit and Collection Policies" and "Compliance with STS Requirements" and any other information contained in this Prospectus relating to itself and the Portfolio and, together with the Issuer, accepts responsibility for those information. To the best of the knowledge and belief of Toyota Financial Services Italia S.p.A. (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information and has been accurately reproduced.*

*Zenith Service S.p.A. has provided the information included in this Prospectus in the section headed "The Servicer, the Representative of the Noteholders, the Calculation Agent, the Back-up Servicer Facilitator and the Corporate Services Provider" and, together with the Issuer, accepts responsibility for that information. 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 true and does not omit anything likely to affect the import of such information and has been accurately reproduced.*

*BNP Paribas, Italian Branch has provided the information included in this Prospectus in the section headed "The Account Bank, the Cash Manager and the Paying Agent" and, together with the Issuer, accepts responsibility for that information. To the best of the knowledge and belief of BNP Paribas, Italian Branch (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information and has been accurately reproduced.*

*BNP Paribas has provided the information included in this Prospectus in the section headed "The Hedging*

Counterparty” and, together with the Issuer, accepts responsibility for that information. To the best of the knowledge and belief of BNP Paribas (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information and has been accurately reproduced.

The Arranger, the Lead Manager and the Representative of the Noteholders have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, expressed or implied, is made and no responsibility or liability is accepted by the Arranger, the Lead Manager and the Representative of the Noteholders or any of them as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer or TFSI (in any capacity) in connection with the Notes or their distribution.

No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by, or on behalf of, the Arranger, the Lead Manager, the Representative of the Noteholders, the Issuer, the Quotaholder, TFSI (in any capacity) or any other party to the Transaction Documents or any other person. Neither the delivery of this Prospectus nor any offering, sale or delivery of any of the Notes shall, under any circumstances, constitute a representation or imply that there has not been any change or any event reasonably likely to involve any change, in the condition (financial or otherwise) of the Issuer or the Originator or the information contained herein since the date hereof, or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

#### **Other business relations**

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

#### **Selling restrictions**

The distribution of this Prospectus and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are

*required by the Issuer, the Arranger and the Lead Manager to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part of it constitutes an offer, or may be used for the purpose of an offer, to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Prospectus can only be used for the purposes for which it has been issued.*

*The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which would allow an offering (nor an “offerta al pubblico di prodotti finanziari”) of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered, sold or delivered, and neither this Prospectus nor any other offering material relating to the Notes may be distributed, or made available, to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see the section entitled “Subscription, Sale and Selling Restrictions” below.*

*THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS PROSPECTUS OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.*

***Investors’ responsibility to consult advisors***

*This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager that any recipient of this Prospectus should purchase any of the Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the Receivables, the Portfolio and the Issuer and the terms of the offering including the merits and the risks involved, and its own determination of the suitability of any such investment, with particular reference to its own investment, objectives and experience and any other factors which may be relevant to it in connection with such an investment. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.*

*Neither the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager nor the Representative of Noteholders accepts responsibility to investors for the regulatory treatment of their investment in the Notes (including (but not limited to) whether any transaction or transactions pursuant to which the Notes are issued from time to time is or will be regarded as constituting a “securitisation” for the purposes of the EU Securitisation Regulation and the UK Securitisation Regulation and the domestic implementing regulations and the application of such articles to any such transaction) 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. Prospective investors are referred to the sections headed "Risk factors" and "Regulatory Disclosure and Retention Undertaking" for further information.*

***The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.***

#### ***Interpretation***

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

*All references in this Prospectus to "Italy" are to the Republic of Italy; references to laws and regulations are to the laws and regulations of Italy; and references to "billions" are to thousands of millions.*

*In this Prospectus, unless otherwise specified, references to "EUR", "euro", "Euro" or "€" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, inter alia, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.*

*Unless otherwise specified or where the context requires, references to laws and regulations are to the laws and regulations of Italy.*

*The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.*

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## RISK FACTORS

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, Variable Return, principal or other amounts on or in connection with the Notes may, exclusively or concurrently, occur for other unknown reasons and the Issuer does not represent that the risks described in the statements below are all the risks of holding the Notes. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Senior Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Senior Notes of interest or repayment of principal on such Senior Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.*

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

*Word and expressions defined in the section headed "Terms and Conditions" or elsewhere in this Prospectus have the same meanings in this section.*

### RISK FACTORS IN RELATION TO THE ISSUER

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

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Originator, the Servicer, the Sub-Servicer, the Back-Up Servicer Facilitator, the Calculation Agent, the Representative of the Noteholders, the Account Bank, the Paying Agent, the Hedging Counterparty, the Corporate Services Provider, the Quotaholder, the Arranger, the Lead Manager or any other party to the Securitisation, other than the Issuer. None of any such parties, other than the Issuer, accepts any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

The Issuer will not as at the Issue Date have any significant assets to be used for making payments under the Notes other than the Portfolio, the Cash Reserve and its rights under the Transaction Documents to which it is a party.

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections and recoveries made on its behalf by the Sub-Servicer from the Portfolio, (ii) the amounts standing to the credit of the Cash Reserve Account, (iii) any payments required to be made by the Hedging Counterparty under the Hedging Agreement and (iv) any other amounts received by the Issuer pursuant to the provisions of the Transaction Documents to which it is a party.

There is no assurance that, over the life of the Notes or at the redemption date of the Notes (whether on

the Final Maturity Date, upon redemption by acceleration of maturity following the delivery of a Trigger Notice or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes or Variable Return or to repay the Notes in full.

***Liquidity and credit risk***

The Issuer is subject to a liquidity risk in case of delay between the scheduled instalment dates and the actual receipt of payments from the Debtors.

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

Although the Issuer believes that the Portfolio has characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes, there can, however, be no assurance that the level of collections and recoveries received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

These risks are however mitigated by the liquidity and/or credit support provided: (a) in respect of the Senior Notes, by the credit enhancement provided by the Junior Notes in the applicable Order of Priority; and (b) in respect of the payment of interests on the Senior Notes, by the Cash Reserve.

No assurance can be given that any of these mitigants will be adequate to ensure to the Noteholders punctual and full receipt of amounts due under the Notes.

For further details, see the section headed "*Terms and Conditions of the Notes – Status, Segregation and Ranking*".

***The ability of the Issuer to meet its obligations under the Notes is dependent on the performance of the Servicer and the Sub-Servicer***

The Portfolio and the Receivables comprised therein will be serviced by Zenith (acting as Servicer under the Servicing Agreement) and by TFSI (acting as Sub-Servicer under the Servicing Agreement). Consequently, cash flows from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer or the Sub-Servicer pursuant to the provisions thereof.

Pursuant to the Servicing Agreement (i) Zenith has been appointed by the Issuer to be responsible for the collection of the Receivables transferred by the Originator to the Issuer and for cash and payment services (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*); and (ii) Zenith has delegated, with the consent of the Issuer, to TFSI the performance of, *inter alia*, the collection and recovery activities relating to the Receivables.

In accordance with the Securitisation Law, Zenith is therefore responsible for ensuring that the collection of the Receivables and the relative cash and payment services comply with Italian law and with this Prospectus.

The failure of the Servicer and/or the Sub-Servicer to perform their respective duties in accordance with the terms of the Servicing Agreement could result in the failure of or delay in the processing of payments on the Receivables and ultimately could adversely affect payments of interest and principal on the Notes.

If an event of default occurs in relation to the Servicer or the Sub-Servicer pursuant to the terms of the Servicing Agreement, then the Issuer may terminate the appointment of the Servicer or the Servicer may terminate the appointment of the Sub-Servicer. It is not certain that a suitable alternative servicer or sub-servicer could be found to service the Portfolio if the Servicer or the Sub-Servicer becomes insolvent or its respective appointment under the Servicing Agreement is otherwise terminated. If such an alternative servicer and/or sub-servicer were to be found it is not certain whether it would service the Portfolio on the same terms as those provided for in the Servicing Agreement. Any delay or inability to appoint an alternative servicer or sub-servicer may affect the realisable value of the Portfolio or any part thereof, and/or the ability of the Issuer to make payments related to the Notes.

The ability of an alternative servicer and/or sub-servicer to fully perform its duties would depend on the information and records made available to it at the time of termination of the appointment of the Servicer and/or Sub-Servicer and the absence of any material interruption in the administration of the Receivables upon the substitution of the Servicer and/or Sub-Servicer.

Prospective investors should note that such risk is mitigated by the provision of the Servicing Agreement pursuant to which, upon the occurrence of a Servicer Termination Event or a Sub-Servicer Termination Event, the Servicer or the Sub-Servicer (as the case may be) shall continue to carry out their activity until an eligible entity which meets the requirements for a substitute servicer or sub-servicer provided for by the Servicing Agreement has been appointed. Moreover, under the Intercreditor Agreement, Zenith Service S.p.A. has undertaken to act as Back-up Servicer Facilitator with the task of assisting the Issuer in the selection of the substitute Sub-Servicer. For further details, see the section entitled "*Description of the Transaction Documents – The Intercreditor Agreement*".

Furthermore, the net cash flows from the Portfolio and therefore the funds available to the Issuer to make payments under the Notes may be affected by decisions made and actions taken by the Sub-Servicer pursuant to the Servicing Agreement including (without limitation) the power of the Sub-Servicer to renegotiate certain terms and conditions of the Receivables (for further details, see the section headed "*Description of the Transaction Documents – The Servicing Agreement*") and/or propose changes to the Credit and Collection Policies over time.

However, the Sub-Servicer is required to seek the prior consent of the Issuer and the Representative of the Noteholders in connection with any change to the Credit and Collection Policies, except for: (i) any occasional amendments which are normal in the practice of the Sub-Servicer and are exclusively aimed at accelerating the timely collection and recovery of the Receivables in the interest of the Issuer; or (ii) any amendments which are necessary (a) to ensure compliance of the Credit and Collection Policies to any law or regulation or (b) following any change in the organisation of the internal governance of the Sub-Servicer. Any change or material amendment to the Credit and Collection Policies shall be promptly notified by the Sub-Servicer to the Issuer, the Servicer, the Rating Agencies and the Representative of the Noteholders.

***The ability of the Issuer to meet its obligations under the Notes is dependent on the performance of other parties to the Securitisation***

The timely payment of amounts due on the Notes will depend on the performance of other parties to the

Securitisation, including, without limitation, in respect of the Notes, the ability of the Hedging Counterparty to make the payments due under the Hedging Agreement, the ability of the Calculation Agent, the Cash Manager, the Paying Agent and the Account Bank to duly perform their obligations under the relevant Transaction Documents. In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Warranty and Indemnity Agreement in respect of the Portfolio. The performance of such parties of their respective obligations may be influenced by the solvency of each relevant party. The inability of any of the above-mentioned third parties to provide their services to the Issuer (including any failure arising from circumstances beyond their control, such as pandemics) may ultimately affect the Issuer's ability to make payments on the Notes.

### ***Eligible Investments***

Funds on deposit in certain Accounts may be invested through the Investment Account in Eligible Investments by the Issuer through the Cash Manager (upon specific written instruction received from the Sub-Servicer) pursuant to the Cash Allocation, Management and Payments Agreement. The investments must have appropriate ratings depending on the term of the investment and the term of the investment instrument, as provided by the Eligible Investment definition. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due on the insolvency of the debtor under the investment.

None of the Sub-Servicer, the Cash Manager and/or any other party will be responsible for any loss or shortfall deriving therefrom.

However such risk is mitigated by the specific features of the Eligible Investments which shall meet the rating requirements set forth in the definition of Eligible Investments.

### ***Commingling risk***

The Issuer is subject to the risk that, in the event of insolvency of the Account Bank or the Sub-Servicer, the Collections held at the time the insolvency occurs would be lost or temporary unavailable to the Issuer.

Indeed, although article 3, paragraphs 2-*bis* and 2-*ter*, of the Securitisation Law provides that the sums credited to the accounts opened in the name of the issuer or the servicer with an account bank (whether before or during the relevant insolvency proceeding of such account bank) will not be subject to suspension of payments or will not be deemed to form part of the estate of the servicer or the account bank, as the case may be, and shall be immediately and fully repaid to the issuer, without the need to file any petition (*domanda di ammissione al passivo o di rivendica*) and wait for the distributions (*riparti*) and the restitutions of sums (*restituzioni di somme*), such provisions of the Securitisation Law have not been the subject of any official interpretation and to date they have been commented by a limited number of legal commentators. Consequently, there remains a degree of uncertainty with respect to the interpretation and application thereof. In addition, pursuant to article 95-*bis* of the Consolidated Banking Act, the liquidation and reorganisation proceedings of an account bank would be governed by the laws of the member state in which the relevant account bank has been licensed; therefore in the event that an account bank is a foreign entity, there is a risk that the insolvency receiver of the same may disregard

the provisions of article 3, paragraph 2–*bis* and 2–*ter*, of the Securitisation Law.

Prospective Noteholders should note that, in order to mitigate any such risk of commingling: (i) pursuant to the Servicing Agreement, the Sub-Servicer has undertaken to pay all Collections into the Collection Account by no later than the second Business Day following the relevant reconciliation and (ii) pursuant to the Cash Allocation, Management and Payments Agreement, it is required the Account Bank shall at all times be an Eligible Institution. In addition, pursuant to the Servicing Agreement, within 15 (fifteen) calendar days following receipt of a termination notice or delivery of a resignation notice, the Sub-Servicer shall, *inter alia*, instruct in writing the Debtors to make future payments relating to the Receivables directly into the Collection Account. No assurance can be given that all data necessary to make such notifications will be available and that the Debtors will comply with such payment instructions.

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

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which the Issuer's rights, title and interest in and to the Portfolio and the other Segregated Assets are segregated (*costituiscono patrimonio separato*) from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditors of the Issuer in respect of any fees, costs and expenses in relation to the Securitisation.

Pursuant to the Conditions and the Intercreditor Agreement, until the date falling two years and one day after the date on which the Notes and any notes issued in the context of any Further Securitisation undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of all Noteholders and only if the representative(s) of the noteholders of all other securitisations undertaken by the Issuer, if any, have been so directed by the appropriate resolutions of their respective noteholders in accordance with the relevant transaction documents) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer. However, the breach of the non-petition clause in the Intercreditor Agreement may give to the Issuer the right to a claim for damages but it would not necessarily prevent the petition filed in breach of such provision from being deemed to have been validly filed.

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

***The Issuer may incur unexpected expenses which could reduce the funds available to pay the Notes***

The Issuer is less likely to have creditors who would have a claim against it other than the ones related to any Further Securitisation, the Noteholders and the Other Issuer Creditors and the other third parties creditors in respect of any taxes, costs, fees or expenses incurred in relation to such securitisations and

in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation. For further details, see the following paragraph entitled “*Further Securitisations*” of this section entitled “*Risk Factors*”.

Nonetheless, there remains the risk that the Issuer may incur unexpected expenses payable to any creditors of the Issuer (other than the Issuer Creditors) in relation to the Securitisation, as a result of which the funds available to the Issuer for purposes of fulfilling its payment obligations under the Notes could be reduced.

#### ***Further securitisations***

The Issuer may carry out Further Securitisations in addition to the Securitisation described in this Prospectus, subject to the provisions of Condition 5.11 (*Covenants – Further Securitisations*).

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company that purchases the receivables. On a winding up of such a company such assets will only be available to the holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

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

### **RISK FACTORS IN RELATION TO THE NOTES**

#### ***Suitability***

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

No communication (written or oral) received from the Issuer, the Servicer, the Sub-Servicer, the Originator, the Arranger, the Lead Manager or from any other party to the Securitisation shall be deemed to be an assurance or guarantee as to the expected results of an investment in any Class of Notes: consequently prospective investors must not rely on any communication (written or oral) of the Issuer, the Servicer, the Sub-Servicer, the Originator, the Arranger, the Lead Manager or any other party to the Securitisation as investment advice or as a recommendation to invest in the Notes.

If an investor does not properly assess the nature of the Notes and the extent of its exposure to the



relevant risks before making its investment decision, it may suffer losses.

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

### ***Interest rate risk***

The Receivables have interest payments calculated on a fixed rate basis, whilst the Senior Notes will bear interest at a rate based on Euribor (as determined on each Interest Determination Date, subject to and in accordance with the Conditions). As a result, there could be a rate mismatch between interest accruing on the Senior Notes and on the Portfolio.

As a result of such mismatch, an increase in the level of the Euribor could adversely impact the ability of the Issuer to make payments on the relevant Notes.

In order to hedge the interest rate risk arising under the Senior Notes, the Issuer has entered into the Hedging Agreement with the Hedging Counterparty. For further details, see the sections headed "*Description of the Transaction Documents – The Hedging Agreement*".

Under the Intercreditor Agreement, the Issuer has covenanted with the Representative of the Noteholders that, in the event of early termination of the Hedging Agreement, including any termination upon failure by the Hedging Counterparty to perform its obligations thereunder, the Issuer will use its best endeavours to find, in consultation with the Originator, a suitably rated replacement swap counterparty who is willing to enter into a replacement hedging agreement substantially on the same terms as the Hedging Agreement.

However, no assurance can be given that the Issuer will be able to enter into a replacement hedging agreement with a suitably rated entity that will provide the Issuer with the same level of protection as the Hedging Agreement.

### ***The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to such "benchmarks"***

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

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and applies, as subsequently amended, from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. It will, among other things, (i) require benchmark administrators to be authorised (or, if non-EU based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of "benchmarks" and (ii) ban the use of benchmarks of unauthorised administrators.

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

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements.

Such factors may have the following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to such “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmarks” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on the Senior Notes. While (i) an amendment may be made under Condition 7.16 (*Fallback provisions*) to change the base rate on the Senior Notes from Euribor to a Successor Rate (or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an Alternative Benchmark Rate) under certain circumstances broadly related to Euribor disfunction or discontinuation and subject to certain conditions being satisfied and (ii) the Issuer is under an obligation to appoint an Independent Adviser which must be an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets to determine a Successor Rate (or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an Alternative Benchmark Rate) in accordance with Condition 7.16 (*Fallback provisions*), there can be no assurance that any such amendments will be made or, if made, that they (a) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Senior Notes or (b) will be made prior to any date on which any of the risks described in this risk factor may become relevant. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms, investigations and licensing issues in making any investment decision with respect to the Notes, or (c) an equivalent methodology will be used for determining the interest rates on the Senior Notes and those under the Hedging Agreement and/or the Successor Rate and/or the Alternative Benchmark Rate with respect to the Notes will be fully aligned with the replacement rate determined under the Hedging Agreement.

***Yield to maturity, amortisation and weighted average life of the Notes are influenced by a number of factors***

The yield to maturity, the amortisation and the weighted average life of the Notes will depend on, *inter alia*, the amount and timing of repayment of principal on the Loans (including prepayments and sale proceeds arising on enforcement of the Loans, if any).

In addition, the yield to maturity, the amortisation and the weighted average life of the Notes may be adversely affected by a number of factors including, without limitation, a higher or lower rate of prepayment, delinquency and default on the Loans, the exercise by the Originator of its right to

repurchase individual Receivables or the outstanding Portfolio pursuant to the Receivables Purchase Agreement, any settlement or disposal by the Sub-Servicer in relation to Defaulted Receivables in accordance with the provisions of the Servicing Agreement and/or the early redemption of the Notes pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*).

Prepayments may result in connection with refinancing by Debtors voluntarily. The level of delinquency and default on payment of the relevant Instalments or request for renegotiation under the Loans or level of early repayment of the Loans cannot be predicted and is influenced by a wide variety of economic, market industry, social and other factors, including prevailing loan market interest rates and margin offered by the banking system, the availability of alternative financing, local and regional economic conditions as well as special legislation that may affect the refinancing terms.

Calculations as to the estimated weighted average life of the Senior Notes are based on various assumptions relating also to unforeseeable circumstances (for further details, see the section headed "*Expected weighted average life of the Senior Notes*"). No assurance can be given that such assumptions and estimates will be accurate and, therefore, calculations as to the estimated weighted average life of the Senior Notes must be viewed with considerable caution.

### ***Subordination***

The Issuer is unlikely to have a large number of creditors unrelated to the Securitisation or any Further Securitisation which may be carried out by the Issuer since the corporate object of the Issuer, as contained in its by-laws (*statuto*), is limited to the carrying out of securitisation transactions and activities related or ancillary thereto and the Issuer has provided certain covenants in the Intercreditor Agreement and the other Transaction Documents which contain restrictions on the activities which the Issuer may carry out with the result that the Issuer may only carry out limited transactions. Nonetheless, there remains the risk that the Issuer may incur unexpected expenses payable to third party creditors (which rank ahead of all other items in the applicable Order of Priority), as a result of which the funds available to the Issuer for purposes of fulfilling its payment obligations under the Notes could be reduced.

The rights of the Noteholders to receive payments of interest and repayment of principal on the Senior Notes and payments of interest, Variable Return and repayment of principal on the Junior Notes are subordinated to the payment of certain costs, expenses, fees, taxes and other amounts and to the rights of the Representative of the Noteholders and other parties to receive certain amounts due under the Transaction Documents. This includes in respect of any proceeds of enforcement and collection of the security created by the Issuer which will be applied in accordance with the Post-Enforcement Order of Priority.

The subordination of amounts payable under the Notes to the items in priority thereto may result in the Noteholders not being repaid in full in the event the Issuer has insufficient funds. Please see the section headed "*Terms and Conditions of the Notes – Status, Segregation and Ranking*" for details of the subordination provisions.

Noteholders should also have particular regard to the factors identified in the sections headed "*Transaction Overview – Credit Structure*" and "*Transaction Overview – Orders of Priority*" below in

determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest on the Senior Notes and interest and Variable Return on the Junior Notes and/or repayment of principal due under the Notes.

### ***Limited rights***

The protection and exercise of the Noteholders' rights against the Issuer in respect of the Notes is one of the duties of the Representative of the Noteholders.

The Conditions and the Rules of the Organisation of the Noteholders limit the ability of individual Noteholders to bring individual actions, commence proceedings (including proceedings for a declaration of insolvency) against the Issuer in certain circumstances by conferring on the Meeting the power to determine in accordance with the Rules of the Organisation of the Noteholders on the ability of any Noteholder to commence any such individual actions. Accordingly, individual Noteholders may not, without breaching the Conditions, be able to commence proceedings or take other individual remedies against the Issuer unless a Meeting has approved such action by way of an Extraordinary Resolution in accordance with the provisions of the Rules of the Organisation of the Noteholders.

### ***Resolutions of the Noteholders***

Certain resolutions, to the extent properly adopted in accordance with the Rules, are binding on all Noteholders, and, therefore, certain rights of each Noteholder against the Issuer under the Conditions may be limited pursuant to any such resolution. In particular, pursuant to the Rules and subject to Condition 5.7 (*No variation or waiver*), article 30.10 (*Hedging Counterparty Entrenched Rights*) and article 33.1 (*Modification*) of the Rules: (a) any resolution involving any matter other than a Basic Terms Modification that is passed by the Senior Noteholders shall be binding upon all the Junior Noteholders irrespective of the effect thereof on their interest; (b) any resolution passed at a Meeting of one or more Classes of Notes duly convened and held in accordance with the Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting; and (c) any resolution is passed to the extent that the relevant quorum is reached.

Prospective noteholders should note that these provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant Meeting and Noteholders who voted in a manner contrary to the Meeting. For example, it should be in particular noted that, in a number of circumstances, the Notes may become subject to early redemption. Early redemption of the Notes as a result of some circumstances may be dependent upon receipt by the Representative of the Noteholders of a direction from, or a resolution passed by, a certain majority of Noteholders. If the economic interest of a Noteholder represents a relatively small proportion of the majority and its individual vote is contrary to the majority vote, its direction or vote may be ignored and, if a determination is made by certain of the Noteholders to redeem the Notes, all Noteholders, even if they did not vote, may face early redemption of the Notes held by them.

Furthermore, prospective noteholders should note that any Extraordinary Resolution involving a Basic Terms Modification shall be sanctioned by an Extraordinary Resolution of the holders of the other Class of Notes.

***Noteholders' interests are subject to Hedging Counterparty's interests in respect of Hedging Counterparty Entrenched Rights***

Pursuant to the Conditions, the Hedging Counterparty's prior written consent is required with respect to any amendments, waivers, supplements, consents and/or modifications to the Transaction Documents which would, in the reasonable opinion of the Hedging Counterparty, have the effect of altering any of the following (each, a "**Hedging Counterparty Entrenched Right**):

- (a) the amount, timing or priority of any payments or deliveries due to be made by or to the Hedging Counterparty under any Transaction Document; and/or;
- (b) the Issuer's ability to make payments or deliveries to the Hedging Counterparty under the Hedging Agreement; and/or
- (c) the Hedging Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by Issuer in favour of the Representative of the Noteholders on behalf of the Other Issuer Creditors; and/or
- (d) the Hedging Counterparty's status as a secured party (howsoever described) in respect of the obligations under Hedging Agreement which constitute Secured Obligations; and/or
- (e) Condition 8 (*Redemption, Purchase and Cancellation*) or any additional redemption rights in respect of the Notes; and / or
- (f) the Pre-Enforcement Order of Priority or the Post-Enforcement Order of Priority, in each case such that Issuer's obligations to the Hedging Counterparty under the Hedging Agreement are further contractually subordinated to Issuer's obligations to any other beneficiary or the interests of the Hedging Counterparty are otherwise materially prejudiced,

*it being understood that any amendment to Condition 5.7 (No variation or waiver), article 30.10 (Hedging Counterparty Entrenched Rights), article 33.1 (Modification) of the Rules, clause 10.2 (Hedging Counterparty Entrenched Rights) of the Intercreditor Agreement or to this definition shall be considered a Hedging Counterparty Entrenched Right.*

There can be no assurance that the Hedging Counterparty will provide consent to any such matter in a timely manner or at all. The Hedging Counterparty may act solely in the interests of itself and does not have any duties to any of the Noteholders.

***Market for the Senior Notes***

Although an application has been made to ExtraMOT PRO for the Senior Notes to be listed on the official list of ExtraMOT PRO and to be admitted to trading on professional segment ExtraMOT PRO of the multilateral trading facility ExtraMOT operated by Borsa Italiana S.p.A., there is currently no active and liquid secondary market for the Senior Notes. The Notes have not been registered under the Securities Act and will be subject to significant restrictions on resale in the United States. There can be no assurance that a secondary market for the Senior Notes will develop or, if a secondary market does develop in respect of any of the Senior Notes, that it will provide the holders of such Senior Notes with the liquidity of investments or that any such liquidity will continue for the life of such Senior Notes. Consequently,

any purchaser of the Notes must be prepared to hold such Notes until the Final Maturity Date.

Limited liquidity in the secondary market may have an adverse effect on the market value of asset backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions persist, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes may fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor.

***Limited nature of credit ratings assigned to the Senior Notes***

Each credit rating expected to be assigned on the Issue Date to the Senior Notes will reflect the relevant Rating Agency's assessment only of the likelihood that interest will be paid timely and principal will be paid by the Final Maturity Date, not that it will be paid when expected or scheduled. These ratings will be based, among other things, on the reliability of the payments on the Portfolio and the availability of credit enhancement.

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

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

Future events such as any deterioration of the Portfolio, the unavailability or the delay in the delivery of information, the failure by the parties to the Transaction Documents to perform their obligations under the Transaction Documents and the revision, suspension or withdrawal of the unsecured, unsubordinated and unguaranteed debt rating of third parties involved in the Securitisation could have an adverse impact on the credit ratings of the Senior Notes, which may be subject to revision or withdrawal at any time by the assigning Rating Agency. A rating is not a recommendation to purchase, hold or sell the Senior Notes. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered the EU CRA Regulation, unless such rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or such rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under the UK CRA Regulation, unless such rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or such rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation.

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

The Issuer has not requested a rating of the Senior Notes by any rating agency other than the Rating

Agencies. However, credit rating agencies other than the Rating Agencies could seek to rate the Senior Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Senior Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Senior Notes. For the avoidance of doubt and unless the context otherwise requires, any references to “ratings” or “rating” in this Prospectus are to ratings assigned by the specified Rating Agencies only.

#### ***Eurosystem eligibility criteria***

The Senior Notes have been structured in a manner so as to allow Eurosystem eligibility. However, this does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria (as amended from time to time) and, in accordance with its policies, will not be given prior to issue of the Senior Notes. If the Senior Notes are accepted for such purposes, the Eurosystem may amend or withdraw any such approval in relation to the Senior Notes at any time.

None of the Issuer, the Arranger, the Lead Manager, the Originator or any other party (i) gives any representation or warranty as to whether Eurosystem will ultimately confirm that the Senior Notes are eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem for such purpose; and (ii) will have any liability or obligation in relation thereto if the Senior Notes are at any time deemed ineligible for such purposes.

#### **RISK FACTORS IN RELATION TO THE PORTFOLIO**

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

None of the Issuer, the Arranger, the Lead Manager or any other party to the Transaction Documents (other than the Originator) has carried out any due diligence in respect of the Receivables and the relevant Loan Agreements nor has any of them undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables which have been assigned and transferred by the Originator to the Issuer, nor has any of such persons undertaken any investigations, searches or other actions to establish the creditworthiness of any Debtors.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivable or the rights of the Issuer relating to such Receivable or, with respect to certain representations and warranties, the relevant breach (without the aforementioned material and adverse effect) will be that the Originator repurchases the Receivables which do not comply with any such representation and warranty and/or complies with certain indemnity obligations undertaken in favour of the Issuer pursuant to the Warranty and Indemnity Agreement (see the section headed “*Description of the Transaction Documents – The Warranty and Indemnity Agreement*”, below). The repurchase and indemnification obligations undertaken by the Originator under the Receivables Purchase Agreement and the Warranty and Indemnity Agreement give rise to unsecured claims of the Issuer and no assurance can be given that the Originator will pay the relevant amounts if and when due

### ***Clawback of the sales of the Receivables***

Assignments executed under the Securitisation Law are subject to revocation on judicial liquidation under article 166 of the Insolvency Code.

As expressly stated under article 4, paragraph 4, of the Securitisation Law, in relation to securitisation transactions carried out under the Securitisation Law, the 1 year and 6 months terms set out under article 166 of the Insolvency Code are reduced, respectively, to 6 months and 3 months.

In respect of the Originator – which, in case of its insolvency, will be subject to Italian insolvency laws – such risk is mitigated by the fact that, according to the Receivables Purchase Agreement, the Originator, in respect of the Portfolio, has provided the Issuer with (i) a solvency certificate signed by an authorised officer of the Originator and; (ii) a good standing certificate issued by the competent companies' register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*) stating that the Originator is not subject to any insolvency proceeding. Furthermore, under the Warranty and Indemnity Agreement, the Originator has represented that it was solvent as at the date thereof and such representation shall be deemed to be repeated on the Issue Date.

In addition, (i) in case of repurchase by the Originator of the Portfolio or individual Receivables in accordance with the Receivables Purchase Agreement and the Warranty and Indemnity Agreement, or (ii) disposal of the Portfolio following the service of a Trigger Notice or in case of redemption of the Notes in accordance with Condition 8.3 (*Optional Redemption*) or 8.4 (*Optional redemption for taxation reasons*) or (iii) assignment of one or more Defaulted Receivables by the Sub-Servicer to any third parties in accordance with the Servicing Agreement, the payment of the relevant purchase price may be subject to clawback pursuant to article 166, paragraph 1 or 2, of the Insolvency Code. However, pursuant to the Receivables Purchase Agreement or the Warranty and Indemnity Agreement or the Intercreditor Agreement or the Servicing Agreement, analogous certificates evidencing the solvency of the Originator or the third party purchaser, as the case may be, shall be provided to the Issuer (with reference to the Originator only, to the extent not already provided to the Issuer within 90 calendar days immediately preceding the relevant date of purchase).

Furthermore, prospective investors in the Notes should consider that (i) any statement contained in the solvency certificates above mentioned to the effect that the Originator exists and has not been submitted to insolvency proceedings applicable to it cannot be relied on as a conclusive evidence that the Originator is still existing and is solvent and that no such proceedings have been initiated before a court, nor that an order by an authority having jurisdiction over the Originator has been already issued as at the date of such certificate, and (ii) whether or not the Issuer was, or ought to have been, aware of the state of insolvency of the Originator at the time of execution of the Receivables Purchase Agreement is a factual analysis with respect to which a court may in its discretion consider all relevant circumstances including, but not limited to, the reliance by the Issuer and/or any of its representatives or agents on the representations made by the Originator in the Warranty and Indemnity Agreement and in the solvency certificates issued by the Originator from time to time.

### ***Clawback of other payments made to the Issuer***

According to article 4, paragraph 3, of the Securitisation Law, payments made by a Debtor to the Issuer



are not subject to any clawback (*revocatoria*) according to article 166 of the Insolvency Code, nor to any declaration of ineffectiveness (*declaratoria di inefficacia*) pursuant to article 164, paragraph 1 of the Insolvency Code.

Save for what described above, all other payments made to the Issuer by any party to the Transaction Documents after the filing of petition which has been followed by the opening of the judicial liquidation pursuant to the Insolvency Code or in the year or the 6 (six) months preceding the opening of the judicial liquidation, as the case may be, may be subject to clawback (*revocatoria*) according to article 166 of the Insolvency Code (or any equivalent rules under the applicable jurisdiction of incorporation of such party). Please note that, under certain circumstances, the term of the suspected period is extended to 1 or 2 years for intercompany transactions. In case of application of article 166, paragraph 1, of the Insolvency Code, the relevant payment will be set aside and clawed back if the Issuer does not give evidence that it did not have knowledge of the state of insolvency of the relevant party when the payments were made, whereas, in case of application of article 166, paragraph 2, of the Insolvency Code, the relevant payment will be set aside and clawed back if the receiver gives evidence that the Issuer had knowledge of the state of insolvency of the relevant party. The question as to whether or not the Issuer had actual or constructive knowledge of the state of insolvency at the time of the payment is a question of fact with respect to which a court in its discretion may consider all relevant circumstances.

#### ***Performance of the Portfolio***

The Portfolio comprises Receivables deriving from Loans classified as performing (*crediti in bonis*) by the Originator in accordance with the Bank of Italy's guidelines as at the Effective Date. For further details, see the section entitled "*The Portfolio*". There can be no guarantee that the Debtors will not default under such Loans or that they will continue to perform thereunder. It should be noted that adverse changes in economic conditions may affect the ability of the Debtors to repay the Loans.

The recovery of overdue amounts in respect of the Loans will be affected by the length of enforcement proceedings in respect of the Loans, which in the Republic of Italy can take a considerable amount of time depending on the type of action required and where such action is taken. Factors which can have a significant effect on the length of the proceedings include the following: (i) certain courts may take longer than the national average to enforce the Loans, and (ii) more time will be required for the proceedings if it is necessary first to obtain a payment injunction (*decreto ingiuntivo*) or if any Debtor raises a defence or counterclaim to the proceedings.

#### ***Recoveries under the Loans***

Following a default by a Debtor under a Loan, the Sub-Servicer will be required to take steps to recover the sums due under the relevant Loan in accordance with its Credit and Collection Policies and the Servicing Agreement.

The Loans provide that if any Debtor fails to pay in due time any amount due thereunder, the lender is entitled to take steps to terminate its agreement with the relevant Debtor under the relevant Loan and to require immediate repayment of all amounts advanced and/or due under such Loan in accordance with its terms (see the section headed "*Description of the Transaction Documents – The Servicing Agreement*" and "*Credit and Collection Policies*", below).

The Sub-Servicer may take steps to recover the deficiency from the Debtor. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the Debtor if the Sub-Servicer is of the view that the potential recovery would exceed the costs of the enforcement measures. In such event, due to the complexity of, and the time involved in carrying out, legal proceedings against the Debtor and the possibility for challenges, defences and appeals by the Debtor, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Loan.

In the Republic of Italy, a lender which has received a judgment against a debtor in default may enforce the judgment through a forced sale of the debtor's (or guarantor's) goods (*pignoramento mobiliare*) or real estate assets (*pignoramento immobiliare*), if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the relevant debtor together with a *titolo esecutivo*, i.e. an instrument evidencing the nature of the claims and having certain characteristics.

The average length of time for a forced sale of a debtor's goods, from the court order or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor's real estate assets, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

Attachment proceedings may also be commenced on due and payable claims of a borrower (such as bank accounts, salary etc.) or on a borrower's moveable property which is located on a third party's premises.

***The Issuer will not have any title to the vehicles nor will it benefit from any security interests over the same***

The Issuer will acquire from the Originator interests in the Receivables, including rights to receive certain payments from the Debtors and other ancillary rights under the Loan Agreements.

However, in relation to Loans, which have been disbursed for the purchase of new vehicles, the Issuer will not have any title to the vehicles nor will it benefit from any security interests over the same.

Therefore, in the event of a payment default by the Debtors, the Issuer will not be entitled to repossess the vehicles nor will have any priority rights over the proceeds deriving from the sale or other disposal of such vehicles and this may ultimately affect the ability of the Issuer to pay the amounts due under the Notes.

#### ***Risk relating to the Balloon Loans***

Under the Originator's standard terms and conditions, the Loans are structured with "balloon" payment, amortising on the basis of equal monthly Instalments, but with a significant portion of the outstanding principal under the relevant Loan being repaid in a single "bullet" payment at maturity. Upon request of the relevant borrowers, the "balloon" instalments may be rescheduled; however, any such rescheduling would be subject to the limits set out in the Servicing Agreement (for a detailed description of the powers

of the Sub-Servicer to reschedule such “balloon” instalments, please see the section headed “*Description of the Transaction Documents – The Servicing Agreement*”, below). Prospective investors in the Notes should be aware that any of such rescheduling may ultimately affect the timely repayment in full of the Notes.

***Italian consumer protection legislation contains certain protections in favour of debtors***

The Portfolio comprises Receivables deriving from loans for vehicles (*prestiti per veicoli*) qualifying as consumer loan i.e. loans granted to individuals acting outside the scope of their entrepreneurial, commercial, craft or professional activities. In Italy, consumer loans are regulated, *inter alia*: (a) by articles 121 to 126 of the Consolidated Banking Act; (b) by Italian legislative decree 6 September 2005 n. 206 as amended and (c) regulation of the Bank of Italy dated 29 July 2009, as amended by the regulation dated 3 August 2017 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*). Under the current legislation, consumer loans are only those granted for amounts respectively lower and higher than the maximum and minimum levels set by sub-section 1 of article 122 of the Consolidated Banking Act, such levels being currently fixed at Euro 75,000 and Euro 200 respectively.

The following risks, amongst others, could arise in relation to a *credito al consumo* loan contract:

- (a) pursuant to sub-sections 1 and 2 of article 125-*quinquies* of the Consolidated Banking Act, debtors under consumer loan contracts linked to supply contracts have the right to terminate the relevant contract with the lender following a breach by the supplier, provided that (i) they have previously and unsuccessfully made the *costituzione in mora* of the supplier and (ii) such breach of the supplier meets the conditions set out in article 1455 of the Italian Civil Code. In the case of termination of the consumer loan contract, the lender must reimburse all instalments and sums paid by the consumer and is not entitled to receive from the consumer the loan granted to the consumer already transferred to the supplier. However, the lender has the right to claim these payments from the relevant supplier which is in breach. Pursuant to sub-section 4 of article 125-*quinquies* of the Consolidated Banking Act, debtors are entitled to exercise against the assignee of any lender under such consumer loan contracts any of the defences mentioned under sub-sections 1 to 3 of the same article, which they had against the original lender. In addition, with respect to insurance policies financed by the originators/lenders (where the premium is paid up-front by the originators to the insurance companies and then reimbursed to the originators/lenders by the borrowers as a part of the loan instalments), it is uncertain whether such insurance policies may qualify as linked contracts and, as such, would confer on the borrowers the right to terminate the relevant loan agreements or at least claim a refund of the unearned premium from the issuer in case of default of the insurance companies. On the basis of the principles of the Italian Civil Code it could be reasonably argued that, should the insurance policies qualify as linked contracts, upon default of the insurance companies the borrowers would be entitled to claim only a refund of the portion of the loan financing the premium.
- (b) pursuant to sub-section 1 of article 125-*sexies* of the Consolidated Banking Act, debtors under *credito al consumo* loan contracts have the right to prepay, in whole or in part, any consumer loan

and with the additional right to a *pro rata* reduction in the aggregate costs and interests of the loan. In the event of prepayment by the borrower, the lender, under certain circumstances, is entitled to a compensation equal to 1% of the prepaid amount of the consumer loan if the residual duration of the consumer loan is longer than one year, and equal to 0.5% of the same amount, if shorter and, in any case, the interest amount that the borrower would have paid for the residual duration of the loans. This compensation would not apply if (i) the prepayment were made under an insurance credit policy covering such prepayment; (ii) the prepayment relates to an overdraft facility; (iii) the prepayment occurs in a period during which no fixed interest rate already set in the relevant consumer loan agreements applies; or (iv) the prepaid amounts correspond to the whole outstanding debt or is equal to or lower than Euro 10,000.

The provisions of article 125-*sexies* of the Consolidated Banking Act have been recently amended by Law Decree No. 73 of 25 May 2021, as converted into Law no. 106 of 23 July 2021 (the "*Sostegni-bis Decree*"). Pursuant to the *Sostegni-bis Decree*, the consumer loan agreements shall clearly indicate the criteria applicable for such interest and cost reduction, being a linear proportional reduction or a reduction based on the loan amortised cost. Unless otherwise specified in the relevant consumer loan agreement, a reduction based on the loan amortised cost would apply. Save for any different agreement between the lenders and the relevant credit intermediaries, the lenders would have a recourse against such credit intermediaries for the recovery of an amount equivalent to the portion of the credit intermediaries' fees reimbursed to the borrowers as a result of the prepayment.

The amendments to article 125-*sexies* of the Consolidated Banking Act introduced by the *Sostegni-bis Decree* would apply to the consumer loan agreements executed after the entry into force of conversion law. Any prepayment relating to consumer loan agreements entered into prior to such date would continue to be governed by the previous provisions of article 125-*sexies* applicable at the time of the relevant prepayment.

- (c) pursuant to sub-section 1 of article 125-*septies* of the Consolidated Banking Act, debtors are entitled to exercise, against the assignee of any lender under a *credito al consumo* loan contract, any defence (including set-off) which they had against the original lender, in derogation to the provisions of article 1248 of the Italian Civil Code (that is even if the debtor has accepted the assignment or has been given written notice thereof). It is debated whether article 125-*septies*, paragraph 1, of the Consolidated Banking Act allows the assigned consumer to set-off against the assignee only claims that had arisen vis-à-vis the assignor before the assignment or also those claims arising after the assignment, regardless of any notification/acceptance of the same. In this respect it should be noted that the Securitisation Law (as amended by Italian Law no. 9 of 21 February 2014) provides, *inter alia*, that, notwithstanding any provision of law providing otherwise, no set-off may be exercised by a debtor vis-à-vis the issuer grounded on claims which have arisen towards the seller after (i) the date of publication of the notice of transfer of the relevant receivables in the Official Gazette, or (ii) the payment of the purchase price (even partial) of the relevant receivables bearing data certain at law (*data certa*).

In order to mitigate the risks described under paragraphs (a) to (c) above, under the Warranty and

Indemnity Agreement, the Originator has given certain representations and warranties and undertaken certain indemnity obligations aimed at addressing and protecting the Issuer from such set-off risks. For further details, see the section entitled “*Description of the Transaction Documents – The Warranty and Indemnity Agreement*”.

- (d) pursuant to sub-section 2 of article 125-*septies* of the Consolidated Banking Act, there is no obligation to inform the consumer of the assignment of the rights of the lender under a *credito al consumo* loan contract when the original lender maintains the servicing of the relevant claims. In addition, regulation of the Bank of Italy dated 29 July 2009, as amended on 15 July 2015 (*Trasparenza delle operazioni e dei servizi bancarie e finanziari. Correttezza delle relazioni tra intermediari e clienti*) provides that notices of assignment shall be made in accordance with, respectively, article 58 of the Consolidated Banking Act with respect to the assignment of claims to be carried out in accordance with article 58 of the Consolidated Banking Act and article 4 of the Securitisation Law with respect to the securitisation transaction of claims. Prior individual notice of the purchase of the Receivables under the Receivables Purchase Agreement was not, and will not be, given to the Debtors as the Originator will continue to service the relevant Receivables and the Debtors’ payment procedure will not be subject to change. Since no notice of the assignment of the Receivables to the Issuer is being given there is a risk that Debtors who qualify as a “consumer” pursuant to the Consolidated Banking Act could raise a defence in any enforcement action taken by the Issuer in respect of the relevant Loans qualifying as “consumer loans” extended to them that the assignment of the Receivables cannot be enforced against them if the Originator does not continue to service the relevant Receivables and the Debtors’ payment procedure are subject to change, until they receive formal notice of the assignment. However, prospective investors in the Notes should be aware that pursuant to the Receivables Purchase Agreement, the Originator has undertaken to perform the activities required in order to comply with applicable privacy law and regulations, including the delivery of the individual notice (*informativa*) to the Debtors in compliance with such law and regulations.

The Loans are also regulated, *inter alia*, by article 1469-bis of the Italian Civil Code and by articles 33 to 38 of legislative decree 6 September 2005 n. 206 (as subsequently amended, the “**Consumer Code**”), which implement EC Directive 93/13/CEE on unfair terms in consumer contracts, and provide that any clause in a consumer contract which contains a material imbalance between the rights and obligations of the consumer under the contract is deemed to be unfair and is not enforceable against the consumer whether or not the consumer’s counterparty acted in good faith.

Article 33 identifies clauses which, if included in consumer contracts, are deemed to be *prima facie* unfair but which are binding on the consumer if it can be shown that such clauses were actually individually negotiated or that they can be considered fair in the circumstances of the relevant consumer contract. Such clauses include, amongst others, clauses which give the right to the contracting supplier (as defined in EC Directive 93/13/CEE) to (a) terminate the contract without reasonable cause (*giusta causa*) or (b) modify the conditions of the contract without a valid reason previously stated in such contract (*giustificato motivo*). However, with regard to financial contracts, the supplier is empowered to modify the economic terms upon occurrence of a valid reason (*giustificato motivo*), even if such a valid reason

*(giustificato motivo)* has not been previously indicated in the relevant consumer contract; in this case the supplier must anyway inform the consumer immediately, and the consumer has the right to terminate the contract.

Pursuant to article 36 of the Consumer Code, the following clauses, amongst others, are considered null and void as a matter of law and are not enforceable: (a) any clause which has the effect of excluding or limiting the remedies of the consumer in case of total or partial failure by the contracting supplier to perform its obligations under the consumer contract; and (b) any clause which has the effect of making the consumer party accepting terms it has not had any opportunity to consider and evaluate before entering into the consumer contract.

The Originator has represented and warranted in the Warranty and Indemnity Agreement that the Loan Agreements do not contain unfair terms (*clausole vessatorie*) pursuant to and for the purposes of article 33, paragraphs 1 and 2 and article 36, paragraph 2 of the Consumer Code and all the terms set forth under the Loan Agreements are effective towards the Debtors.

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

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months only (i) under an agreement subsequent to such accrual or (ii) from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices (*"usi"*) to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice (*"uso normativo"*). However, a number of judgements from Italian courts (including the judgements from the Italian Supreme Court (*Corte di Cassazione*) number 2374/1999, number 2593/2003, number 21095/2004 as confirmed by judgment number 24418/2010 of the same Court) have held that such practices may not be defined as customary practices (*"uso normativo"*).

Article 17-*bis* of law decree number 18 of 14 February 2016 (as converted into law with amendments by law number 49 of 8 April 2016) amended article 120, paragraph 2, of the Consolidated Banking Act, providing that interests (other than defaulted interests) shall not accrue on capitalised interests. Article 120, paragraph 2, of the Consolidated Banking Act delegated to the interministerial committee of credit and saving (the "**CICR**") the establishment of the methods and criteria for compounding of interest. In this respect, the CICR, with a resolution dated 3 August 2016, substituting the resolution dated 9 February 2000, has provided, *inter alia*, that: (i) negative accrued interests and principal are to be accounted separately; (ii) in accordance with the new provision of article 120 of the Consolidated Banking Act, interests are due as from 1 March of the year following the year of the relevant accrual. In any case, such interests shall become payable and the relevant debtor shall be considered in default only after a period of 30 days starting from the day the debtor is aware of the amount to be paid; and (iii) the debtor and the bank may agree, also in advance, to charge the interests due and payable directly to the relevant debtor's account (in such event, the charged amount shall be considered as principal amount and interests shall accrue on such amount). The new regulation was applicable to financial intermediaries as

of 1<sup>st</sup> October 2016.

In this respect, under the Warranty and Indemnity Agreement the Originator has (i) represented that the Loans are not in breach of the provisions of articles 1283 (*anatocismo*), and (ii) undertaken to indemnify the Issuer for the non-compliance of the terms and conditions of any Loan Agreement with the provisions of article 1283 of the Italian Civil Code.

### ***Italian Usury Law***

Italian Law No. 108 of 7 March 1996 ("*Disposizioni in materia di usura*"), as amended and supplemented from time to time (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than the thresholds set on a quarterly basis by a decree issued by the Italian Ministry of Economy and Finance (the "**Usury Rates**") (the last such Decree having been issued on 23 December 2022 and being applicable for the quarterly period from 1 January 2023 to 31 March 2023). Any provision in loan agreements imposing interest exceeding the Usury Rates is null and void and no interest will be due in respect of the loan pursuant to article 1815(2) of the Italian Civil Code.

In addition, even though the applicable Usury Rate are not exceeded, interest and other advantages and/or remunerations might be held usurious if: (i) they are disproportionate to the sum lent (taking into account, in evaluating such condition, the specific terms and conditions of the transaction and the average rate usually applied to similar transactions); and (ii) the person who paid or accepted to pay the relevant amounts was, at the time it made such payment or undertook the obligation, in financial and economic difficulties.

In some judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the Italian Supreme Court (*Corte di Cassazione*), if at any point in time the rate of interest payable on a loan (including a loan entered into before the entry into force of the Usury Law or a loan which, when entered into, was in compliance with the Usury Law) exceeded the then applicable Usury Rate, the contractual provision providing for the borrower's obligation to pay interest on the relevant loan became null and void in its entirety.

On 29 December 2000, the Italian Government issued law decree No. 394 ("*Interpretazione autentica della legge 7 marzo 1996, n. 108*") (the "**Decree 394/2000**"), turned into Law No. 24 of 28 February 2001 ("*Conversione in legge, con modificazioni, del decreto-legge 29 dicembre 2000, n. 394, concernente interpretazione autentica della legge 7 marzo 1996, n. 108, recante disposizioni in materia di usura*"), which clarified the uncertainty over the interpretation of the Usury Law and provided, *inter alia*, that interest will be deemed to be usurious only if the interest rate agreed by the parties exceeded the Usury Rate applicable at the time the relevant loan agreement or such other credit facility was entered into or the interest rate was agreed. Decree 394/2000 also provided that as an extraordinary measure due to the exceptional fall in interest rates in 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on fixed rate loans (other than subsidised loans) already entered into on the date such decree came into force (such date being 31 December 2000) are to be substituted, except where the

parties have agreed to more favourable terms, with a lower interest rate set in accordance with parameters fixed by such decree by reference to the average gross yield of multiannual treasury bonds (*Buoni Tesoro Poliennali*) in the period from January 1986 to October 2000. The Italian Constitutional Court (*Corte Costituzionale*) has rejected, with decision no. 29/2002 (deposited on 25 February 2002), a constitutional exception raised by the Court of Benevento concerning article 1, paragraph 1, of the Usury Law. In so doing, the Constitutional Court has confirmed the constitutional validity of the provisions of the Usury Law which holds that the interest rates may be deemed to be void due to usury only if they infringe the Usury Law at the time they are agreed upon between the borrower and the lender and not as at the time such rates are actually paid by the borrower.

Certain decisions of the Italian Supreme Court (*Corte di Cassazione*) have applied the above principle and have, therefore, deemed lawful (also from a civil law perspective) interest rates which were compliant with the Usury Threshold as at the time of the execution of the financing agreements but exceeded such threshold thereafter. On the other hand, according to other decisions of the Italian Supreme Court (*Corte di Cassazione*), the remuneration of any given financing must be below the applicable Usury Rate from time to time applicable. Based on this recent evolution of case law on the matter, it will constitute a breach of the Usury Law if the remuneration of a financing is lower than the applicable Usury Rate at the time the terms of the financing were agreed but becomes higher than the applicable Usury Rate at any point in time thereafter. Furthermore, those court precedents have also stated that default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rate. That interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. On 3 July 2013, also the Bank of Italy has confirmed in an official document that default interest rates should be taken into account for the purposes of the statutory usury rates and has acknowledged that there is a discrepancy between the methods utilised to determine the remuneration of any given financing (which must include default rates) and the applicable statutory usury rates against which the former must be compared.

To solve such a contrast between different Italian Supreme Court (*Corte di Cassazione*) decisions:

1. a recent decision by the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 24675 dated 18 July 2017) finally stated that interest rates which were compliant with the Usury Rates as at the time of the execution of the financing agreements but exceeded such threshold thereafter, are lawful also from a civil law perspective falling outside of the scope of the Usury Law. In this respect, due to the recent date of this last decision, it remains unclear how such decision will be applied by the merit courts; and
2. the Italian Supreme Court (*Corte di Cassazione*) joint sections (*Sezioni Unite*) (n. 19597 dated 18 September 2020) stated that, in order to assess whether a loan complies with the Usury Law, also default interest rates shall be included in the calculation of the remuneration to be compared with the Usury Rates. In this respect, should that remuneration be higher than the Usury Rates, only the 'type' of rate which determined the breach shall be deemed as null and void. As a consequence, the entire amount referable to the rate which determined the breach of said threshold shall be



deemed as unenforceable according to the last interpretation of the Supreme Court.

In addition to the above it is to be noted that if the Usury Law were to be applied to the Notes, the amounts payable by the Issuer to the Noteholders may be subject to reduction, renegotiation or repayment.

Prospective Noteholders should note that under the Warranty and Indemnity Agreement, the Originator has (i) represented that the interest rates applicable on the Loans have always been applied, owed and received in full compliance with the laws applicable from time to time (including, in particular, the Usury Law, where applicable), and (ii) undertaken to indemnify the Issuer for the non-compliance of the interest rate applicable to the Loan Agreements with the provisions of the Usury Law.

***Debtors may become subject to a debt restructuring arrangement or a court-supervised liquidation in accordance with the Insolvency Code***

Pursuant to article 2, letter (c) of the Insolvency Code, “over-indebtedness” (*sovraindebitamento*) occurs either in a situation of crisis or in a situation of insolvency concerning consumers (*consumatori*), professionals (*professionisti*), minor enterprises (*imprenditori minori*), agricultural enterprises (*imprenditori agricoli*) and innovative start-ups (start-up innovative) pursuant to Law Decree no. 179 of 18 October, 2012, converted, with amendments, into Law no. 221 of 17 December, 2012 who/which are in a situation of crisis or insolvency, as well as to any other debtor which cannot be subject to judicial liquidation (*liquidazione giudiziale*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*) or other liquidation procedures (*procedure liquidatorie*) provided under the Civil Code or special laws for the case of crisis or insolvency.

Pursuant to article 65 of the Insolvency Code, the debtors indicated under article 2, letter (c) of the Insolvency Code (*i.e.* consumers, professionals, minor enterprises, agricultural enterprises, innovative start-ups and the other debtors which cannot be subject to judicial liquidation, compulsory administrative liquidation or other liquidation procedures provided under the Civil Code or special laws for the case of crisis or insolvency) may propose solutions to the over-indebtedness crisis (*soluzioni della crisi da sovraindebitamento*) according to the provisions of the chapter II or title V, chapter IX of the Insolvency Code. For details with respect to such procedures and the requirements for the relevant application, please see section headed “*Selected aspects of Italian Law - Debt restructuring arrangements or a court-supervised liquidation in accordance with the Insolvency Code*”.

Prospective Noteholders should note that, as at the Effective Date, all the Receivables comprised in the Portfolio were classified as performing (*in bonis*) by the Originator. However, it cannot be excluded that any Debtor may become subject to any such proceedings after the Transfer Date and therefore the collection of Receivables may be adversely affected under the relevant provisions of the Insolvency Code.

## **RISKS RELATING TO TAX CONSIDERATIONS**

### ***Substitute 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 Decree 239 Deduction. In such circumstance, any beneficial owner of an interest payment relating to the Notes of any Class 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 imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, the Issuer shall not be obliged to gross-up or otherwise compensate Noteholders for the lesser amounts that the same Noteholders shall 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.

For further details see the section headed "*Taxation in the Republic of Italy*".

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

According to the guidelines issued by the Italian tax authorities with the Circular Letter of 6 February 2003, No. 8/E, no taxable income should accrue to the Issuer in the context of the transfer to the Issuer of the Portfolio and the securitisation transaction. Such conclusion is based on the fact that, during the securitisation process, 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 the Economy and Finance or another competent authority may issue further regulations, letters or rulings relating to Securitisation Law which might alter or affect the tax position of the Issuer as described above.

#### ***Registration tax on transfer of receivables***

A transfer of receivables falls within the scope of VAT 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 this respect, it is worth mentioning that the Italian tax Authorities – in the recent Ruling No. 79/E of 31 December 2021 – have outlined that the consideration for the financing service, executed through the transfer of non-performing receivables, is represented by any existing positive difference between the economic value (*valore economico*) of the transferred receivables at the moment of their assignment and the purchase price (*prezzo d'acquisto*) paid by the purchaser.

Should the Italian tax authorities argue that the transfer of receivables does not fall within the scope of VAT, a 0.5% registration tax (pursuant to the provisions of article 6 of Tariff – Part I attached to Presidential Decree of 26 April 1986, No. 131 and article 49 of the above mentioned Presidential Decree) would be payable on the nominal value of the transferred receivables in case of registration (even in case of use pursuant to article 6 of the Presidential Decree of 26 April 1986, No. 131) of the transfer agreement or of any other agreement recalling the transfer agreement which is executed by the same

parties and subject to registration, pursuant to *enunciazione* principle provided for by article 22 of the same Presidential Decree.

#### ***U.S. Foreign Account Tax Compliance Act (FATCA)***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Senior Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Senior Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Senior Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register. Further, Senior Notes issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date and/or characterised as equity for U.S. tax purposes. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Senior Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Senior Notes, neither the Issuer nor any other person will be required to pay additional amounts as a result of the withholding.

#### **RISKS RELATING TO OTHER LEGAL AND REGULATORY CONCERNS**

##### ***Application of the Securitisation Law has a limited interpretation***

The Securitisation Law was enacted in Italy in April 1999. As at the date of this Prospectus, limited interpretation of the application of the Securitisation Law has been issued by any Italian governmental or regulatory authority. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law or to the interpretation thereof, the impact of which cannot be predicted by the Issuer or any other party as at the date of this Prospectus. In addition to that, in the last years certain amendments have been introduced to the Securitisation Law. For details with respect to such amendments, please see section headed “*Selected aspects of Italian Law – The Securitisation Law*”.

##### ***Non-compliance with the EU Securitisation Regulation or the UK Securitisation Regulation, as applicable, may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity of the Notes***

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019. The EU Securitisation Regulation establishes certain common rules for all securitisations that fall

within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes). From 9 April 2021, the EU Securitisation Regulation applies as amended by Regulation (EU) 2021/557. In addition, further amendments to the EU Securitisation Regulation regime may be introduced as a result of its wider review by the European Commission.

The UK Securitisation Regulation (which at the date hereof largely mirrors, with some adjustments, the EU Securitisation Regulation) applies in the UK. The temporary transitional relief available from the end of the transition period in the Brexit process at the start of 2021 formally ended on 31 March 2022. However, according to the UK Financial Conduct Authority, to maintain an accessible pool of STS product for UK institutional investors, EU securitisations notified to the European Securities and Markets Authority (ESMA) as meeting EU STS criteria before and up to 1 January 2025, and which remain on ESMA's list, will also qualify as UK STS for the life of the transaction. Further, the UK Securitisation Regulation regime is currently subject to review, which is likely to result in further changes being introduced in the UK in due course. Therefore, some divergence between EU and UK regimes exists already and there is a likelihood of further divergence in the future between the EU and UK regimes.

Certain European-regulated institutional investors or UK-regulated institutional investors, which include relevant credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under article 5 of the EU Securitisation Regulation or article 5 of the UK Securitisation Regulation, as applicable, with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify under their respective EU or UK regime certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as EU STS or UK STS, compliance of that transaction with the EU or UK STS requirements, as applicable. If the relevant European- or UK-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, as applicable to them under their respective EU or UK regime, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Certain aspects of the requirements of the EU Securitisation Regulation and the UK Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of the requirements applicable to them in their respective jurisdictions and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation and any corresponding national measures which may be relevant or the UK Securitisation Regulation, as applicable.

Prospective investors should note that there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with article 7 of the EU Securitisation Regulation and the UK Securitisation Regulation will be adequate for any prospective institutional investors to comply

with their due diligence obligations under the EU Securitisation Regulation or the UK Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

***Risks relating to qualifying as an STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation***

The EU Securitisation Regulation applies to new note issuances since 1 January 2019. The EU Securitisation Regulation lays down “*a general framework for securitisation. It defines securitisation and establishes due– diligence, risk–retention and transparency requirements for parties involved in securitisations, criteria for credit granting, requirements for selling securitisations to retail clients, a ban on re–securitisation, requirements for SSPEs as well as conditions and procedures for securitisation repositories. It also creates a specific framework for simple, transparent and standardised (“STS”) securitisation*”. It applies to “*institutional investors and to originators, sponsors, original lenders and securitisation special purpose entities*”.

The Securitisation is intended to qualify as a simple, transparent and standardised (“STS”) securitisation within the meaning of article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Prospectus, the EU STS Requirements and, on or about the Issue Date, will be notified by the Originator to be included in the list published by ESMA referred to in article 27(5) of the EU Securitisation Regulation. Pursuant to article 27(2) of the EU Securitisation Regulation, the STS Notification includes an explanation by the Originator of how each of the EU STS Requirements has been complied with under the Securitisation. The STS Notification will be available for download on the ESMA STS Register.

The Notes can also qualify as STS under the UK Securitisation Regulation until maturity, provided that the Notes remain on the ESMA STS Register and continue to meet the EU STS Requirements.

As at the date of this Prospectus, no assurance can however be provided that the Securitisation (i) does or continues to comply with the EU Securitisation Regulation and/or UK Securitisation Regulation, (ii) does or will at any point in time qualify as an STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation or that, if it qualifies as a STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation, it will at all times continue to so qualify and remain an STS–securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation in the future and (iii) will actually be, and will remain at all times in the future, included in the ESMA STS Register. None of the Issuer, the Originator, the Arranger, the Lead Manager or any other party to the Transaction Documents makes any representation or accepts any liability in that respect.

The designation of the Securitisation as an STS–securitisation is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under MiFID II and it is not a credit rating whether generally or as defined under the EU CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended).

By designating the Securitisation as an STS–securitisation, no views are expressed about the

creditworthiness of the Notes or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for the Notes.

Non-compliance with the status of an STS-securitisation may result in various administrative sanctions and/or remedial measures being imposed on the Issuer or the Originator. Any of such administrative sanctions and/or remedial measures may affect the ability of the Issuer to fulfil its payment obligations under the Notes.

***Reliance on verification by PCS***

The Originator has used the service of PCS, as a third party verifying STS compliance authorised under article 28 of the EU Securitisation Regulation, in connection with the STS Assessments. It is expected that the STS Assessments prepared by PCS will be available on the PCS website (being, as at the date of this Prospectus, <https://pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope at <https://pcsmarket.org/disclaimer/>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus.

It is important to note that the involvement of PCS as an authorised third party verifying STS compliance is not mandatory and the responsibility for compliance with the EU Securitisation Regulation (or, if applicable, the UK Securitisation Regulation) remains with the relevant institutional investors, originators and issuers, as applicable in each case. The STS Assessments will not absolve such entities from making their own assessment and assessments with respect to the EU Securitisation Regulation (or, if applicable, the UK Securitisation Regulation) and the STS Assessments cannot be relied on to determine compliance with the foregoing regulations in the absence of such assessments by the relevant entities. In addition, the Originator has not used the service of PCS, as a third party verifying STS compliance authorised under article 28 of the EU Securitisation Regulation, to prepare an assessment of compliance of the Notes with article 7 and article 13 of Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) no. 575 of 26 June 2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions, as amended by Commission Delegated Regulation (EU) no. 1620 of 13 July 2018 (the “**LCR Regulation**”); in this regard, it should be noted that as at the date of this Prospectus the Senior Notes are not expected to satisfy the requirements of the LCR Regulation. Furthermore, the STS Assessments are not an opinion on the creditworthiness of the Notes nor on the level of risk associated with an investment in the Notes. It is not an indication of the suitability of the Notes for any investor and/or a recommendation to buy, sell or hold Notes. Institutional investors that are subject to the due diligence requirements of the EU Securitisation Regulation or the UK Securitisation Regulation need to make their own independent assessment and may not solely rely on the STS Assessments, the STS Notification or other disclosed information. No assurance can be provided that the Securitisation does or continues to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future. The STS status of a transaction is not static and investors should verify the current status of the Securitisation on the ESMA STS Register. None of the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager, the Representative of the Noteholders or any other Transaction Party makes any representation or accepts any liability for the Securitisation to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation at any point in time.

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

Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (collectively with secondary and implementing EU rules, and national implementing legislation, the “**Bank Recovery and Resolution Directive**” or “**BRRD**”) established a framework for the recovery and resolution of credit institutions and investment firms. The aim of the BRRD is to provide national authorities in EU Member States (the “**Resolution Authorities**”) with common tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and significant investment firms to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers’ exposure to losses. The BRRD applies, inter alia, to credit institutions, investment firms and financial institutions that are established in the European Union (when the financial institution is a subsidiary of a credit institution or investment firm and is covered by the supervision of the parent undertaking on a consolidated basis) (collectively, the “**relevant institutions**”). The BRRD entered into force on 2 July 2014 and had to be transposed by the Member States of the European Union into national law by 31 December 2014. The Republic of Italy has implemented the BRRD by Legislative Decrees number 180 and number 181 of 16 November 2015.

The EU Banking Reform Package includes Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC (“**BRRD II**”). BRRD II provides that Member States are required to ensure implementation into local law by 28 December 2020 with certain requirements applying from January 2022. The BRRD II is subject to transposition in Italy by means of the European Delegation Law (Law No. 53/2021) of 22 April 2021 in the implementation of which a draft Legislative Decree transposing BRRD II has been filed in August 2021 with the competent Parliament Committees for their examination. The BRRD II has been implemented in Italy by Legislative Decree no. 285 of 30 November 2021.

If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD (as implemented by the BRRD II), the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution’s failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents to which such institutions are party not otherwise subject to an exception, could be subject to the exercise of “bail-in” powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to “bail-in” the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD (as implemented by the BRRD II), the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

Any bank being party to the Transaction Documents may be subject to the provision of BRRD as implemented in the country of the relevant entity. Therefore, in case of any such bank is subject to a resolution, the exercise of the powers by the relevant resolution authority may affect the Transaction Documents and the rights and obligations of the parties thereto in accordance with the above.

***Implementation of, and amendments to, the Basel II framework may affect the regulatory capital and liquidity treatment of the Notes***

The regulatory capital framework published by the Basel Committee on Banking Supervision (the “**Basel Committee**”) in 2006 (the “**Basel II Framework**”) has not been fully implemented in all participating countries. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework.

The Basel Committee has approved significant changes to the Basel II Framework (such changes being commonly referred to as “**Basel III**”), including new capital and liquidity requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio “backstop” for financial institutions and certain minimum liquidity standards. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the “*Liquidity Coverage Ratio*” and the “*Net Stable Funding Ratio*”). Basel III set an implementation deadline on member countries to implement the new capital standards from January 2014, the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The European authorities have indicated that they support the work of the Basel Committee on the approved changes in general and, in particular, the European Commission has implemented the changes through Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (“**CRD IV**”) and Regulation No. 575/2013 as amended by from time to time (“**CRR**”). On 7 June 2019 the following, *inter alia*, were published on the Official Journal of the EU: (i) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending CRD IV as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (“**CRD V**”), (ii) Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending CRR as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (“**CRR II**”), and (iii) the BRRD II, and entered into force on 27 June 2019. Certain portions of the new rules apply as from 27 June 2019 while others apply as from January 2022. The new rules implement the Basel Committee’s finalised Basel III reforms dated December 2017. The changes may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

Implementation of Basel III requires national legislation and therefore the final rules and the timetable



for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15%.

Implementation of the Basel framework including Basel III, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

The implementation of Basel III, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments have and will continue to bring about a number of substantial changes to the current capital requirements, prudential oversight and risk-management systems, including those of the Issuer. The direction and the magnitude of the impact of Basel III will depend on the particular asset structure of each credit institution and its precise impact on the Issuer cannot be quantified with certainty at this time. The Issuer may operate its business in ways that are less profitable than its present operation in complying with the guidelines resulting from the transposition of the above mentioned provisions.

The implementation of Basel III, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments could affect the risk weighting of the Notes in respect of certain investors to the extent that those investors are subject to the new guidelines resulting from the implementation of the capital requirements directives.

Accordingly, recipients of this Prospectus should consult their own advisers as to the consequences and effects the implementation of the CRD IV and of the CRD V, the CRR II, the BRRD II and any of its expected amendments could have on them.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise. There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future changes to the Basel II Framework (including the Basel III changes, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments described above). The Issuer is not responsible for informing Noteholders of the effects of the changes which will result for investors from revisions to the Basel II Framework (including the Basel III changes described above). Significant uncertainty remains around the implementation of these initiatives. In general, prospective investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel II Framework (including the Basel III changes, the CRD IV, the CRD V, the CRR II, the BRRD II and any of their expected amendments described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

#### ***U.S. Risk Retention Requirements***

The Credit Risk Retention regulations implemented by U.S. Federal regulatory agencies including the SEC pursuant to Section 15G of the Exchange Act (the “**U.S. Risk Retention Rules**”) came into effect with respect to residential mortgage backed securities on 24 December 2015 and other classes of asset backed securities on 24 December 2016 and generally require the “sponsor” of a “securitisation transaction” to retain at least 5 (five) per cent. of the “credit risk” of “securitized assets”, as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligations that they generally impose.

The Securitisation is not intended to involve the retention by the Originator of at least 5 (five) per cent. of the credit risk of the Issuer for the purposes of compliance with the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption for non-US transactions provided for in Rule 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the ABS interests (as defined in Rule 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests (as defined in Rule 2 of the U.S. Risk Retention Rules) issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as “**Risk Retention U.S. Persons**”); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 (twenty-five) per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Originator that it is a Risk Retention U.S. Person and obtain the written consent of the Originator, which will be monitoring the level of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S.

There can be no assurance that the requirement to obtain the Originator’s written consent to the purchase of any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

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

uncertain, and a failure of the Securitisation to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Issuer nor any of the other party involved in the Securitisation or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transaction described in this Prospectus complies as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

***Volcker Rule may restrict the ability of relevant individual prospective purchaser to invest in the Notes***

Under the Senior Notes Subscription Agreement, the Issuer has represented that (i) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be required to be registered as an “investment company,” as such term is defined in the Investment Company Act; and (ii) it is not, and after giving effect to the offer and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, should not be a “covered fund” within the meaning of the regulations adopted to implement Section 619 of the Dodd–Frank Wall Street Reform and Consumer Protection Act (such statutory provision together with such implementing regulations, the “**Volcker Rule**”) because the Issuer may rely on an exception from the “covered fund” definition provided for entities involved in the securitisation of loans. The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non–U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund” and (iii) entering into certain relationships with such funds.

There is limited interpretative guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule’s prohibitions and lack of interpretative guidance could negatively impact the liquidity and value of the Notes. Any entity that is a “banking entity” as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. None of the Issuer, the Arranger, the Lead Manager or any other person makes any representation to any prospective investor regarding the application of the Volcker Rule to the Issuer or to such prospective investor’s investment in the Notes, as of the date hereof or at any time in the future. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal.

***Subordination provisions and insolvency proceedings***

There is uncertainty as to the validity and/or enforceability under Italian Law of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor (including provisions involving the subordination of a hedging counterparty’s payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other

default on the part of such counterparty (so-called “*flip clauses*”)) as such provisions remain untested in Italian court.

Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Subordinated Hedging Amounts.

In general, if a subordination provision included in the Transaction Documents were successfully challenged under the insolvency laws of any relevant jurisdiction, there can be no assurance that such actions would not adversely affect the rights of the holders of the Senior Notes, the market value of the Senior Notes and/or the ability of the Issuer to satisfy its obligations under the Senior Notes.

Lastly, given the uncertainty of the abovementioned matter and that the Transaction Documents will include terms providing for the subordination of Subordinated Hedging Amounts, there is a risk that the final outcome of the dispute in such judgments may result in negative rating pressure in respect of the Senior Notes.

If any rating assigned to the Senior Notes is lowered, the market value of the Senior Notes may reduce.

### ***Change of law***

The structure of the Securitisation and the ratings assigned to the Senior Notes are based on Italian and English laws and tax regulations and their official interpretations in force as at the date of this Prospectus.

In the event of any change in the law and/or tax regulations and/or their official interpretations after the Issue Date, the performance of the Securitisation and the ratings assigned to the Senior Notes may be affected. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of any transaction described in this Prospectus or of any party under any applicable law or regulation.

## **MACRO-ECONOMIC AND MARKET RISKS**

### ***Impact of Russia-Ukraine war***

The Russia-Ukraine war started in February 2022 with the attack and invasion of Ukraine by Russia. This war, and the trade restrictions and sanctions as well as counter-reactions associated with it, are causing increases in the price of energy and other raw materials and inflation, although the extent of such consequences cannot still be fully predicted. This conflict could have significant adverse effects on European economy, the inflation and the stability of international financial markets and, therefore, the performance of the Portfolio may deteriorate and, as result, the amounts payable under the Notes might be affected.

### ***Risks connected with the political and economic decisions of EU and Eurozone countries and the United Kingdom leaving the European Union (Brexit) may affect the market value/liquidity of the Notes in the secondary market***

The market value and the liquidity of the Notes may be affected by disruptions and volatility in the global financial markets.

During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three

countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund.

The UK left the EU on 31 January 2020 at 11pm, and the transition period ended on 31 December 2020 at 11pm. As a result, the Treaty on the European Union and the Treaty on the Functioning of the European Union have ceased to apply to the UK. The UK is also no longer part of the European Economic Area. The EU-UK Trade and Cooperation Agreement (the “**Trade and Cooperation Agreement**”) which governs the relations between the EU and the UK following the end of the transition period entered into force on 1 May 2021.

The European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) and secondary legislation made under powers provided in this Act ensure that there is a functioning statute book in the UK. While the UK introduced a temporary permission regime to allow EEA firms to continue to do business in the UK for a limited period of time, once the passporting regime fell away, the majority of EEA states have not introduced similar transitional regimes. The Trade and Cooperation Agreement is only part of the overall package of agreements between the EU and UK relating to the UK’s leaving the EU. Other supplementing agreements included a series of joint declarations on a range of important issues where further cooperation is foreseen, including financial services. The declarations state that the EU and the UK will discuss how to move forward with equivalence determinations in relation to financial services. It should be noted that even if equivalence arrangements for certain sectors of the financial services industry are agreed, market access is unlikely to be as comprehensive as the market access that the UK enjoyed through its EU membership.

The exit of the United Kingdom from the European Union, and the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on global economic conditions and the stability of international financial markets. These could include further falls in equity markets, a further fall in the value of sterling and/or the euro, more in general, increase in financial markets volatility, reduction of global markets liquidities. Should any of these circumstances occur, the performance of the Portfolio may deteriorate and, as result, the amounts payable under the Notes might be affected.

### ***Geographic concentration risks***

The Receivables arise from Loans in respect of which the Debtors are individuals who, at the time of the disbursement of the relevant Loans, were resident in the Republic of Italy. A deterioration in economic conditions including the ongoing uncertainty surrounding COVID-19 or rising geopolitical tensions, resulting in increased supply chain problems, unemployment rates, loss of earnings, increased short or long-term interest rates, increased consumer and commercial insolvency filings, a decline in the strength of national or local economies, the associated implications of a local, regional or national lockdown due to an epidemic or a pandemic, increased inflation or other outcomes (including geopolitical and economic risks relating to Russia’s invasion of Ukraine which could impact the Italian economy, in particular by pushing up energy and oil prices and increasing inflation (and the cost of living) further) which negatively impact household incomes, could have an adverse effect on the ability of the Debtors to make payments

on the Loans and result in losses on the Notes.

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of Italy. To the extent that specific geographic regions in Italy have experienced, or may experience in the future, weaker regional economic conditions (due to local, national and/or global macroeconomic factors) than other regions in Italy, a concentration of the Loans in such a region may exacerbate the risks relating to the Loans described in this section. Certain geographic regions in Italy rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Loans in that region or the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of such crises (such as coronavirus, measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases) in a particular region may weaken economic conditions and negatively impact the ability of affected Debtors to make timely payments on the Loans. This may affect receipts on the Loans. If the timing and payment of the Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans, see the section headed "*The Portfolio*". Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

#### ***Projections, forecast and estimates***

Any projections, forecasts and estimates set out in this Prospectus, are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from projections and the variation may be material.

#### ***Forward-looking statements***

Words such as "intend(s)", "aim(s)", "expect(s)", "will", "may", "believe(s)", "should", "anticipate(s)" or similar expressions are intended to identify forward-looking statements and subjective assessments. 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. The reader is 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.

#### ***Simultaneous occurrence of several risk factors***

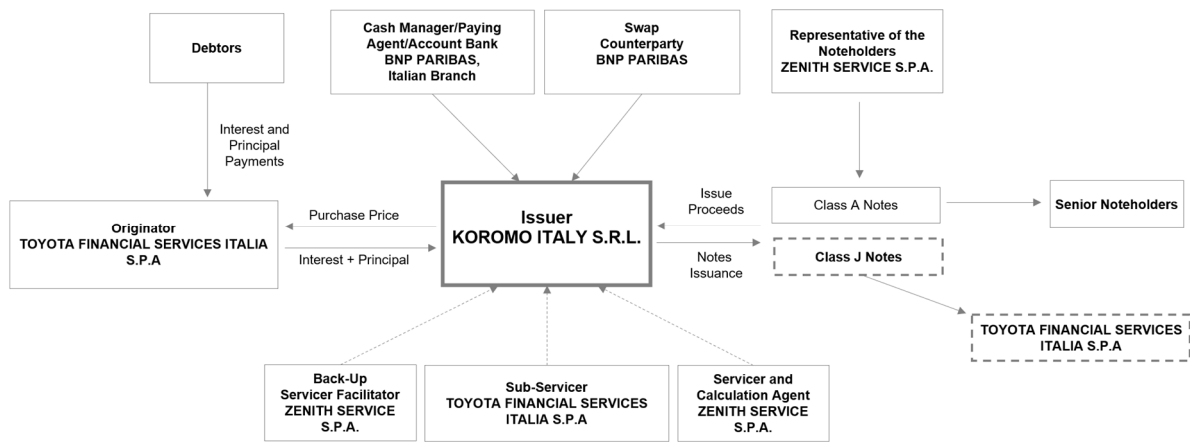
As risks described in this section can occur simultaneously, a simultaneous occurrence of two or more of such risks would be capable of rendering an investment in the Notes riskier.

***The Issuer believes that the risks described above are the principal risks inherent in the Securitisation***

*for holders of the Notes but the inability of the Issuer to pay interest or repay principal on the notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Notes are exhaustive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of any Class of interest or principal on such Notes on a timely basis or at all. Additional risks and uncertainties not presently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations.*

## 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.*





## TRANSACTION OVERVIEW

*The following information is an overview of certain aspects of the transactions and assets underlying the Notes and should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented elsewhere in this Prospectus and in the Transaction Documents. It is not intended to be exhaustive and prospective noteholders should also read the detailed information set out elsewhere in this Prospectus. All capitalised words and expressions used in this transaction overview, not otherwise defined herein, shall have the meanings ascribed to such words and expressions elsewhere in this Prospectus.*

### 1. THE PRINCIPAL PARTIES

#### Issuer

**KOROMO ITALY S.R.L.**, a *società a responsabilità limitata* incorporated under the laws of the Republic of Italy in accordance with article 3 of the Securitisation Law, quota capital of Euro 10,000 fully paid-up, having its registered office at – Corso Vittorio Emanuele II, 24–28 – 20122 Milan, Italy, fiscal code and enrolment in the companies register of Milan – Monza – Brianza – Lodi No. 12428310960, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to article 4 of the regulation issued by the Bank of Italy on 7 June 2017 (“*Disposizioni in materia di obblighi informative e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*”) under No. 40003.6 and having as its sole corporate object the performance of securitisation transactions in accordance with the Securitisation Law (the “**Issuer**”).

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed securities. The Issuer may carry out other securitisation transactions in addition to the one contemplated in this Prospectus, subject to the terms and conditions specified under Condition 5.11 (*Covenants – Further securitisations*).

*For further details see the section headed “The Issuer”.*

#### Originator

**TOYOTA FINANCIAL SERVICES ITALIA S.P.A.**, a *società per azioni*, with registered office at Via Kiiciro Toyoda, 2, 00148 Rome, Italy, share capital of Euro 122,863,450.00 fully paid-up, fiscal code and number of enrolment with the companies register of Rome 15162191009 – R.E.A. n° 1571937, enrolled in the register of the financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Italian Banking Act, registered under no. 229 and in section D of the insurance broker’s register (*registro degli intermediari assicurativi e riassicurativi*) under no. D000623942 (“**TFSI**” or the “**Originator**”).

#### Servicer

**ZENITH SERVICE S.P.A.**, a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office at Corso Vittorio Emanuele II, 24–28 – 20122

Milan, Italy, share capital of Euro 2,000,000 fully paid-up, fiscal code and enrolment with the companies register of Milan – Monza – Brianza – Lodi, No. 02200990980, enrolled in the register of the financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Legislative Decree No. 385 of 1 September 1993, (as amended, the “**Consolidated Banking Act**”), registered under No. 30, ABI Code 32590.2 (“**Zenith**”), acting as servicer pursuant to the Servicing Agreement or any other person from time to time acting as servicer (the “**Servicer**”).

<b>Sub-Servicer</b>	TFSI, acting as sub-servicer pursuant to the Servicing Agreement or any other person from time to time acting as sub-servicer (the “ <b>Sub-Servicer</b> ”).
<b>Calculation Agent</b>	ZENITH, acting as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement or any other person from time to time acting as calculation agent (the “ <b>Calculation Agent</b> ”).
<b>Representative of the Noteholders</b>	ZENITH, acting as representative of the noteholders pursuant to the Subscription Agreement, the Intercreditor Agreement and the Mandate Agreement, or any other person from time to time acting as representative of the Noteholders (the “ <b>Representative of the Noteholders</b> ”).
<b>Corporate Services Provider</b>	ZENITH, acting as corporate services provider pursuant to the Corporate Services Agreement, or any other person from time to time acting as corporate services provider (the “ <b>Corporate Services Provider</b> ”).
<b>Account Bank</b>	<b>BNP PARIBAS</b> , a company incorporated under the laws of France licensed to conduct banking operations, having its registered office at Boulevard des Italiens n. 16, Paris, France, registered with the Chamber of Commerce of Paris under number B662 042 449, with a fully paid-up share capital of Euro 2,468,663,292 (“ <b>BNP Paribas</b> ”), which acts for the purposes hereof through its Italian branch, whose offices are located in Piazza Lina Bo Bardi n. 3, Milan, enrolled in the register of the banks held by the Bank of Italy under no. 5482, Fiscal code and VAT code no. 04449690157, REA n. 731270 (“ <b>BNP Paribas, Italian Branch</b> ”) acting as account bank pursuant to the Cash Allocation, Management and Payments Agreement, or any other person from time to time acting as account bank (the “ <b>Account Bank</b> ”).
<b>Paying Agent</b>	<b>BNP PARIBAS, ITALIAN BRANCH</b> , acting as paying agent pursuant to the Cash Allocation, Management and Payments Agreement, or any other person from time to time acting as paying agent

(the “**Paying Agent**”).

<b>Cash Manager</b>	<b>BNP PARIBAS, ITALIAN BRANCH</b> acting as cash manager pursuant to the Cash Allocation, Management and Payments Agreement, or any other person from time to time acting as cash manager (the “ <b>Cash Manager</b> ”).
<b>Back-up Servicer Facilitator</b>	<b>ZENITH</b> , acting as back-up servicer facilitator pursuant to the Intercreditor Agreement, or any other person from time to time acting as back-up servicer facilitator (the “ <b>Back-up Servicer Facilitator</b> ”).
<b>Hedging Counterparty</b>	<b>BNP PARIBAS</b> , acting as hedging counterparty pursuant to the Hedging Agreements or any other person from time to time acting as hedging counterparty (the “ <b>Hedging Counterparty</b> ”).
<b>Reporting Entity</b>	<b>ISSUER</b> , acting as reporting entity (the “ <b>Reporting Entity</b> ”).
<b>Arranger</b>	<b>CITIGROUP GLOBAL MARKETS LIMITED</b> , Canada Square, Canary Wharf, London E14 5LB, United Kingdom (“ <b>CGML</b> ”) acting as arranger (the “ <b>Arranger</b> ”).
<b>Lead Manager</b>	<b>CGML</b> , acting as lead manager (the “ <b>Lead Manager</b> ”).
<b>Quotaholder</b>	<b>SPECIAL PURPOSE ENTITY MANAGEMENT 2 S.R.L.</b> , a limited liability company ( <i>società a responsabilità limitata</i> ) whose registered office is at Corso Vittorio Emanuele II, 24-28 – 20122 Milan, Italy, fiscal number and enrolment with the Register of Companies of Milan-Monza-Brianza-Lodi under No. 11068370961, quota capital equal to Euro 20,000 fully paid-up (“ <b>SPEM 2</b> ”), acting as sole quotaholder of the Issuer (the “ <b>Quotaholder</b> ”).
<b>Rating Agencies</b>	Fitch and Moody's (the “ <b>Rating Agencies</b> ”).

## 2. THE PRINCIPAL FEATURES OF THE NOTES

<b>The Notes</b>	On the Issue Date the Issuer will issue the following classes of notes: <ul style="list-style-type: none"><li>(i) Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035 (the “<b>Class A Notes</b>” or the “<b>Senior Notes</b>”); and</li><li>(ii) Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035 (the “<b>Class J Notes</b>” or the “<b>Junior Notes</b>” and, together with the Senior Notes, the “<b>Notes</b>”).</li></ul>
<b>Issue price</b>	The Notes will be issued at the following percentages of their principal amount:

Class	Issue Price
Senior Notes	100 per cent
Junior Notes	100 per cent

**Interest on the Senior Notes** The rate of interest applicable from time to time in respect of the Senior Notes (the “**Senior Notes Interest Rate**”) will be the Euribor for 1 month (the “**One Month Euribor**”) (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 1 (one) month and 3 (three) months), as determined and defined in accordance with Condition 7 (*Interest*) plus a margin equal to 0.8% *per annum* (the “**Margin**”), provided that the Senior Notes Interest Rate (being the One Month Euribor plus the Margin) applicable on each of the Senior Notes shall not be negative.

The One Month Euribor applicable to the Senior Notes for each Interest Period will be determined on the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period (except in respect of the Initial Interest Period, where the Senior Notes Interest Rate will be determined two Business Days prior to the Issue Date).

**Interest on the Junior Notes**

The Junior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the rate equal to 7% *per annum* (the “**Junior Notes Interest Rate**” and, together with the Senior Notes Interest Rate, the “**Interest Rates**”).

**Variable Return on the Junior Notes**

A Variable Return may or may not be payable (if any) on the Junior Notes on each Payment Date in accordance with the Conditions.

“**Variable Return**” means:

- (i) on each Payment Date on which the Pre-Enforcement Order of Priority applies, an amount payable on the Junior Notes equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Twelfth* (included) of the Pre-Enforcement Order of Priority; or
  - (ii) on each Payment Date on which the Post-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Eleventh* (included) of the Post-Enforcement Order of Priority;
- plus*, for the avoidance of doubt,
- (iii) on the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date, any surplus

remaining on the balance of the Accounts (other than Quota Capital Account), as well as any other residual amount collected by the Issuer in respect of the Securitisation.

**Payment Date**

Interest on the Notes will accrue on a daily basis and will be payable monthly in arrear in Euro in accordance with the applicable Order of Priority, on the 26<sup>th</sup> calendar day of each calendar month (or, in the event such day is not a Business Day, then on the next following Business Day) (each such dates, a “**Payment Date**”). The first Payment Date will fall on 26 April 2023 (the “**First Payment Date**”).

**Unpaid Interest**

Without prejudice to Condition 12.1.1 (*Non-payment*), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the applicable Order of Priority), for the payment of interest on the Notes on such Payment Date are not sufficient to pay in full the relevant Interest Payment Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Payment Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of the Conditions as if it were, Interest Payment Amount payable on the Notes on the immediately following Payment Date. Unpaid interest on the Notes shall accrue no interest.

**Form and denomination**

The denomination of the Senior Notes and the Junior Notes will be Euro 100,000 and integral multiples of Euro 1,000. The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Euronext Securities Milan for the account of the relevant Euronext Securities Milan Account Holders (being any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Euronext Securities Milan, including any depository banks appointed by Euroclear and Clearstream). The Notes will be accepted for clearance by Euronext Securities Milan with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-*bis* of the Consolidated Financial Act and regulation of 13 August 2018 jointly issued by the Bank of Italy and CONSOB, as subsequently amended and supplemented from time to time. No physical document of title will be issued in respect of the Notes.

**Ranking, status and subordination of the Notes**

In respect of the obligation of the Issuer to pay interest on the Notes and Variable Return (if any) on the Junior Notes (as applicable) prior to (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*),

(iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or (iv) the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the repayment of principal on the Senior Notes and to payment of interest, repayment of principal and payment of Variable Return (if any) on the Junior Notes; and
- (b) the Junior Notes (i) in respect of interest, rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Senior Notes, and in priority to repayment of principal and payment of Variable Return (if any) on the Junior Notes; and (ii) in respect of Variable Return (if any), rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Notes.

In respect of the obligation of the Issuer to repay principal on the Notes prior to (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or (iv) the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest on the Senior Notes, but in priority to payment of interest, repayment of the Junior Notes Principal Payment Amount and payment of Variable Return (if any) on the Junior Notes;
- (b) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest and repayment of principal on the Senior Notes and payment of interest on the Junior Notes, but in priority to payment of Variable Return (if any) on the Junior Notes.

In respect of the obligation of the Issuer, to pay interest on the Notes and Variable Return (if any) on the Junior Notes (as applicable) following (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*),

(iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the repayment of principal on the Senior Notes, payment of interest, repayment of principal and payment of Variable Return (if any) on the Junior Notes; and
- (b) the Junior Notes (i) in respect of interest, rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Senior Notes and in priority to repayment of principal and payment of Variable Return (if any) on the Junior Notes; and (ii) in respect of Variable Return (if any), rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Notes.

In respect of the obligation of the Issuer to repay principal on the Notes following (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date:

- (i) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest on the Senior Notes, but in priority to payment of interest, repayment of principal and payment of Variable Return (if any) on the Junior Notes;
- (ii) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest and repayment of principal on the Senior Notes and payment of interest on the Junior Notes, but in priority to payment of Variable Return (if any) on the Junior Notes.

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

Conditions and the Intercreditor Agreement set out the order of priority of application of the Issuer Available Funds.

**Withholding on the Notes**

As at the date of this Prospectus, all payments of interest, Variable Return and other proceeds in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Legislative Decree no. 239 of 1 April 1996, as amended and/or supplemented from time to time and any related regulations (“**Decree 239**”) or otherwise by applicable law. If any withholding or deduction for or on account of tax (including any Decree 239 Deduction) is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes on account of such withholding or deduction.

*For further details see the section headed “Taxation”.*

**Mandatory redemption**

The Notes will be subject to mandatory redemption in full (or in part *pro rata* within each Class) on each Payment Date in accordance with the applicable Order of Priority, if and to the extent that on the immediately preceding Calculation Date, it is determined that there are sufficient Issuer Available Funds which may be applied for this purpose.

**Optional redemption**

Provided that no Trigger Notice has been served on the Issuer, on or after the Clean Up Option Date, the Issuer may redeem:

- (i) the Notes in whole (but not in part); or
- (ii) with the prior consent of the Junior Noteholders, the Senior Notes only or the Senior Notes in whole and the Junior Notes in part,

at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon up to and including the relevant Payment Date) and the amounts ranking in priority thereto or *pari passu* therewith, in accordance with the Post-Enforcement Order of Priority, subject to the Issuer:

- (i) giving not more than 60 days, and not less than 30 days’ prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Originator and to the Noteholders of its intention to redeem the Notes in accordance with Condition 8.3; and
- (ii) having produced, on or prior to the notice referred to in paragraph (i) above, evidence acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other person, on such Payment Date to discharge all of its



outstanding liabilities in respect of the Notes to be redeemed and any other payment ranking higher or *pari passu* with the Notes to be redeemed in accordance with the Post-Enforcement Order of Priority.

The Issuer may obtain the funds necessary to finance such early redemption of the Notes from the sale of the Portfolio to the Originator or third parties. In this respect, under the terms and subject to the conditions of the Receivables Purchase Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

“**Calculation Date**” means the 4<sup>th</sup> Business Day before each Payment Date, provided that the first Calculation Date will fall on 19 April 2023.

“**Clean Up Option Date**” means the Payment Date on which the aggregate Principal Amount Outstanding of the Senior Notes is equal to or lower than 10 per cent. of the principal amount of the Senior Notes upon issue.

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

**Optional redemption for  
taxation reasons**

Provided that no Trigger Notice has been served on the Issuer, upon the imposition, at any time, of:

- (i) any Tax Deduction in respect of any payment to be made by the Issuer (other than in respect of a Decree 239 Deduction); or
- (ii) any changes in Italian Tax law (or in the application or official interpretation of such law) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer (including as a result of any of the Debtors being obliged to make a Tax Deduction in respect of any payment in relation to any Receivables),

and provided that the Issuer:

- (a) has given not more than 60 days, and not less than 30 days’ prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Originator and the Noteholders of its intention to redeem the Notes in accordance with Condition 8.4;
- (b) has provided to the Representative of the Noteholders, on or prior to the notice referred to in paragraph (a) above, a certificate signed by the Issuer to the effect that the obligation to make a Tax Deduction or the imposition

resulting in the total amount payable in respect of the Portfolio ceasing to be receivable by the Issuer cannot be avoided by taking measures reasonably available to the Issuer and not prejudicial to its interests as a whole; and

- (c) has produced evidence to the Representative of the Noteholders, on or prior to the notice referred to in paragraph (a) above, that it will have the necessary funds, not subject to interests of any other person, on such Payment Date to discharge all of its outstanding liabilities in respect of the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, with the prior consent of the Junior Noteholders, in part) and any other payment ranking higher or *pari passu* with the Notes to be redeemed in accordance with the Post-Enforcement Order of Priority,

the Issuer may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, with the prior consent of the Junior Noteholders, in part) at their Principal Amount Outstanding (plus any accrued and unpaid interest thereon up to and including the relevant Payment Date) and the amounts ranking in priority thereto or *pari passu* therewith, in accordance with the Post-Enforcement Order of Priority.

The Issuer may obtain the funds necessary to finance such early redemption of the Notes from the sale of the Portfolio to the Originator or third parties. In this respect, under the terms and subject to the conditions of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

“**Decree 239 Deduction**” means any withholding or deduction for or on account of “*imposta sostitutiva*” under Decree number 239.

#### **Final Maturity Date**

Unless previously redeemed in full or cancelled, the Notes will be redeemed in full at their Principal Outstanding Amount (together with all accrued and unpaid interest thereon) on the Payment Date falling in February 2035 (the “**Final Maturity Date**”).

#### **Segregation of Issuer’s Rights**

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer’s rights, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law in the context of any Further Securitisation). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the

Noteholders, the Other Issuer Creditors and any other creditors of the Issuer in respect of any fees, costs and expenses in relation to the Securitisation. In addition, security over certain rights of the Issuer arising out of certain English Law Transaction Documents has been granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Charge for the benefit of the Noteholders and the Other Issuer Creditors.

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

**"Further Securitisation"** means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with Condition.

**"Issuer's Rights"** means all of the Issuer's rights under the Transaction Documents.

*For further details see the section headed: 'Selected Aspects of Italian Law – Ring-fencing of the assets'.*

## **Trigger Events**

If any of the following events occurs:

- (a) *Insolvency of the Issuer*  
an Insolvency Event occurs with respect to the Issuer; or
- (b) *Non-payment of interest*  
the Issuer defaults in the payment of the Interest Payment Amount on the Class A Notes then outstanding on a Payment Date and such default continues for a period of 5 (five) Business Days; or
- (c) *Non-payment of principal*

the Issuer defaults in the payment of principal of any Note on the Final Maturity Date; or

(d) *Breach of representations and warranties*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made and in respect of which no remedy has been taken within thirty calendar days from the discovery that such representations and warranties were incorrect or misleading; or

(e) *Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of the Interest Payment Amount on the Class A Notes and/or principal on the Notes pursuant to (b) and (c) above respectively) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not) capable of remedy, in which case no notice requiring remedy will be required) such default remains unremedied for thirty days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

(f) *Unlawfulness*

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party, when compliance with such obligations is deemed by the Representative of the Noteholders to be material in its sole discretion; or

(g) *Insolvency of the Originator*

an Insolvency Event occurs with respect to the Originator, then the Representative of the Noteholders:

- (1) in the case of a Trigger Event under items (a), (b), (c) and (f) above; and
- (2) in the case of a Trigger Event under items (d), (e) and (g) above, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes,

shall without undue delay give notice to the Issuer and the Noteholders (the “**Trigger Notice**”) and notify the Rating Agencies of the occurrence of a Trigger Event.

Following the delivery of a Trigger Notice (a) without any further action or formality, all payments of principal, interest and any other amounts due with respect to the Notes, the Other Issuer Creditors and any other creditor of the Issuer under the Securitisation shall be made in accordance with the Post-Enforcement Order of Priority and (b) provided that (x) no Insolvency Event has been commenced towards the Issuer and (y) in any case if not prevented by, and in compliance with, any applicable law, the Representative of the Noteholders, on behalf of the Issuer, shall be entitled to sell the Portfolio. In this respect, under the terms and subject to the conditions of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

The Issuer or the Representative of the Noteholders shall have obtained a certificate, issued by a reputable bank or financial institution or auditor stating that the purchase price for the Portfolio outstanding is sufficient to allow discharge of all amounts owing in full to the Senior Noteholders and the Junior Noteholders (or, with the prior consent of the Junior Noteholders, in part to the Junior Noteholders) and the amounts ranking in priority thereto or *pari passu* therewith.

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

- (a) such company or corporation has become subject to any applicable dissolution, judicial liquidation (*liquidazione giudiziale*), composition with creditors in the judicial liquidation (*concordato nella liquidazione giudiziale*), bankruptcy (*fallimento*) (as far as applicable pursuant to the Bankruptcy Law), voluntary liquidation, extraordinary administration (*amministrazione straordinaria*), extraordinary administration of the insolvent companies (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), compulsory winding up (*liquidazione coatta amministrativa*), insolvency proceedings (*procedure concorsuali*) (including the insolvency proceedings and the further tools providing for the composition of the crisis and insolvency under the Bankruptcy Law, as far as applicable), reorganisation, tools for the composition of business crisis/insolvency provided under the Insolvency Code and Bankruptcy Law (as far as applicable), including, *inter alia*, the debt restructuring agreements (also simplified debt restructuring agreements and those with “extended effects” as well as the standstill agreements (*convenzioni di moratoria*), the certified restructuring plan as well as the

related agreement, the restructuring plan subject to homologation, the filing of any petition under articles 40 and followings of the Insolvency Code (including the simplified petitions under article 44 of the Insolvency Code), the appointment of an independent expert pursuant to the Insolvency Code, the negotiated crisis composition procedure (*composizione negoziata per la crisi di impresa*), the simplified composition with creditors proceeding for the liquidation of assets (*concordato semplificato per la liquidazione del patrimonio*), as well as any other proceedings and/or tools qualified as an “insolvency proceeding” (*procedura concorsuale*), a “restructuring proceeding” (*procedura di risanamento*) or a “liquidation proceeding” (*procedura di liquidazione*) under the relevant legislation, as amended from time to time (in particular Insolvency Code, Italian Banking Act, Legislative Decree no. 170 of 21 May 2004, Regulation EU 2015/848 related to insolvency procedure and Directive 2014/59/EU and the relevant implementing laws, including, without limitation the procedures for the resolution of the over-indebtedness crisis (*procedure per la composizione della crisi da sovraindebitamento*), any of the situations provided for under articles 2446, 2447, 2482-bis or 2482-ter of the Italian Civil Code or any similar situation), as well as any similar proceedings in any jurisdiction or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (b) the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation

and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (d) such company or corporation takes any action for a re-adjustment of 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 (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (e) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian Civil Code occurs with respect to such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (f) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

#### **Sub-Servicer Termination Events**

The Servicer may or, if requested by the Issuer (on the basis of the indication of the Representative of the Noteholders), shall, terminate the Sub-Servicer's appointment if any of the following events occurs:

- (a) *Insolvency Event*

an Insolvency Event occurs with respect to the Sub-Servicer; or

- (b) *Breach of obligations*

failure on the part of the Sub-Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, and the continuation of such failure for a period of 10 Business Days following the receipt of the notice delivered by the Servicer to the Sub-Servicer, the Issuer and the Representative of the Noteholders, requesting to remedy such a failure, except in case of failure by the Sub-Servicer to fulfil its obligation under clause 3.9.3 of the

Servicing Agreement, in which case the grace period shall be 5 Business Days from receipt of the relevant notice from the Servicer; or

(c) *Breach of representations and warranties*

any of the representations and warranties given by the Sub-Servicer, pursuant to the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, has been proved to be untrue, false or deceptive in any material respect and such default (at sole discretion of the Representative of the Noteholders) may materially prejudice the interests of the Issuer or the Noteholders, and the Sub-Servicer does not remedy the situation within 10 Business Days following the receipt of the notice claim of breach of such representations and warranties delivered by the Issuer to the Servicer and the Representative of the Noteholders requesting to remedy such a failure; or

(d) *Failure to pay*

failure by the Sub-Servicer to deposit or pay any amount required to be paid or deposited within 5 Business Days after the relevant due date thereof, except if such failure can be attributed to force majeure; or

(e) *Unlawfulness*

it becomes unlawful for the Sub-Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is, or will be, a party; or

(f) *Other*

the loss, by the Sub-Servicer, of the characteristics required by law or by the Bank of Italy for entities performing the role referred to in the Servicing Agreement in the context of a securitisation of receivables or the failure by the Sub-Servicer to meet other requirements that may be required in the future by the Bank of Italy or other competent governmental, administrative or regulatory authorities.

**Non petition**

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



Noteholders. In particular, save as expressly permitted by the Transaction Documents and the Rules of the Organisation of the Noteholders:

- (a) neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders, where appropriate in accordance with the Transaction Documents), shall be entitled to enforce the Notes or the securities granted under the Deed of Charge or take any proceedings against the Issuer to enforce the Notes;
- (b) neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders, where appropriate in accordance with the Transaction Documents), shall be entitled to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to such Noteholder, provided however that this paragraph (b) shall not prevent such Noteholder from taking any steps against the Issuer which do not amount to the commencement or the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an insolvency receiver for or to the making of an administration order against or to the winding up or liquidation of the Issuer;
- (c) until the date falling 2 (two) years plus 1 (one) day after the date on which all the Notes and all the asset backed notes issued in the context of any Further Securitisation have been redeemed in full or cancelled, neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the Noteholders and only if the representatives of the noteholders of any Further Securitisations have been so directed by an extraordinary resolution of the noteholders under the relevant securitisation transaction), shall be entitled to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer, provided however that this paragraph (c) shall not prejudice the right of such Noteholder to prove a claim in an insolvency of the Issuer where such insolvency follows the institution of an insolvency proceeding by a third party creditor of the Issuer;
- (d) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step that would result in the Orders of Priority not being observed; and
- (e) without prejudice to article 1229 of the Italian Civil Code, no Noteholder shall have a recourse against, nor shall any

personal liability attach to, the Quotaholder, any other quotaholder, incorporator, officer, director or agent of the Issuer or in his capacity as such by proceedings or otherwise in respect of any obligation, covenant or agreement of the Issuer contained in the Transaction Documents.

**Limited recourse obligations of Issuer**

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

- (i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Orders of Priority and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;
- (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder; and (b) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the Orders of Priority in priority to, or *pari passu* with, sums payable to such Noteholder; and
- (iii) upon the Sub-Servicer giving notice to the Issuer and the Noteholders in accordance with the Conditions that it has determined that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Portfolio or the Notes (whether arising from an enforcement of the Notes or otherwise) which would be available to pay unpaid amounts outstanding under the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

**The Organisation of the Noteholders**

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

Pursuant to the Rules of the Organisation of the Noteholders, for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the

Noteholders appointed at the time of the issue of the Notes by the Lead Manager, as subscriber of the Senior Notes, and TFSI, as subscriber of the Junior Notes, subject to and in accordance with the provisions of the Subscription Agreements. Each Noteholder is deemed to accept such appointment.

## Rating

The Class A Notes are expected to be assigned, on the Issue Date, a rating equal to:

<i>Class</i>	<i>Fitch</i>	<i>Moody's</i>
Class A Notes	AA(sf)	Aa3(sf)

In general, regulated investors in the European Union are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the EU CRA Regulation, unless such rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the EU CRA Regulation or such rating is provided by a credit rating agency not established in the European Union which is certified under the EU CRA Regulation. In general, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the UK and registered under UK CRA Regulation, unless such rating is provided by a credit rating agency not established in the UK but is endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or such rating is provided by a credit rating agency not established in the UK which is certified under the UK CRA Regulation. As at the date of this Prospectus, each of the Rating Agencies is established in the European Union and is registered under the EU CRA Regulation, as evidenced in the latest update of the list published by the ESMA on its website (being, as at the date of this Prospectus, [www.esma.europa.eu](http://www.esma.europa.eu)) (for the avoidance of doubt, such website does not constitute part of this Prospectus). As at the date of this Prospectus, none of the Rating Agencies is established in the UK but the ratings assigned by each of Fitch and Moody's are endorsed by Fitch Ratings Limited and Moody's Investors Service Limited respectively, each of which is registered under the UK CRA Regulation, as evidenced in the latest update of the list published by FCA on its website (being, as at the date of this Prospectus, <https://register.fca.org.uk/s/>).

The ratings address the ultimate payment of principal and the timely payment of interest. A rating should not be regarded as a recommendation by the Issuer or by the Arranger, the Lead Manager or by the Rating Agencies to buy, sell or hold the Class A Notes; such a rating is subject to revision or withdrawal at any time by the assigning rating organisation.

No rating will be assigned to the Class J Notes.

#### **STS securitisation**

The Securitisation is intended to qualify as an STS Securitisation within the meaning of article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Prospectus, the EU STS Requirements and, on or about the Issue Date, will be notified by the Originator to be included in the list published by ESMA referred to in article 27(5) of the EU Securitisation Regulation. Pursuant to article 27(2) of the EU Securitisation Regulation, the STS Notification includes an explanation by the Originator of how each of the EU STS Requirements has been complied with in the Securitisation. The STS Notification will be available for download on the ESMA STS Register. The Notes can also qualify as STS under the UK Securitisation Regulation until maturity, provided that the Notes remain on the ESMA STS Register and continue to meet the EU STS Requirements.

The Originator has used the service of PCS as a third party verifying STS compliance authorised under article 28 of the EU Securitisation Regulation in connection with the STS Assessments. It is expected that the STS Assessments prepared by PCS will be available on the PCS website (being, as at the date of this Prospectus, <https://www.pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope at <https://www.pcsmarket.org/disclaimer>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus. **No assurance can be provided that the Securitisation does or will continue to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation as at the date of this Prospectus or at any point in time. The STS status of a transaction is not static and investors should verify the current status of the Securitisation on the ESMA STS Register.** None of the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager, the Representative of the Noteholders or any other party to the Transaction Documents makes any representation or accepts any liability for the Securitisation to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future.

#### **Listing and admission to trading**

Application has been made for the Senior Notes to be listed and admitted to trading on the professional segment ExtraMOT PRO of the multilateral trading facility “ExtraMOT” managed by Borsa Italiana S.p.A.

No application has been made to list or admit to trading the Junior Notes on any stock exchange.

#### **Selling restrictions**

There will be restrictions on the sale of the Notes and on the

distribution of information in respect thereof.

*For further details see the section headed 'Subscription, Sale and Selling Restrictions'.*

**Clearing System**

Clearstream Banking, *société anonyme*, Luxembourg, 42 Avenue J.F. Kennedy, L-1885 Luxembourg;

Euroclear Banking S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

Euronext Securities Milan, having its registered office at Piazza degli Affari, 6, 20123 – Milan, Italy.

**Clearing Codes**

Class A Notes

Class J Notes

ISIN: IT0005532939

ISIN: IT0005532947

Common Code 259182352

N/A

**Issuer's LEI Code**

81560083FAFE62C1AD53

**Governing Law**

The Notes and any non-contractual obligations arising therefrom will be governed by, and shall be construed in accordance with, Italian Law.

Any dispute which may arise in relation to the Notes shall be subject to the exclusive jurisdiction of the court of Rome.

**3. ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS**

**Issuer Available Funds**

On each Calculation Date, the available funds of the Issuer (the "**Issuer Available Funds**") in respect of the immediately following Payment Date are constituted by the aggregate of (without duplication):

- (i) all Collections (including, for the avoidance of doubts, the Recoveries) received or collected on or behalf of the Issuer in respect of the Receivables during the immediately preceding Collection Period;
- (ii) all amounts received by the Issuer from the Originator pursuant to the Warranty and Indemnity Agreement during the immediately preceding Collection Period;
- (iii) any interest accrued and paid on the Payments Account, the Investment Account, the Cash Reserve Account and the Collection Account during the immediately preceding Collection Period;
- (iv) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) standing

to the credit of the Payments Account as at the relevant Calculation Date;

- (v) any profit generated by, or interest accrued and paid on, or amounts deriving from the disinvestment of the Eligible Investments (net of any withholding or deduction on account of tax) made out of the Investment Account and transferred to the Payments Account pursuant to the Cash Allocation, Management and Payments Agreement;
- (vi) all amounts received by the Issuer under or in relation to the Hedging Agreement in respect of such Payment Date (other than any early termination amount or Replacement Hedging Premium and any Hedging Collateral, Hedging Tax Credits, Excess Hedging Collateral, or any other amount standing to the credit of the Collateral Accounts);
- (vii) notwithstanding item (vi) above, (i) any early termination amount received from the Hedging Counterparty in excess of the amount required and applied by the Issuer to enter into one or more replacement hedging agreements, and (ii) any Replacement Hedging Premium received from a replacement Hedging Counterparty in excess of the amount required and applied to pay the outgoing Hedging Counterparty;
- (viii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents during the immediately preceding Collection Period (including (a) any proceeds received by the Issuer from the sale of any Receivables made in accordance with the Receivables Purchase Agreement, the Warranty and Indemnity Agreement or the Servicing Agreement and (b) any indemnity which the Issuer may directly recover from third parties);
- (ix) any proceeds deriving from the sale of the Receivables:
  - (a) following the delivery of a Trigger Notice, or
  - (b) upon the exercise by the Issuer of an Optional Redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), or an Optional Redemption for Taxation Reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*),

in accordance with the Transaction Documents.

**Senior Notes Sequential  
Principal Payment Amount**

On each Calculation Date, the Calculation Agent will calculate the principal amount to be paid on the Senior Notes in respect to the

immediately following Payment Date (the “**Senior Notes Sequential Principal Payment Amount**”), being the lesser of:

- (i) the Principal Amount Outstanding of the Senior Notes on such Calculation Date;
- (ii) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Senior Notes Sequential Principal Payment Amount; and
- (iii) on each Payment Date on which the Pre-Enforcement Order of Priority applies, the greater of (a) zero, and (b) the Target Amortisation Amount on such Payment Date.

### **Junior Notes Principal**

#### **Payment Amount**

On each Calculation Date, the Calculation Agent will calculate the principal amount to be paid on the Junior Notes in respect to the immediately following Payment Date (the “**Junior Notes Principal Payment Amount**”), being the lesser of:

- (i) the Principal Amount Outstanding of the Junior Notes on such Calculation Date less the Junior Notes Retained Amount on such Calculation Date; and
- (ii) (a) on each Payment Date on which the Pre-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Eleventh* (included) of the Pre-Enforcement Order of Priority; and  
  
(b) on each Payment Date on which the Post-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Tenth* (included) of the Post-Enforcement Order of Priority.

“**Junior Notes Retained Amount**” means an amount equal to (a) Euro 1,000 or (b) zero, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date or (ii) the date on which the Junior Notes are to be redeemed in full or cancelled.

#### **Target Amortisation Amount**

The Target Amortisation Amount, on each Payment Date, is an amount equal to the difference between:

- (a) the Outstanding Principal of the Collateral Portfolio as at the end of the Collection Period relating to the immediately preceding Payment Date; and
- (b) the Outstanding Principal of the Collateral Portfolio as at the end of the Collection Period immediately preceding the

relevant Payment Date.

“**Collateral Portfolio**” means, at any given date, all the Receivables purchased by the Issuer pursuant to the Receivables Purchase Agreement which are not Defaulted Receivables as at such date.

“**Defaulted Receivable**” means a Receivable deriving from a Loan Agreement (a) which at any time has been classified by the Sub-Servicer as “*in sofferenza*” pursuant to the Bank of Italy’s supervisory regulations and/or (b) has Instalments unpaid for 150 or more calendar days from the date on which such Instalments were due.

### **Pre-Enforcement Order of Priority**

Prior to (i) the delivery of a Trigger Notice, or (ii) the exercise of an optional redemption pursuant to the Notes pursuant to Condition 8.3 (*Optional Redemption*), or (iii) the exercise of an optional redemption for taxation reasons pursuant to Condition 8.4 (*Optional Redemption for Taxation Reasons*), or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making, or providing for, the following payments in the following order of priority (the “**Pre-Enforcement Order of Priority**”) (in each case only if and to the extent that payments of a higher priority have been made in full or credited to the relevant Accounts):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such taxes during the immediately preceding Interest Period);
- (ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any Issuer’s documented fees, costs and expenses pertaining to the Securitisation, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Transaction Documents to the extent that such fees, costs and expenses are not payable under any other item ranking junior hereto and/or have not been met by utilising any amounts standing to the credit of the Expenses Account during the immediately preceding Interest Period, and (b) the Issuer Disbursement Amount into the Expenses Account;
- (iii) *Third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof amounts due and payable to the Servicer, the Sub-Servicer, the Corporate Services Provider, the Calculation Agent, the Paying Agent, the



Account Bank, the Representative of the Noteholders, the Cash Manager and the Back-up Servicer Facilitator in accordance with the Transaction Documents;

- (iv) *Fourth*, to pay all amounts (if any) due and payable to the Hedging Counterparty under the Hedging Agreement (but excluding any Subordinated Hedging Amounts);
- (v) *Fifth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes, all amounts of interest due and payable on the Senior Notes;
- (vi) *Sixth*, to pay the Cash Reserve Required Amount into the Cash Reserve Account;
- (vii) *Seventh*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, (a) before the occurrence of a Pass-Through Condition, the Senior Notes Sequential Principal Payment Amount to the holders of the Senior Notes for such Payment Date; and (b) following the occurrence of a Pass-Through Condition and thereafter, an amount equal to the Principal Amount Outstanding of the Senior Notes for such Payment Date;
- (viii) *Eighth*, to pay any Subordinated Hedging Amounts due and payable to the Hedging Counterparty;
- (ix) *Ninth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity due and payable to the Arranger and the Lead Manager pursuant to the Senior Notes Subscription Agreement;
- (x) *Tenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Junior Notes, all amounts of interest due and payable on the Junior Notes;
- (xi) *Eleventh*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to any Other Issuer Creditors any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Order of Priority;
- (xii) *Twelfth*, after the redemption in full of the Senior Notes, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, the Junior Notes Principal Payment Amount to the holders of the Junior Notes for such Payment Date; and
- (xiii) *Thirteenth*, to pay, *pro rata* and *pari passu*, the Variable Return (if any) to the holder of the Junior Notes.

Without prejudice to the provisions set out above, the Issuer and/or the Representative of the Noteholders shall transfer to the Hedging Counterparty, irrespective of any Order of Priority (i)

upon termination of the Hedging Agreement, any Replacement Hedging Premium to be paid to the outgoing Hedging Counterparty; and (ii) from time to time, any Hedging Tax Credit and any Excess Hedging Collateral.

**“Issuer Disbursement Amount”** means (a) on Issue Date an amount equal to Euro 72,190.96 and (b) on each Payment Date, the difference between (i) Euro 50,000 and (ii) any amount standing to the credit of the Expenses Account on the Calculation Date immediately preceding such Payment Date.

#### **Post-Enforcement Order of Priority**

On each Payment Date following (i) the service of a Trigger Notice, or (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), or (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date, the Issuer Available Funds shall be applied in making, or providing for, the following payments in the following order of priority (the **“Post-Enforcement Order of Priority”**) (in each case only if and to the extent that payments of a higher priority have been made in full or credited to the relevant Accounts):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such taxes during the immediately preceding Interest Period);
- (ii) *Second*, if the relevant Trigger Event is not related to any Insolvency Event occurred in respect of the Issuer, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any Issuer’s documented fees, costs and expenses pertaining to the Securitisation, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Transaction Documents to the extent that such fees, costs and expenses are not payable under any other item ranking junior hereto and/or have not been met by utilising any amounts standing to the credit of the Expenses Account during the immediately preceding Interest Period and (b) the Issuer Disbursement Amount into the Expenses Account;
- (iii) *Third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, amounts due and payable to the Servicer, the Sub-Servicer, the Corporate Services Provider, the Calculation Agent, the Paying Agent, the Account Bank, the Representative of the Noteholders, the

Cash Manager and the Back-up Servicer Facilitator in accordance with the Transaction Documents;

- (iv) *Fourth*, to pay all amounts (if any) due and payable to the Hedging Counterparty under the Hedging Agreement (but excluding any Subordinated Hedging Amounts);
- (v) *Fifth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes, all amounts of interest due and payable on the Senior Notes;
- (vi) *Sixth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes the Principal Amount Outstanding of the Senior Notes until the Senior Notes are redeemed in full;
- (vii) *Seventh*, to pay any Subordinated Hedging Amounts due and payable to the Hedging Counterparty;
- (viii) *Eighth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity due and payable to the Arranger and the Lead Manager pursuant to the Senior Notes Subscription Agreement;
- (ix) *Ninth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to any Other Issuer Creditors any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Order of Priority;
- (x) *Tenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Junior Notes, all amounts of interest due and payable on the Junior Notes;
- (xi) *Eleventh*, after the redemption in full of the Senior Notes, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, the Junior Notes Principal Payment Amount to the holders of the Junior Notes for such Payment Date;
- (xii) *Twelfth*, to pay, *pro rata* and *pari passu*, the Variable Return (if any) to the holder of the Junior Notes.

Without prejudice to the provisions set out above, the Issuer and/or the Representative of the Noteholders shall transfer to the Hedging Counterparty, irrespective of any Order of Priority (i) upon termination of the Hedging Agreement, any Replacement Hedging Premium to be paid to the outgoing Hedging Counterparty; and (ii) from time to time, any Hedging Tax Credit and any Excess Hedging Collateral.

#### 4. TRANSFER AND SERVICING OF THE PORTFOLIO

## The Receivables

The principal source of payment of interest and principal on the Senior Notes and interest, principal and Variable Return on the Junior Notes will be Collections made in respect of the Portfolio purchased by the Issuer on the 20 February 2023 pursuant to the terms of the Receivables Purchase Agreement.

The Portfolio has been assigned and transferred to the Issuer without recourse (*pro soluto*) against the Originator in the case of a failure by any of the Debtor to pay amounts due under the Loan Agreements subject to the terms and conditions of the Receivables Purchase Agreement.

**"Individual Purchase Price"** means, the individual purchase price of a Receivable, equal to the sum, with respect of such Receivable, of (i) the nominal amount of the relevant Receivable, (ii) the interests (including any default interests) due and unpaid on the relevant Receivable and (iii) the interests accrued but not yet due on the relevant Receivable under the relevant Loan Agreement as at the Effective Date.

*For further details see the sections headed "The Portfolio" and "Description of the Transaction Documents - The Receivables Purchase Agreement".*

## Eligibility Criteria

Pursuant to the Receivables Purchase Agreement, the Receivables comprised in the Portfolio assigned by the Originator to the Issuer arise out of Loans which, at the Effective Date and/or at the different date indicated in the relevant criteria, met the following Eligibility Criteria:

- (a) loans granted to individuals (*persone fisiche*) who, at the date of signing of the relevant loan agreement, were resident in Italy;
- (b) loans granted only for consumption purposes;
- (c) loans granted to borrowers who are not directors or employees of the TFSI group;
- (d) loans granted by TFSI and arising from loan agreements executed exclusively by TFSI;
- (e) loans granted pursuant to loan agreements governed by Italian law;
- (f) loans which are denominated in Euro and do not contain provisions that allow the conversion into another currency;
- (g) loans providing for fixed interest rate;
- (h) loans whose principal and interest are payable by the relevant borrower in monthly instalments;

- (i) loans in relation to which the relevant borrower has paid at least one instalment;
- (j) loans having at least one residual instalment (in addition to the “balloon” instalment (“*Maxi-rata finale*”)) which has not yet become due;
- (k) loans which have not been guaranteed by the assignment to TFSI of a fifth of the salary (*cessione del quinto dello stipendio*) or of the pension of the relevant borrower or assisted by a delegation of payment (*delegazione di pagamento*) issued by the relevant borrower to his/her employer in favour of TFSI;
- (l) loans whose amortising plan provides for the repayment in monthly instalments in accordance with the amortisation plan provided for in the relevant loan agreement and which have been granted for the purchase in Italy from an authorised dealer (*concessionario autorizzato*) or a branch of TFSI of a new car branded Toyota or Lexus which may also provide for supplemental services and/or insurance services related to the relevant loan;
- (m) loans in relation to which no borrower has notified to TFSI his/her intention to early prepay the relevant loan;
- (n) loans in relation to which the relevant maturity date does not fall after 30 April 2030;
- (o) loans in relation to which the relevant car has been duly delivered by the relevant seller to the relevant borrower;
- (p) loans which have been fully disbursed and in respect of which there is no obligation or possibility to make further drawings;
- (q) loans towards a single borrower (or multiple borrowers who are jointly liable (*solidalmente responsabili*) for the payment thereof);
- (r) loans whose amortisation plan is a French amortisation plan (*piano di ammortamento alla francese*) having instalments consisting of an interest component which decreases over the life of the loan and a principal component which increases over the life of the loan;
- (s) loans which have not been classified as past due (*scaduto o sconfinante deteriorato*), unlikely to pay (*inadempienza*)

*probabile*) or defaulted (*sofferenza*) pursuant to Bank of Italy's regulations and/or have not been subject to concessions (so called "*forbearance*", as defined in accordance to the Supervisory Authority's provisions of Bank of Italy);

- (t) loans which have no instalments due but unpaid;
- (u) loans which have not been already securitised under other securitisation transactions;
- (v) loans granted for a principal amount not higher than Euro 70,000.00;
- (w) loans which have not been originated before 1<sup>st</sup> July 2020;
- (x) loans which are not in payment holiday or standstill period (*moratoria*) whether by law or otherwise, except if such payment holiday or standstill period (*moratoria*) has been granted by TFSI as a consequence of the exercise by the relevant borrower of any of the options provided for by the relevant loan agreement in its favour;
- (y) loans on hybrid, plug-in or electric cars only;
- (z) loans having, as at the date of disbursement of the relevant loan, a ratio between (i) the "balloon" instalment ("*Maxi-rata finale*"), and (ii) the relevant car's sale price, not exceeding 70%;

#### **Servicing of the Portfolio**

On 20 February 2023, the Servicer, the Sub-Servicer and the Issuer entered into the Servicing Agreement, pursuant to which: **(a)** the Servicer, has agreed *inter alia* to: (i) act as servicer of the Securitisation and have the responsibility set out in article 2, paragraph 3, letter (c), and paragraph 6-*bis*, of the Securitisation Law; and (ii) administer and service the Receivables and to carry out the collection activity relating to the Receivables on behalf of the Issuer in compliance with the Securitisation Law; and **(b)** the Servicer has delegated, with the consent of the Issuer, to the Sub-Servicer, *inter alia*, the collection and recovery of the Receivables.

*For further details see the section headed: "Description of the Transaction Documents – The Servicing Agreement".*

## **5. CREDIT STRUCTURE**

### **Cash Reserve Amount**

On or prior to the Issue Date, the Issuer has established a reserve fund in the Cash Reserve Account, out of the proceeds of the issuance of the Junior Notes, for an amount equal to Euro 5,875,000 (the "**Initial Cash Reserve Amount**").

The amount standing to the credit of the Cash Reserve Account (the “**Cash Reserve Amount**”) will form part of the Issuer Available Funds on each Payment Date and, together with the other Issuer Available Funds, will be available for making the payments in accordance with the Pre-Enforcement Order of Priority or, on the Payment Date immediately following (i) the delivery of a Trigger Notice, or (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), or (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date, the Post-Enforcement Order of Priority.

On each Payment Date on which the Pre-Enforcement Order of Priority is applied, to the extent there are Issuer Available Funds applicable for that purpose, the Cash Reserve Account will be credited with an amount equal to the Cash Reserve Required Amount on such Payment Date, in accordance with the Pre-Enforcement Order of Priority.

“**Cash Reserve Required Amount**” means, with reference to each Payment Date, an amount equal to the higher of (a) Euro 250,000 and (b) an amount equal to 1.25 per cent. of the Principal Amount Outstanding of the Senior Notes on the Calculation Date immediately preceding such Payment Date, provided that the Cash Reserve Required Amount will be equal to 0 (zero) on the earlier of (a) the Calculation Date on which the Calculation Agent issues a Payments Report stating that on the immediately following Payment Date the Issuer Available Funds are sufficient to repay in full on such Payment Date the Senior Notes, (b) the Final Maturity Date, and (c) the date on which the Representative of the Noteholders has delivered a Trigger Notice to the Issuer.

#### **Pass-Through Condition**

Prior to the service of a Trigger Notice and for as long as the Senior Notes are outstanding, the Pass-Through Condition occurs when:

- (i) the Cumulative Gross Default Ratio is higher than the relevant Cumulative Gross Default Ratio Threshold; or
- (ii) on any Calculation Date the difference between (i) the Target Amortisation Amount on such Calculation Date and (ii) the Senior Notes Sequential Principal Payment Amount to be paid on the immediately following Payment Date is greater than 10% of the aggregate amount of the Defaulted Receivables which have become Defaulted Receivables during the immediately preceding Collection Period; or
- (iii) on any Calculation Date the difference between (i) the

Target Amortisation Amount on such Calculation Date and (ii) the Senior Notes Sequential Principal Payment Amount to be paid on the immediately following Payment Date is greater than 0 (zero) for at least 3 consecutive Calculation Dates (including such Calculation Date); or

- (iv) the 3 Month Rolling Average Delinquency Ratio is higher than 1.3%.

**“3 Month Rolling Average Delinquency Ratio”** means the ratio, calculated on each Monthly Servicer’s Report Date, between:

- (i) the sum of the Delinquency Ratio on such Monthly Servicer’s Report Date and the Delinquency Ratio of the 2 (two) preceding months; and
- (ii) three (3).

**“Collection Date”** means the last calendar day of each calendar month.

**“Cumulative Gross Default Ratio”** means, the ratio, calculated by the Servicer on each Monthly Servicer’s Report Date, between:

- (a) the aggregate of the Outstanding Principal of the Receivables which have become Defaulted Receivables as at the relevant Default Date during the period between the Effective Date and the Collection Date immediately preceding such Monthly Servicer’s Report Date; and
- (b) the aggregate of the Outstanding Principal, as at the Effective Date, of the Receivables.

**“Cumulative Gross Default Ratio Threshold”** means, with respect to the Cumulative Gross Default Ratio:

- (a) starting from the Effective Date (included) and until the Calculation Date falling in June 2023 (excluded), a rate equal to 0.46%;
- (b) starting from the Calculation Date falling in June 2023 (included) to the Calculation Date falling in September 2023 (excluded), a rate equal to 1%;
- (c) starting from the Calculation Date falling in September 2023 (included) to the Calculation Date falling in December 2023 (excluded), a rate equal to 1.5%;
- (d) starting from the Calculation Date falling in December 2023 (included), a rate equal to 2%,

as calculated by the Servicer in respect of the relevant Collection Period and indicated in the relevant Monthly Servicer’s Report.



**“Default Date”** means the date on which each relevant Receivable becomes a Defaulted Receivable.

**“Delinquency Ratio”** means the ratio, calculated by the Servicer on each Monthly Servicer’s Report Date with reference to the immediately preceding Collection Date, between:

- (a) the Outstanding Principal of all the Delinquent Receivables outstanding as at such Collection Date; and
- (b) the Outstanding Principal of the Collateral Portfolio as at such Collection Date.

**“Delinquent Receivables”** means a Receivable deriving from a Loan Agreement which (a) has Instalments unpaid for 30 or more calendar days, and (b) are not Defaulted Receivables.

**“Effective Date”** means 19 February 2023.

**“Outstanding Principal”** means, on any given date and in relation to any Receivable, (i) the aggregate amount of all Principal Instalments falling due after that date pursuant to the relevant Loan Agreement, and (ii) all Principal Instalments due but unpaid as at that date.

**“Portfolio”** means the portfolio of Receivables purchased by the Issuer from the Originator on 20 February 2023 pursuant to the terms of the Receivables Purchase Agreement.

**Retention holder and retention requirements**

The Originator will retain for the life of the transaction a material net economic interest of not less than 5 per cent. in the Securitisation in accordance with Articles 6(3)(d) of the EU Securitisation Regulation and 6(3)(d) of the UK Securitisation Regulation (as in effect as at the Issue Date). As at the Issue Date, such material net economic interest is represented by the retention of the first-loss tranche, being the Junior Notes, as required by the text of Articles 6(3)(d) of the EU Securitisation Regulation and 6(3)(d) of the UK Securitisation Regulation (as in effect as at the Issue Date), which in total is not less than 5% of the nominal value of the securitised exposures.

**Reporting Entity**

Under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that the Issuer is designated and will act as Reporting Entity, pursuant to and for the purposes of article 7(2) of the EU Securitisation Regulation and the UK Securitisation Regulation. In such capacity as Reporting Entity, the Issuer has fulfilled before pricing or shall fulfil after the Issue Date the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and the UK Securitisation Regulation by

making available the relevant information on the website of European DataWarehouse GMBH (being, as at the date of this Prospectus, www.eurodw.eu) or , as the case may be, of European DataWarehouse Limited (being, as at the date of this Prospectus, www.eurodw.co.uk).

*For further details see the section headed "Regulatory Disclosure and Retention Undertaking".*

## 6. THE TRANSACTION ACCOUNTS

The Issuer has opened and, subject to the terms of the Transaction Documents, shall at all times maintain the following accounts. The Issuer undertakes to pay to or deposit, or cause to be paid to or deposited the following amounts in and out of such accounts:

### **Collection Account**

*in:*

- (i) the Collections (including, for the avoidance of doubts, the Recoveries) received in relation to the Receivables comprised in the Portfolio in accordance with the provisions of the Receivables Purchase Agreement and the Servicing Agreement;
- (ii) the proceeds deriving from the sale, if any, of Defaulted Receivables in accordance with the provisions of the Servicing Agreement;
- (iii) the proceeds deriving from the sale of the Portfolio in accordance with the Transaction Documents;
- (iv) any amount paid by TFSI to the Issuer in accordance with the provisions of the Receivables Purchase Agreement, the Warranty and Indemnity Agreement and the Servicing Agreement, other than the amounts referred to under items (i), (ii) and (iii) above; and
- (v) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Collection Account;

*out:* on each Business Day any amounts standing to the credit of the Collection Account shall be transferred to the Investment Account.

### **Investment Account**

*in:*

- (i) all amounts transferred on each Business Day from the Collection Account in accordance with the provisions of the Cash Allocation, Management Agreement;
- (ii) any amounts received by any third party under any Transaction Document and not allocated to any other Account in accordance with the provisions of clause 3.3 of the Cash Allocation, Management and Payments Agreement;
- (iii) on the Business Day following the Issue Date and each Payment Date, any amount transferred from the Cash Reserve Account;
- (iv) any proceeds upon maturity or any sums deriving from the disposal or liquidation of the Eligible Investments purchased through the funds standing to the credit of such account and any profit generated thereby or interest accrued thereon, shall be credited; and
- (v) on the Business Day immediately following the Issue Date and any Payment Date, any amounts remaining on the Payments Account after all payments to be made on the Issue Date or on the relevant Payment Date (as the case may be) have been made;
- (vi) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Investment Account;

out:

- (i) four Business Days prior to each Payment Date, all amounts standing to the credit of the Investment Account (excluding any Collection relating to the current Collection Period) shall be transferred to the Payments Account;
- (ii) any amounts standing to the credit thereof will be applied by the Cash Manager upon specific written instructions of the Sub-Servicer or the Issuer, for the settlement of Eligible Investments, provided that in no case shall Eligible Investments be purchased starting from the 5 (five) preceding Business Days prior to each Payment Date up to the immediately following Payment Date (included);

## Payments Account

### in:

- (i) on the Issue Date, the net proceeds deriving from the issue of the Notes (following the set-off with any amount due to TFSI as Purchase Price for the Portfolio, in accordance with the Receivables Purchase Agreement and the Subscription Agreements);
- (ii) four Business Days prior to each Payment Date, the amounts transferred from the Investment Account (and in general any sums arising from the liquidation, disposal or maturity of the Eligible Investments made in accordance with the Cash Allocation, Management and Payments Agreement and purchased through the funds standing to the credit of the Investment Account (including any profit generated thereby or interest matured thereon));
- (iii) four Business Days prior to the last Payment Date, the amounts transferred from the Expenses Account;
- (iv) all amounts paid to the Issuer under or in relation to the Hedging Agreement in respect of such Payment Date (other than any early termination amount or Replacement Hedging Premium and any Hedging Collateral, Hedging Tax Credits, Excess Hedging Collateral, or any other amount and/or securities standing to the credit of the Collateral Accounts);
- (v) upon the termination of the Hedging Agreement, any remaining amounts and/or securities standing to the credit of the Collateral Accounts may be withdrawn (and liquidated, where applicable) to be transferred to the Payments Account pursuant to clause 3.3.6(b)(ii)(C) of the Cash Allocation, Management and Payments Agreement, which will then form part of the Issuer Available Funds;
- (vi) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Payments Account;

### out:

- (i) on the Issue Date: (i) the Purchase Price of the Portfolio shall be paid to the Originator in accordance with the Receivables Purchase Agreement (to the extent not subject to set-off with any amount due by TFSI to the Issuer as subscription price for the Junior Notes); (ii) an amount equal to the Initial Cash Reserve Amount shall be credited to the Cash Reserve Account; and (iii) an amount equal to the Issuer Disbursement Amount shall be credited to the Expenses Account;
- (ii) (a) as long as the Paying Agent and the Account Bank are the same entity, all payments to be made on each Payment Date in accordance with the applicable Order of Priority pursuant to the relevant Payments Report or (b) as long as the Paying Agent and the Account Bank are not the same entity (x) any amount to be transferred to the Paying Agent in accordance with clause 6.2.2 of the Cash Allocation, Management and Payments Agreement and (y) all payments to be made on each Payment Date in accordance with the applicable Order of Priority pursuant to the relevant Payments Report (other than those under paragraph (x) above); and
- (iii) on the Business Day following the Issue Date and each Payment Date, any residual amount, if any, shall be transferred to the Investment Account;

**Cash Reserve Account**

*in:*

- (i) on the Issue Date, an amount equal to the Initial Cash Reserve Amount shall be credited from the Payments Account;
- (ii) if the Senior Notes are outstanding, on each Payment Date prior to the delivery of a Trigger Notice or the redemption in full of the Senior Notes, the Cash Reserve Required Amount in accordance with the applicable Order of Priority; and
- (iii) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Cash Reserve Account;

out: on the Business Day following the Issue Date and each Payment Date, the amount standing to the credit of the Cash Reserve Account will be transferred into the Investment Account.

**Expenses Account**

in:

- (i) on the Issue Date, an amount equal to the Issuer Disbursement Amount shall be credited from the Payments Account;
- (ii) on each Payment Date, the Issuer Disbursement Amount shall be credited in accordance with the applicable Order of Priority; and
- (iii) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Expenses Account;

out:

- (i) during each Interest Period, any amount to be reimbursed to the Corporate Services Provider or paid to third party creditors of the Issuer who are not parties to the Intercreditor Agreement in accordance with clause 4.2 (*Duties in relation to payments*) of the Cash Allocation, Management and Payments Agreement, provided that any amount to be reimbursed starting from four Business Days immediately preceding each Payment Date shall be paid by the Issuer on such Payment Date; and
- (ii) four Business Days before the last Payment Date, any amounts standing to the credit of the Expenses Account (net of any amount referred to under item (iii) below) shall be transferred to the Payments Account;
- (iii) following the last Payment Date, any amount to be reimbursed to the Corporate Services Provider or paid to third party creditors of the Issuer who are not parties to the Intercreditor Agreement falling due after such Payment Date shall be paid;

## Collateral Accounts

### in:

- (i) any Hedging Collateral consisting of cash shall be credited to the Cash Collateral Account;
- (ii) any Hedging Collateral consisting of securities shall be deposited into the Securities Collateral Account;
- (iii) any termination payment received by the Issuer from the Hedging Counterparty pursuant to the Hedging Agreement;
- (iv) any Replacement Hedging Premium received by the Issuer from a replacement hedging counterparty with regard to the termination of the rights and obligations of the Hedging Counterparty under Hedging Agreement;
- (v) all amounts in respect of interest accrued and paid on the balance from time to time standing to the credit of the Cash Collateral Account shall be credited to the Cash Collateral Account;

### out:

- (i) prior to the termination of the Hedging Agreement, all amounts and/or securities standing to the Collateral Accounts which the Hedging Counterparty is entitled to under the terms of the Hedging Agreement (including as a result of changes in the value of the collateral and/or Hedging Agreement) shall be returned to the Hedging Counterparty;
- (ii) following the termination of the Hedging Agreement:
  - (A) the amounts and/or securities standing to the credit of the Collateral Accounts, which exceed the termination amount (if any) that would have otherwise been payable by the Hedging Counterparty to the Issuer had the Hedging Collateral not been provided pursuant to the Hedging Agreement, may be withdrawn from the Collateral Accounts and paid and/or returned exclusively in or towards satisfaction of the amounts (if any) that are due and payable to the Hedging Counterparty pursuant to the Hedging

Agreement (including, for the avoidance of doubt, the repayment of any Hedging Collateral posted in accordance with and subject to the Hedging Agreement), irrespective of the applicable Order of Priority;

- (B) after application in accordance with paragraph (A) above, any remaining amounts and/or securities standing to the credit of the Collateral Accounts, together with any amount paid by the Hedging Counterparty to the Issuer upon such termination, shall first be applied by the Issuer towards any payment of any Replacement Hedging Premium payable to a replacement hedging counterparty for it entering into a replacement hedging agreement with the Issuer on substantially the same terms as the Hedging Agreement. To the extent that such remaining amounts and/or securities standing to the credit of the Collateral Accounts, together with any amount paid by the Hedging Counterparty to the Issuer upon the termination of the Hedging Agreement, are greater than the Replacement Hedging Premium or no such Replacement Hedging Premium is required to be made to a replacement hedging counterparty, such remaining amounts and/or securities shall be applied, after payment of any such Replacement Hedging Premium, against any amount payable by the Issuer to the Hedging Counterparty upon the termination of the Hedging Agreement (including, for the avoidance of doubt, the repayment of any Hedging Collateral posted in accordance with and subject to the Hedging Agreement), irrespective of the applicable Order of Priority; and
- (C) after application in accordance with paragraphs (A) and (B) above and to the extent only that there are no further amounts payable by the Issuer to the Hedging Counterparty upon the termination of the Hedging Agreement,



(A) any remaining amounts and/or securities standing to the credit of the Collateral Accounts may be withdrawn (and liquidated, where applicable) and paid into the Payments Account and will then form part of the Issuer Available Funds, and (B) any amount remaining from any amount paid by the Hedging Counterparty to the Issuer upon the termination of the Hedging Agreement shall remain in the Payments Account and will then form part of the Issuer Available Funds.

**Securities Account**

*into which* the Eligible Investments (not being time deposit) settled by the Cash Manager, if so directed by the Sub-Servicer, using the amounts from time to time standing to the credit of the Investment Account shall be deposited.

The Issuer has also opened with the Account Bank a euro-denominated account (the “**Quota Capital Account**”) into which the sum representing 100 per cent. of the Issuer’s equity capital (equal to Euro 10,000) has been deposited and will remain deposited therein for so long as all the notes be issued by the Issuer (including the Notes) have been paid in full.

## REGULATORY DISCLOSURE AND RETENTION UNDERTAKING

### Retention undertaking of the Originator

Under the Intercreditor Agreement, the Originator, for so long as the Notes are outstanding, has undertaken in favour of the Issuer and the Representative of the Noteholders that it will:

- (a) retain, on an on-going basis, a material net economic interest of not less than 5 (five) per cent. in the Securitisation, in accordance with option (d) of article 6(3) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards; as at the Issue Date, such material net economic interest will be represented by the retention of the first-loss tranche, being the Junior Notes, which is not less than 5% of the nominal value of the securitised exposures;
- (b) not change the manner in which the net economic interest is held, unless expressly permitted by article 6 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards;
- (c) procure that any change to the manner in which such retained interest is held in accordance with paragraph (b) above will be notified to the Calculation Agent to be disclosed in the Investor Report; and
- (d) comply with the disclosure obligations imposed on originators under article 7(1)(e)(iii) of the EU Securitisation Regulation and of the UK Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards are applicable to the Securitisation. In addition, the Originator has undertaken that the material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with article 6 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards.

### Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above for the purposes of complying with article 5 of the EU Securitisation Regulation and of the UK Securitisation Regulation and none of the Issuer, TFSI (in any capacity) nor the Arranger, the Lead Manager or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

### Transparency requirements

Under the Intercreditor Agreement, the Originator and the Issuer have designated among themselves the Issuer as the reporting entity pursuant to article 7 of the EU Securitisation Regulation and of the UK

Securitisation Regulation (the “**Reporting Entity**”) and the parties thereto had acknowledged that the Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation pursuant to the Transaction Documents.

In such capacity as Reporting Entity, the Issuer, by placing full reliance on the information provided by the Originator in respect of the relevant securitised exposures on or prior the date of the Receivables Purchase Agreement will fulfil the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation by making available the relevant information through the Securitisation Repository to the holders of a position in the Securitisation, the competent authorities referred to under article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation and, upon request, to potential Noteholders. It is agreed and understood that the Reporting Entity shall not be liable for any delay in making available the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (i) which is due to electronic or technical inconveniences relating to or connected with the internet network or the relevant website or (ii) which is due to willful default (*dolo*) or gross negligence (*colpa grave*) of the Calculation Agent, the Corporate Services Provider or, with respect to the activities provided under the Servicing Agreement and the Intercreditor Agreement, the Servicer.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed as follows as to pre-pricing disclosure requirements set out:

- (a) under article 7(1) letters (a), (b), (c) and (d), the Reporting Entity represented to the Representative of the Noteholders that, before pricing, the data on each Loan Agreement (including the available information related to the environmental performance of the assets financed by Vehicles to be provided by the Originator) and a draft of this Prospectus (which includes a transaction summary for the purposes of point (c) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation), the Transaction Documents and the STS Notification have been made available to the potential holders of a position in the Securitisation and competent supervisory authorities pursuant to article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation by means of publication through the Securitisation Repository;
- (b) under article 22 of the EU Securitisation Regulation, the Originator has made available (i) to the Reporting Entity, the available information related to the environmental performance of the assets financed by Vehicles, (ii) to the potential Noteholders, through this Prospectus and the Securitisation Repository: (x) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least 5 (five) years, pursuant to article 22(1) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, and (y) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed as follows as to post-closing disclosure requirements set out under article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation and article 22 of the EU Securitisation Regulation:

- (a) the Originator shall provide the Servicer with the information, if available, related to the environmental performance of the Vehicles pursuant to article 22(4) of the EU Securitisation Regulation;
- (b) pursuant to the Servicing Agreement, the Servicer, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Loan by Loan Report (which includes all the information required under point (a) above (including, *inter alia*, the information, if available, related to the environmental performance of the Vehicles as provided by the Originator pursuant to letter (a) above) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation) and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity (through the Corporate Services Provider) to make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, the Loan by Loan Report (simultaneously with the Investor Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;
- (c) pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Investor Report (which includes all the information required under point (e) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, (simultaneously with the Loan by Loan Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;
- (d) pursuant to the Cash Allocation, Management and Payments Agreement, the Reporting Entity (by way of delegation to the Calculation Agent) will prepare the Inside Information and Significant Event Report (which includes all the information required under point (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation by way of publication through the Securitisation Repository (simultaneously with the Loan by Loan Report and the Investor Report) by no later than one month after each Payment Date; it is agreed and understood that, in accordance with the Cash Allocation, Management and Payments Agreement, (x) in case any information provided under points (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (including, *inter alia*, the occurrence of any events which trigger changes in the Orders of Priority) has been notified to the Reporting Entity or the Reporting Entity is in any case aware of any such information, the Reporting Entity (by way of delegation to the Calculation

Agent) shall promptly prepare the Inside Information and Significant Event Report and make it available, without delay after the occurrence of the relevant event or awareness of the inside information, to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by publication through the Securitisation Repository;

- (e) pursuant to article 22 of the EU Securitisation Regulation, the Reporting Entity will make available, by means of publication through the Securitisation Repository, the STS Notification, the final Prospectus and the other final Transaction Documents to the investors in the Notes or potential investors in the Notes or the competent authorities, pursuant to the EU Securitisation Regulation, in a timely manner (to the extent not already in its possession) by no later than 15 (fifteen) days after the Issue Date.

In addition, under the Intercreditor Agreement, the Originator has undertaken to make available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request, through the Securitisation Repository, a liability cash flow model (to be updated from time to time by or on behalf of the Originator in case of material changes in the actual or expected cash flows) which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Under the Intercreditor Agreement, the Issuer, in its capacity as Reporting Entity, has undertaken to the Originator and to the Representative of the Noteholders:

- (a) to ensure that Noteholders and prospective investors (if any) have readily available access to any information which is required to be disclosed to Noteholders and to prospective investors (if any) pursuant to the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards;
- (b) to ensure that the competent supervisory authorities pursuant to article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation have readily available access to any information which is required to be disclosed pursuant to the EU Securitisation Regulation and the UK Securitisation Regulation.

Under the Intercreditor Agreement, each of the parties thereto has undertaken to notify the Reporting Entity without undue delay any information required under point (f) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as the case may be) or the occurrence of any event set out under point (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as the case may be) in order to allow the Reporting Entity (by way of delegation to the Calculation Agent) to prepare the Inside Information and Significant Event Report.

In addition, in order to ensure that the disclosure requirements set out under article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation and article 22 of the EU Securitisation Regulation are fulfilled by the Issuer or the Originator, as the case may be, each party thereto (other than the Issuer and the Originator) has undertaken to provide the Reporting Entity and/or the Originator, as the case may be, with any further information which from time to time is required under the EU

Securitisation Regulation and the UK Securitisation Regulation that is not covered under the Intercreditor Agreement.

Furthermore, under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that the Originator is designated as first contact point for investors and competent authorities pursuant to the third sub-paragraph of article 27(1) of the EU Securitisation Regulation.

*Prospective Noteholders are required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Chapter 2 of the EU Securitisation Regulation, of the UK Securitisation Regulation and any corresponding national measure which may be relevant and none of the Issuer, the Originator, the Servicer, the Calculation Agent, the Corporate Services Provider or any other party to the Transaction Documents or any other person makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.*

## THE PORTFOLIO

Pursuant to the Receivables Purchase Agreement, the Issuer has purchased the Portfolio from the Originator together with any related rights that have been granted to the Originator to secure or ensure payment of any of the Receivables comprised therein.

The Receivables comprised in the Portfolio only arise out of loans for vehicles (*prestiti per veicoli*) qualifying as consumer loan (*prestiti al consumo*) which, as at the Transfer Date, are existing and classified as performing by the Originator.

All Receivables purchased by the Issuer from the Originator have been selected on the basis of the Eligibility Criteria listed in the Receivables Purchase Agreement and repeated (following translation in English language) in this Prospectus (see the section headed "*The Eligibility Criteria*", below).

The Receivables do not and may not consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives.

As at 19 February 2023, the nominal value (including, *inter alia*, principal and accrued interest) of all the Receivables amounted to Euro 532,652,809.

The information relating to the Portfolio contained in this Prospectus is, unless otherwise specified, a description of the Portfolio as at 19 February 2023.

### The Eligibility Criteria

The Receivables comprised in the Portfolio assigned by the Originator to the Issuer arise out of Loans which, at the Effective Date and/or at the different date indicated in the relevant criteria, met the following criteria (the "**Eligibility Criteria**"):

- (a) loans granted to individuals (*persone fisiche*) who, at the date of signing of the relevant loan agreement, were resident in Italy;
- (b) loans granted only for consumption purposes;
- (c) loans granted to borrowers who are not directors or employees of the TFSI group;
- (d) loans granted by TFSI and arising from loan agreements executed exclusively by TFSI;
- (e) loans granted pursuant to loan agreements governed by Italian law;
- (f) loans which are denominated in Euro and do not contain provisions that allow the conversion into another currency;
- (g) loans providing for fixed interest rate;
- (h) loans whose principal and interest are payable by the relevant borrower in monthly instalments;
- (i) loans in relation to which the relevant borrower has paid at least one instalment;
- (j) loans having at least one residual instalment (in addition to the "balloon" instalment ("*Maxi-rata finale*")) which has not yet become due;
- (k) loans which have not been guaranteed by the assignment to TFSI of a fifth of the salary (*cessione*

*del quinto dello stipendio*) or of the pension of the relevant borrower or assisted by a delegation of payment (*delegazione di pagamento*) issued by the relevant borrower to his/her employer in favour of TFSI;

- (l) loans whose amortising plan provides for the repayment in monthly instalments in accordance with the amortisation plan provided for in the relevant loan agreement and which have been granted for the purchase in Italy from an authorised dealer (*concessionario autorizzato*) or a branch of TFSI of a new car branded Toyota or Lexus which may also provide for supplemental services and/or insurance services related to the relevant loan;
- (m) loans in relation to which no borrower has notified to TFSI his/her intention to early prepay the relevant loan;
- (n) loans in relation to which the relevant maturity date does not fall after 30 April 2030;
- (o) loans in relation to which the relevant car has been duly delivered by the relevant seller to the relevant borrower;
- (p) loans which have been fully disbursed and in respect of which there is no obligation or possibility to make further drawings;
- (q) loans towards a single borrower (or multiple borrowers who are jointly liable (*solidalmente responsabili*) for the payment thereof);
- (r) loans whose amortisation plan is a French amortisation plan (*piano di ammortamento alla francese*) having instalments consisting of an interest component which decreases over the life of the loan and a principal component which increases over the life of the loan;
- (s) loans which have not been classified as past due (*scaduto o sconfinante deteriorato*), unlikely to pay (*inadempienza probabile*) or defaulted (*sofferenza*) pursuant to Bank of Italy's regulations and/or have not been subject to concessions (so called "*forbearance*", as defined in accordance to the Supervisory Authority's provisions of Bank of Italy);
- (t) loans which have no instalments due but unpaid;
- (u) loans which have not been already securitised under other securitisation transactions;
- (v) loans granted for a principal amount not higher than Euro 70,000.00;
- (w) loans which have not been originated before 1<sup>st</sup> July 2020;
- (x) loans which are not in payment holiday or standstill period (*moratoria*) whether by law or otherwise, except if such payment holiday or standstill period (*moratoria*) has been granted by TFSI as a consequence of the exercise by the relevant borrower of any of the options provided for by the relevant loan agreement in its favour;
- (y) loans on hybrid, plug-in or electric cars only;
- (z) loans having, as at the date of disbursement of the relevant loan, a ratio between (i) the "balloon" instalment ("*Maxi-rata finale*"), and (ii) the relevant car's sale price, not exceeding 70%.

#### **Characteristics of the Portfolio**



The Loan Agreements included in the Portfolio have the characteristics illustrated in the following tables. The following tables set out information with respect to the Portfolio derived from the information supplied by the Originator in connection with the acquisition of the relevant Receivables by the Issuer. The information in the following tables represents the characteristics of the Portfolio at 19 February 2023.

*\*\*Figures in EUR*

Summary Statistics	
Number of loans	28,809
Outstanding Principal of the Collateral Portfolio	531,432,653
Original Principal of the Collateral Portfolio	635,604,135
Average Per Loan Balance	18,447
WA Interest Rate (TAN) (%)	5.07%
WA Remaining Term (months)	28.20
WA Original Term (months)	47.67
WA Seasoning (months)	19.47
WA Current LTV (%)	72.39%
WA Balloon (% of Purchase Price)	50.76%
WA Balloon (% of Current Balance)	70.70%
Top 1 / Top 5 / Top 10 Obligor (% of Current balance)	0.0% / 0.1% / 0.1%

*\*WA = Weighted Average of the Outstanding Principal Balance*

Outstanding Principal of the Collateral Portfolio						
		Original Balance	(%)	Current Balance	(%)	
[ > = ]	[ < ]					
-	5,000	0	0.0%	0	0,0%	
5,000	10,000	1,410,195	0.2%	995,814	0,2%	
10,000	15,000	122,426,979	19.3%	99,083,869	18,6%	
15,000	20,000	257,287,898	40.5%	213,422,459	40,2%	
20,000	25,000	162,283,663	25.5%	138,894,169	26,1%	
25,000	30,000	61,657,220	9.7%	52,526,467	9,9%	
30,000	35,000	18,356,231	2.9%	15,771,408	3,0%	
35,000	40,000	7,188,462	1.1%	6,323,355	1,2%	
40,000	45,000	3,005,520	0.5%	2,614,869	0,5%	
45,000	50,000	1,366,014	0.2%	1,213,673	0,2%	
50,000	60,000	621,953	0.1%	586,570	0,1%	
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>	
0						

Original Principal of the Collateral Portfolio						
		Original Balance	(%)	Current Balance	(%)	
[ > = ]	[ < ]					
-	5,000	0	0.0%	0	0.0%	
5,000	10,000	46,940	0.0%	40,782	0.0%	
10,000	15,000	18,524,422	2.9%	15,999,036	3.0%	
15,000	20,000	192,768,470	30.3%	161,043,792	30.3%	
20,000	25,000	213,484,535	33.6%	179,851,590	33.8%	
25,000	30,000	121,779,244	19.2%	101,284,281	19.1%	
30,000	35,000	50,627,131	8.0%	41,646,045	7.8%	
35,000	40,000	23,080,628	3.6%	18,823,083	3.5%	
40,000	45,000	9,088,401	1.4%	7,518,630	1.4%	
45,000	50,000	2,824,135	0.4%	2,356,660	0.4%	
50,000	70,000	3,380,230	0.5%	2,868,753	0.5%	

<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>
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**Interest Rate % (TAN)**

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]				
0.00%	2.50%	0	0.0%	0	0.0%
2.50%	3.50%	11,262,529	1.8%	8,449,009	1.6%
3.50%	4.50%	168,512,317	26.5%	137,416,852	25.9%
4.50%	5.50%	266,330,703	41.9%	222,856,517	41.9%
5.50%	6.50%	163,576,350	25.7%	139,147,449	26.2%
6.50%	7.50%	18,881,023	3.0%	17,011,901	3.2%
7.50%	8.50%	5,626,699	0.9%	5,342,383	1.0%
8.50%	10.00%	1,414,513	0.2%	1,208,542	0.2%
<b>Total</b>		<b>635,604,135</b>	<b>100%</b>	<b>531,432,653</b>	<b>100%</b>

**Interest Rate Type**

	<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
Fixed	635,604,135	100.0%	531,432,653	100.0%
<b>Total</b>	<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

**Original Term (months)**

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]				
0	20	0	0.0%	0	0.0%
20	25	2,597,060	0.4%	2,326,843	0.4%
25	30	190,845	0.0%	171,159	0.0%
30	35	398,595	0.1%	326,607	0.1%
35	40	49,370,047	7.8%	42,263,886	8.0%
40	45	2,214,096	0.3%	1,748,601	0.3%
45	50	544,128,110	85.6%	454,580,240	85.5%
50	55	412,882	0.1%	330,113	0.1%
55	60	228,982	0.0%	189,081	0.0%
60	65	30,670,911	4.8%	25,185,086	4.7%
65	75	5,392,606	0.8%	4,311,038	0.8%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

**Remaining Term (Months)**

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]				
0	10	8,548,074	1.3%	6,509,559	1.2%
10	15	11,911,583	1.9%	9,447,291	1.8%
15	20	61,204,624	9.6%	46,295,459	8.7%
20	25	155,612,723	24.5%	123,802,209	23.3%
25	30	143,063,093	22.5%	118,316,978	22.3%
30	35	142,839,307	22.5%	125,143,954	23.5%
35	40	51,243,007	8.1%	45,533,575	8.6%
40	45	41,651,059	6.6%	38,278,284	7.2%
45	50	16,558,275	2.6%	15,514,616	2.9%
50	55	1,278,231	0.2%	1,054,336	0.2%
55	71	1,694,158	0.3%	1,536,392	0.3%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

**Seasoning (Months)**

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]				

0	10	55,278,710	8.7%	52,973,323	10.0%
10	12	0	0.0%	0	0.0%
12	14	48,784,989	7.7%	44,068,193	8.3%
14	16	71,724,134	11.3%	63,772,865	12.0%
16	18	59,623,298	9.4%	51,720,234	9.7%
18	20	47,840,894	7.5%	40,439,144	7.6%
20	22	61,508,167	9.7%	50,875,671	9.6%
22	24	66,603,531	10.5%	54,012,426	10.2%
24	26	63,850,865	10.0%	50,936,561	9.6%
26	28	64,458,346	10.1%	50,673,562	9.5%
28	35	95,931,201	15.1%	71,960,674	13.5%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

\*Seasoning is calculated as the difference of Contract Duration (Original) and Remaining Term

<b>Customer Type (Private vs Commercial)</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
P		635,604,135	100.0%	531,432,653	100.0%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

\*P = Private

<b>Engine Type</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
Hybrid		626,100,235	98.5%	522,893,157	98.4%
Plug-In Hybrid		9,406,752	1.5%	8,446,169	1.6%
Electric		97,148	0.0%	93,327	0.0%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

<b>Vehicle Type (New/Used)</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
New		635,604,135	100.0%	531,432,653	100.0%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

<b>Contract Type (TFS)</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
To/Le Valore		71,437,335	11.2%	60,744,325	11.4%
Toyota EASY / Lexus Easy / Pay Per Drive		564,166,800	88.8%	470,688,328	88.6%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

<b>Vehicle Manufacturer</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
TO		609,952,117	96.0%	510,489,600	96.1%
LE		25,652,018	4.0%	20,943,054	3.9%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

\*TO = Toyota / LE = Lexus

<b>Payment Frequency</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
1		635,604,135	100.0%	531,432,653	100.0%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

\*1 = Monthly

<b>Payment Type</b>					
		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
RI		635,604,135	100.0%	531,432,653	100.0%

<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>
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*\*RI = Direct Debit*

### Arrears Status

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
No Arrears		635,604,135	100.0%	531,432,653	100.0%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

### Liquidation Year

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
2020		165,462,618	26.0%	126,627,775	23.8%
2021		371,458,679	58.4%	312,598,996	58.8%
2022		98,682,838	15.5%	92,205,882	17.4%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

### Maturity Year (Current)

		<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
2023		11,219,295	1.8%	8,589,810	1.6%
2024		167,927,099	26.4%	130,682,442	24.6%
2025		344,033,011	54.1%	290,243,199	54.6%
2026		104,771,071	16.5%	95,108,052	17.9%
2027		7,242,615	1.1%	6,429,191	1.2%
2028		411,046	0.1%	379,960	0.1%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

### Installment Amount

			<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]					
-	150		21,333,736	3.4%	19,045,432	3.6%
150	200		75,755,234	11.9%	65,218,270	12.3%
200	250		141,841,462	22.3%	119,168,356	22.4%
250	300		157,029,954	24.7%	131,503,267	24.7%
300	350		102,805,238	16.2%	85,572,853	16.1%
350	400		67,075,940	10.6%	54,947,537	10.3%
400	500		47,302,266	7.4%	38,077,846	7.2%
500	750		20,336,209	3.2%	16,259,005	3.1%
>750			2,124,096	0.3%	1,640,088	0.3%
<b>Total</b>			<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

*\*Installment Amount includes Principal and Interest*

### Balloon Installment Amount

			<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
[ > = ]	[ < ]					
-	5,000		364,422	0.1%	260,770	0.0%
5,000	10,000		73,944,309	11.6%	58,666,232	11.0%
10,000	15,000		378,616,390	59.6%	316,296,447	59.5%
15,000	20,000		142,068,249	22.4%	121,253,205	22.8%
20,000	25,000		30,094,508	4.7%	25,547,120	4.8%
25,000	30,000		6,708,760	1.1%	5,949,943	1.1%
30,000	45,000		3,807,497	0.6%	3,458,937	0.7%
<b>Total</b>			<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

*\*Balloon Installment Amount includes Principal and Interest*

### Downpayment

		Original Balance	(%)	Current Balance	(%)
[ > = ]	[ < ]				
-	2,500	62,837,114	9.9%	50,513,624	9.5%
2,500	3,500	78,859,800	12.4%	64,300,373	12.1%
3,500	4,500	76,513,817	12.0%	63,001,259	11.9%
4,500	5,500	109,974,780	17.3%	91,475,806	17.2%
5,500	6,500	63,827,443	10.0%	53,652,467	10.1%
6,500	7,500	53,499,628	8.4%	45,448,102	8.6%
7,500	10,000	81,231,158	12.8%	69,520,175	13.1%
10,000	15,000	83,884,304	13.2%	71,784,388	13.5%
15,000	20,000	20,359,875	3.2%	17,649,990	3.3%
20,000	35,000	4,616,215	0.7%	4,086,469	0.8%
<b>Total</b>		<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

#### Balloon (% of Vehicle Purchase Price)

		Original Balance	(%)	Current Balance	(%)
[ > = ]	[ < ]				
0.00%	40.00%	48,132,064	7.6%	37,704,780	7.1%
40.00%	45.00%	60,977,515	9.6%	49,380,999	9.3%
45.00%	50.00%	155,400,869	24.4%	127,671,156	24.0%
50.00%	55.00%	191,952,865	30.2%	163,161,010	30.7%
55.00%	60.00%	135,993,302	21.4%	116,546,323	21.9%
60.00%	65.00%	39,596,110	6.2%	33,824,916	6.4%
65.00%	70.00%	3,551,409	0.6%	3,143,469	0.6%
<b>Total</b>		<b>635,604,135</b>	<b>100%</b>	<b>531,432,653</b>	<b>100%</b>

#### Balloon (% of Current Balance)

		Original Balance	(%)	Current Balance	(%)
[ > = ]	[ < ]				
0.00%	50.00%	17,904,415	2.8%	14,609,320	2.7%
50.00%	55.00%	18,968,625	3.0%	15,786,550	3.0%
55.00%	60.00%	42,562,416	6.7%	36,040,270	6.8%
60.00%	65.00%	87,154,825	13.7%	73,982,009	13.9%
65.00%	70.00%	126,318,372	19.9%	105,824,430	19.9%
70.00%	75.00%	131,790,122	20.7%	108,715,695	20.5%
75.00%	80.00%	107,085,630	16.8%	88,623,615	16.7%
80.00%	90.00%	87,591,506	13.8%	74,156,157	14.0%
90.00%	105.00%	16,228,224	2.6%	13,694,607	2.6%
<b>Total</b>		<b>635,604,135</b>	<b>100%</b>	<b>531,432,653</b>	<b>100%</b>

#### LTV (% of Original Balance)

		Original Balance	(%)	Current Balance	(%)
[ > = ]	[ < ]				
0.00%	70.00%	48,181,791	7.6%	42,750,419	8.0%
70.00%	75.00%	46,717,906	7.4%	40,473,087	7.6%
75.00%	80.00%	69,293,953	10.9%	59,393,922	11.2%
80.00%	85.00%	95,451,352	15.0%	80,742,231	15.2%
85.00%	90.00%	111,539,921	17.5%	93,002,803	17.5%
90.00%	95.00%	116,594,510	18.3%	96,086,627	18.1%
95.00%	100.00%	87,174,204	13.7%	70,558,040	13.3%
100.00%	106.00%	60,650,499	9.5%	48,425,524	9.1%
<b>Total</b>		<b>635,604,135</b>	<b>100%</b>	<b>531,432,653</b>	<b>100%</b>

#### Region

Original\_Balance (%) Current\_Balance (%)

Abruzzo	11,881,771	1.9%	9,907,811	1.9%
Basilicata	625,787	0.1%	528,354	0.1%
Calabria	10,916,640	1.7%	9,244,947	1.7%
Campania	14,805,059	2.3%	12,388,958	2.3%
Emilia-Romagna	68,869,027	10.8%	57,716,603	10.9%
Friuli-Venezia Giulia	16,644,532	2.6%	13,721,863	2.6%
Lazio	108,566,364	17.1%	90,448,773	17.0%
Liguria	16,893,398	2.7%	14,330,300	2.7%
Lombardia	146,498,497	23.0%	121,852,404	22.9%
Marche	10,875,457	1.7%	9,089,208	1.7%
Molise	1,411,023	0.2%	1,185,108	0.2%
Piemonte	36,050,851	5.7%	30,224,762	5.7%
Puglia	16,550,278	2.6%	13,968,778	2.6%
Sardegna	11,308,006	1.8%	9,491,877	1.8%
Sicilia	25,751,485	4.1%	21,642,851	4.1%
Toscana	40,985,756	6.4%	34,608,151	6.5%
Trentino-Alto Adige	7,650,688	1.2%	6,539,245	1.2%
Umbria	6,966,649	1.1%	5,840,764	1.1%
Valle d'Aosta	2,664,523	0.4%	2,266,002	0.4%
Veneto	79,688,346	12.5%	66,435,893	12.5%
<b>Total</b>	<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

#### Geography (N/C/S)

	<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
North	374,959,862	59.0%	313,087,073	58.9%
Centre	179,275,996	28.2%	149,894,707	28.2%
South	81,368,277	12.8%	68,450,873	12.9%
<b>Total</b>	<b>635,604,135</b>	<b>100.0%</b>	<b>531,432,653</b>	<b>100.0%</b>

#### Concentration

	<b>Original Balance</b>	<b>(%)</b>	<b>Current Balance</b>	<b>(%)</b>
Top 1	84,419	0.0%	70,978	0.0%
Top 5	349,186	0.1%	299,889	0.1%
Top 10	641,561	0.1%	569,867	0.1%

### Capacity to produce funds

The Receivables have the characteristics that demonstrate capacity to produce funds to serve payments of amounts due and payable on the Notes. However, neither the Originator nor the Issuer warrant the solvency (credit standing) of any or all of the Debtor(s).

### Pool Audit

Pursuant to article 22(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, an appropriate and independent party has verified prior to the Issue Date: (i) on a statistical basis, the integrity and referentiality of the information provided in the documentation and in the IT systems in respect of each selected position of a representative sample of the Portfolio; (ii) the accuracy of the data disclosed in this Prospectus in respect of the Receivables (including the data set forth under sub-section headed "*Characteristics of the Portfolio*" above); and (iii) the compliance of the data contained in the loan by loan data tape prepared by the Originator in relation to the Receivables with the Eligibility Criteria that

are able to be tested prior to the Issue Date and no significant adverse findings have been found.

### Historical Performance Data

The tables and graphs in this section relate to the historical performance of the Loans originated by the Originator and have been prepared by the Originator.

The following historical data are substantially similar to those of the Receivables pursuant to, and for the purposes of, article 22(1) of the EU Securitisation Regulation, given that (i) the most relevant factors determining the expected performance of the underlying exposures are similar; and (ii) as a result of the similarity referred to in paragraph (i) above, it could reasonably have been expected, on the basis of indications such as past performance or applicable models, that, over the life of the Securitisation, their performance would not be significantly different.

### Monthly Originated Volumes

The tables in this section relate to the monthly historical origination volumes originated by the Originator from January 2014 until November 2022. The figures are denominated in Euro.

Reference Date	Volume Originated
Jan-14	5,138,287
Feb-14	5,377,482
Mar-14	6,601,852
Apr-14	5,404,250
May-14	8,677,388
Jun-14	5,120,935
Jul-14	4,229,164
Aug-14	2,395,981
Sep-14	5,169,045
Oct-14	7,013,914
Nov-14	6,423,247
Dec-14	6,290,073
Jan-15	6,645,394
Feb-15	8,992,336
Mar-15	9,427,697
Apr-15	8,814,413
May-15	8,438,180
Jun-15	8,908,904
Jul-15	7,915,579
Aug-15	4,783,620
Sep-15	11,342,874
Oct-15	14,110,144
Nov-15	15,903,817
Dec-15	14,226,193
Jan-16	15,283,761
Feb-16	17,719,925
Mar-16	17,671,476
Apr-16	13,016,045
May-16	13,566,785
Jun-16	14,625,288
Jul-16	12,466,538
Aug-16	7,654,904
Sep-16	16,556,163
Oct-16	16,328,026
Nov-16	16,692,987
Dec-16	17,706,257
Jan-17	25,288,184
Feb-17	26,894,218
Mar-17	32,593,439

Apr-17	19,718,579
May-17	34,329,836
Jun-17	32,302,265
Jul-17	28,705,318
Aug-17	17,391,923
Sep-17	28,473,238
Oct-17	36,775,195
Nov-17	31,251,454
Dec-17	25,997,166
Jan-18	32,052,597
Feb-18	26,181,682
Mar-18	35,526,193
Apr-18	29,163,056
May-18	29,504,803
Jun-18	29,974,820
Jul-18	31,090,171
Aug-18	17,120,815
Sep-18	30,568,713
Oct-18	39,486,744
Nov-18	35,534,626
Dec-18	26,259,244
Jan-19	35,332,626
Feb-19	35,878,985
Mar-19	41,399,629
Apr-19	37,419,640
May-19	44,365,847
Jun-19	32,127,959
Jul-19	29,451,482
Aug-19	17,968,849
Sep-19	41,725,813
Oct-19	42,086,373
Nov-19	32,582,161
Dec-19	32,158,401
Jan-20	37,250,837
Feb-20	32,958,677
Mar-20	5,481,033
Apr-20	342,783
May-20	21,692,897
Jun-20	40,763,841
Jul-20	29,624,379
Aug-20	17,496,208
Sep-20	49,776,607
Oct-20	47,343,030
Nov-20	41,455,375
Dec-20	46,302,033
Jan-21	36,040,061
Feb-21	45,061,568
Mar-21	55,093,136
Apr-21	45,533,372
May-21	49,148,181
Jun-21	48,119,888
Jul-21	34,979,133
Aug-21	24,473,817
Sep-21	33,140,967
Oct-21	38,168,962
Nov-21	46,892,227
Dec-21	46,032,382
Jan-22	55,258,126
Feb-22	42,311,832
Mar-22	60,131,149
Apr-22	39,180,351
May-22	47,193,430
Jun-22	47,752,653
Jul-22	47,848,747



Aug-22	31,928,186
Sep-22	44,138,320
Oct-22	49,573,475
Nov-22	54,744,571

### Monthly Delinquency Rates

The following tables show the delinquency rate for the Loans, calculated by dividing each month: (a) the sum of the principal balance of Receivables in each of the delinquency category (30+ days past due, 60+ days past due, 90+ days past due and 120+ days past due.); by (b) the sum of the principal balance of all Receivables in that month.

Reference Date	30+ Days Past Due	60+ Days Past due	90+ Days Past due	120+ Days Past Due
Jan-14	0.22%	0.17%	0.05%	0.00%
Feb-14	0.11%	0.11%	0.06%	0.00%
Mar-14	0.44%	0.09%	0.09%	0.05%
Apr-14	0.12%	0.12%	0.07%	0.03%
May-14	0.13%	0.12%	0.07%	0.00%
Jun-14	0.17%	0.10%	0.08%	0.05%
Jul-14	0.17%	0.10%	0.04%	0.00%
Aug-14	0.13%	0.07%	0.07%	0.00%
Sep-14	0.18%	0.08%	0.02%	0.02%
Oct-14	0.11%	0.07%	0.04%	0.00%
Nov-14	0.12%	0.06%	0.06%	0.00%
Dec-14	0.16%	0.05%	0.05%	0.03%
Jan-15	0.20%	0.08%	0.00%	0.00%
Feb-15	0.21%	0.10%	0.04%	0.00%
Mar-15	0.22%	0.09%	0.05%	0.02%
Apr-15	0.16%	0.09%	0.04%	0.00%
May-15	0.16%	0.13%	0.08%	0.01%
Jun-15	0.21%	0.12%	0.07%	0.03%
Jul-15	0.15%	0.11%	0.04%	0.02%
Aug-15	0.15%	0.09%	0.09%	0.01%
Sep-15	0.21%	0.12%	0.09%	0.08%
Oct-15	0.17%	0.07%	0.03%	0.00%
Nov-15	0.14%	0.08%	0.05%	0.02%
Dec-15	0.09%	0.03%	0.02%	0.01%
Jan-16	0.11%	0.04%	0.00%	0.00%
Feb-16	0.21%	0.06%	0.03%	0.00%
Mar-16	0.16%	0.10%	0.05%	0.01%
Apr-16	0.19%	0.09%	0.06%	0.02%
May-16	0.15%	0.08%	0.04%	0.02%
Jun-16	0.18%	0.07%	0.03%	0.01%
Jul-16	0.18%	0.09%	0.03%	0.01%
Aug-16	0.25%	0.11%	0.06%	0.02%
Sep-16	0.19%	0.11%	0.04%	0.02%
Oct-16	0.19%	0.07%	0.04%	0.01%
Nov-16	0.18%	0.07%	0.04%	0.02%
Dec-16	0.22%	0.09%	0.05%	0.02%
Jan-17	0.18%	0.08%	0.03%	0.02%
Feb-17	0.18%	0.09%	0.05%	0.01%
Mar-17	0.21%	0.09%	0.04%	0.02%
Apr-17	0.17%	0.10%	0.05%	0.02%
May-17	0.20%	0.09%	0.06%	0.02%
Jun-17	0.16%	0.08%	0.04%	0.02%
Jul-17	0.18%	0.07%	0.05%	0.02%
Aug-17	0.19%	0.12%	0.06%	0.03%
Sep-17	0.18%	0.08%	0.06%	0.02%
Oct-17	0.18%	0.08%	0.04%	0.03%
Nov-17	0.19%	0.09%	0.03%	0.01%

Dec-17	0.19%	0.10%	0.05%	0.02%
Jan-18	0.17%	0.09%	0.07%	0.03%
Feb-18	0.18%	0.09%	0.05%	0.03%
Mar-18	0.17%	0.06%	0.03%	0.01%
Apr-18	0.18%	0.07%	0.03%	0.01%
May-18	0.24%	0.11%	0.05%	0.01%
Jun-18	0.17%	0.09%	0.05%	0.03%
Jul-18	0.16%	0.08%	0.04%	0.02%
Aug-18	0.14%	0.07%	0.03%	0.01%
Sep-18	0.16%	0.06%	0.04%	0.01%
Oct-18	0.20%	0.06%	0.03%	0.02%
Nov-18	0.22%	0.08%	0.03%	0.01%
Dec-18	0.21%	0.08%	0.05%	0.02%
Jan-19	0.22%	0.10%	0.05%	0.02%
Feb-19	0.24%	0.10%	0.05%	0.02%
Mar-19	0.25%	0.11%	0.06%	0.02%
Apr-19	0.26%	0.11%	0.05%	0.02%
May-19	0.22%	0.08%	0.05%	0.02%
Jun-19	0.21%	0.08%	0.04%	0.02%
Jul-19	0.23%	0.09%	0.04%	0.01%
Aug-19	0.23%	0.10%	0.05%	0.02%
Sep-19	0.25%	0.10%	0.05%	0.02%
Oct-19	0.27%	0.09%	0.04%	0.02%
Nov-19	0.25%	0.11%	0.06%	0.02%
Dec-19	0.23%	0.11%	0.05%	0.02%
Jan-20	0.24%	0.11%	0.07%	0.02%
Feb-20	0.24%	0.11%	0.06%	0.04%
Mar-20	0.30%	0.11%	0.04%	0.01%
Apr-20	0.49%	0.17%	0.08%	0.03%
May-20	0.47%	0.23%	0.10%	0.05%
Jun-20	0.36%	0.24%	0.13%	0.04%
Jul-20	0.28%	0.16%	0.12%	0.06%
Aug-20	0.25%	0.13%	0.08%	0.06%
Sep-20	0.25%	0.11%	0.05%	0.02%
Oct-20	0.28%	0.12%	0.06%	0.03%
Nov-20	0.25%	0.13%	0.06%	0.02%
Dec-20	0.21%	0.11%	0.07%	0.04%
Jan-21	0.19%	0.11%	0.06%	0.03%
Feb-21	0.20%	0.09%	0.05%	0.02%
Mar-21	0.19%	0.10%	0.05%	0.03%
Apr-21	0.20%	0.09%	0.05%	0.01%
May-21	0.18%	0.10%	0.05%	0.02%
Jun-21	0.20%	0.10%	0.06%	0.02%
Jul-21	0.21%	0.09%	0.05%	0.02%
Aug-21	0.23%	0.10%	0.03%	0.01%
Sep-21	0.24%	0.11%	0.04%	0.01%
Oct-21	0.26%	0.12%	0.06%	0.02%
Nov-21	0.23%	0.10%	0.06%	0.03%
Dec-21	0.21%	0.09%	0.04%	0.02%
Jan-22	0.18%	0.10%	0.05%	0.01%
Feb-22	0.20%	0.09%	0.06%	0.02%
Mar-22	0.17%	0.08%	0.04%	0.02%
Apr-22	0.19%	0.08%	0.05%	0.02%
May-22	0.19%	0.07%	0.04%	0.02%
Jun-22	0.20%	0.07%	0.03%	0.01%
Jul-22	0.20%	0.08%	0.04%	0.01%
Aug-22	0.24%	0.11%	0.05%	0.02%
Sep-22	0.23%	0.10%	0.05%	0.02%
Oct-22	0.24%	0.11%	0.05%	0.02%
Nov-22	0.25%	0.12%	0.06%	0.02%

Monthly Annualized Prepayment Rates:

The following tables show the prepayment rate for Loans, calculated by dividing each month: (a) the sum of the prepayment of principal balance of Receivables by (b) the sum of the principal balance of all Receivables in that month. The prepayment rate showed in the tables below is an annualised figure.

Reference Date	Annualised CPR%
Feb-14	2.17%
Mar-14	4.02%
Apr-14	2.37%
May-14	4.87%
Jun-14	2.99%
Jul-14	2.48%
Aug-14	1.25%
Sep-14	3.94%
Oct-14	4.84%
Nov-14	3.35%
Dec-14	3.76%
Jan-15	3.05%
Feb-15	5.64%
Mar-15	5.75%
Apr-15	2.83%
May-15	3.39%
Jun-15	3.34%
Jul-15	3.18%
Aug-15	2.18%
Sep-15	4.04%
Oct-15	4.51%
Nov-15	5.83%
Dec-15	4.45%
Jan-16	3.46%
Feb-16	5.65%
Mar-16	7.53%
Apr-16	5.76%
May-16	4.94%
Jun-16	5.27%
Jul-16	4.75%
Aug-16	3.62%
Sep-16	4.94%
Oct-16	8.09%
Nov-16	5.55%
Dec-16	5.72%
Jan-17	5.84%
Feb-17	7.41%
Mar-17	7.65%
Apr-17	6.33%
May-17	6.92%
Jun-17	5.54%
Jul-17	5.06%
Aug-17	3.88%
Sep-17	6.01%
Oct-17	5.23%
Nov-17	4.38%
Dec-17	4.15%
Jan-18	4.23%
Feb-18	4.61%
Mar-18	4.59%
Apr-18	4.67%
May-18	4.71%
Jun-18	4.40%
Jul-18	3.99%
Aug-18	2.77%
Sep-18	4.34%
Oct-18	5.06%

Nov-18	5.35%
Dec-18	4.71%
Jan-19	5.67%
Feb-19	5.90%
Mar-19	6.65%
Apr-19	6.02%
May-19	7.12%
Jun-19	5.51%
Jul-19	5.31%
Aug-19	3.68%
Sep-19	6.65%
Oct-19	8.00%
Nov-19	7.22%
Dec-19	7.87%
Jan-20	7.89%
Feb-20	7.67%
Mar-20	3.44%
Apr-20	1.71%
May-20	4.99%
Jun-20	8.13%
Jul-20	6.97%
Aug-20	4.36%
Sep-20	6.84%
Oct-20	8.37%
Nov-20	7.18%
Dec-20	9.57%
Jan-21	6.99%
Feb-21	8.96%
Mar-21	10.82%
Apr-21	9.93%
May-21	10.58%
Jun-21	8.51%
Jul-21	6.52%
Aug-21	4.11%
Sep-21	6.71%
Oct-21	7.75%
Nov-21	7.94%
Dec-21	7.00%
Jan-22	6.61%
Feb-22	6.80%
Mar-22	8.75%
Apr-22	6.57%
May-22	6.68%
Jun-22	6.12%
Jul-22	5.15%
Aug-22	4.64%
Sep-22	5.82%
Oct-22	6.68%
Nov-22	6.91%

#### Quarterly Default Rates by Origination Vintage Quarter

The following tables show the cumulative default rate for Loans, calculated quarterly by dividing: (a) the sum of, in respect of each Receivable which has at any point been 150dpd, the principal balance of that Receivable at the point such Receivable became 150dpd; by (b) the sum of the original principal balance of each such Receivable.



The Loans fall into two categories:

- (a) loans in respect of which the Borrower is granted with a buy-back option whereby he/she can perform his/her obligation to pay the Balloon Instalment by returning the Vehicle to the relevant Dealer at a guaranteed future value (*valore futuro garantito*) (so-called “*Pay Per Drive/Easy*” Loans); or
- (b) loans in respect of which the Borrower is not granted with the buy-back option referred to in paragraph (a) above (so-called “*Valore*” Loans).

*“Pay Per Drive/Easy” Loans*

In relation to the “*Pay Per Drive/Easy*” Loans, at the end of the relevant Loan Agreement the Borrower has the following 4 (four) options:

- (a) **Keep-Settle Option:** retain the Vehicle and pay the Balloon Instalment in one single payment; or
- (b) **Keep-Refinance Option:** retain the Vehicle and refinance the amount of the Balloon Instalment by undertaking a new loan whose proceeds are applied to repay the existing Loan in one single payment; or
- (c) **Return Option:** return the Vehicle to the Dealer and pay the Balloon Instalment through the amount liquidated by the Dealer in respect to the returned Vehicle. In such case, the Borrower opts to return the Vehicle to the Dealer which will liquidate the value of such Vehicle in favour of the Borrower for a value which, in a situation where no special events have happened to the relevant Vehicle, is equal to the amount agreed between the Borrower and the Dealer when the original financing was granted. Therefore, the Borrower shall pay the Balloon Instalment using the amount collected from the Dealer or, if such amount is not sufficient because the value of the Vehicle has decreased for specific events which affected the Vehicle, the difference (if positive) between the amount of the Balloon Instalment and the value of the Vehicle liquidated by the Dealer will be paid by the Borrower at its own costs; or
- (d) **Replace Option:** return the Vehicle to the Dealer and buy a new one (with a separate new financing). The Dealer will liquidate the value of such Vehicle which, in a situation where no special events have happened to the Vehicle, is equal to the outstanding Balloon Instalment. Such amount liquidated by the Dealer will be used to reimburse the outstanding amount of the Balloon Instalment. From an operational point of view, the Dealer, on behalf of the Borrower, will reimburse the outstanding amount of the Balloon Instalment in order to avoid a double cash flow (the Dealer paying the Borrower and the Borrower settling the outstanding Balloon Instalment).

According to these four options described above, the Balloon Instalment linked to the original Loan is repaid in one lump sum and the Borrower remains obligated to repay the outstanding Balloon Instalment. Any subsequent agreements that are opened (*e.g.*, under paragraphs (d) and (b) above), will be new agreements independent from the original Loan Agreement, thus having no impact on the Securitisation.

As indicated above, this product type includes a buy back agreement between the Dealer and the Borrower; the buy back agreement includes also the Toyota’s Guarantee (as defined below).

In addition, pursuant to a framework agreement executed between Toyota Motor Italia S.p.A. and its Dealers, in case a Dealer does not take the relevant Vehicle upon the exercise by the relevant Borrower of the options (c) or (d) above, Toyota Motor Italia S.p.A. will provide the relevant Borrower with another Dealer that will collect the relevant Vehicle and allow the Borrower to exercise the selected option (the “**Toyota’s Guarantee**”).

*“Valore” Loans*

Under the “*Valore*” Loans, at the end of the relevant Loan Agreement the Borrower has the following 3 (three) options:

- (a) **Keep–Settle Option:** retain the Vehicle and pay the Balloon Instalment in one single payment; or
- (b) **Keep–Refinance Option:** retain the Vehicle and refinance the amount of the Balloon Instalment in one single payment, by undertaking a new loan whose proceeds are applied to repay the existing Loan; or
- (c) **Replace Option:** return the Vehicle to the Dealer and buy a new one (with a separate new financing). The Dealer will liquidate the current market value of such Vehicle. Such amount liquidated by the Dealer will be used to reimburse the outstanding amount of the Balloon Instalment. If such amount is not sufficient because the market value of the Vehicle has decreased, the difference (if positive) between the amount of the Balloon Instalment and the value of the Vehicle liquidated by the Dealer will be paid by the Borrower at its own costs. From an operational point of view, the Dealer, on behalf of the Borrower, will reimburse the outstanding amount of the Balloon Instalment in order to avoid a double cash flow (the Dealer paying the Borrower and the Borrower settling the outstanding Balloon Instalment).

According to these three options described above, the Balloon Instalment linked to the original Loan is repaid in one lump sum and the Borrower remains obligated to repay the outstanding Balloon Instalment. Any subsequent agreements that are opened (*e.g.*, under paragraphs (b) and (c) above), will be new agreements independent from the original Loan Agreement, thus having no impact on the Securitisation.

No buy back agreement between client and dealer is included in the Valore product.

## THE ORIGINATOR AND THE SUB-SERVICER

### *Originator description*

The company is active in lending activity to the public, following the legal act of Bank of Italy, recorded with number 0436972/19 on 2 April 2019, with which Toyota Financial Services Italia S.p.A. (TFSI), a company under Italian law based in Rome<sup>1</sup> has been registered in the «Albo unico degli intermediari finanziari» pursuant to article 106 of Testo Unico Bancario (TUB) under the number 229, with validity starting date of 30 March 2019. At the time of registration, the Company was assigned the same code of the Italian branch of the holding company Toyota Financial Services UK PLC (TFSUK), previously authorized to operate as a financial intermediary in Italy and subsequently cancelled from the register as above.

TFSUK is a company under English law based in the United Kingdom. TFSUK is controlled by Toyota Financial Services Corporation (hereinafter “TFSC” ). Furthermore, TFSC is controlled by Toyota Motor Corporation "TMC", namely the Ultimate Parent Company, listed on the New York Stock Exchange and the London Stock Exchange.

TFSI, as a financial intermediary authorized to operate in Italy under article 106 of Testo Unico Bancario (TUB), has continued during the year the lending activity to both customers and wholesale- which is the corporate purpose defined in the statutory act- having acquired and then developed the activities of the two Italian branches of Toyota Financial Services UK PLC (TFSUK) and Toyota Kreditbank GmbH (TKG). Moreover, TFSI merged the two company, with effect from 30 March 2019, as a result of two distinct operations, respectively the transfer of the retail business unit of TFSUK’ s branch and the acquisition of the wholesale division of the Italian branch of Toyota Kreditbank GmbH (TKG).

As at the date of this Prospectus, 100 per cent. of the share capital of TFSI is owned by TFSUK. The business of the consolidated group to which TFSI belongs for accounting reasons has included the originating of exposures similar to those securitised for at least five years. The table below shows the origination volume of consumer loans similar to those securitised in the years 2017 to 2022:

Year	Principal amount (Euro)
2017	339,720,816
2018	362,463,466
2019	422,497,765
2020	370,487,702
2021	502,683,694

<sup>1</sup> Via Kiiciro Toyoda 2, Roma (00148)



2022 (at the end of November 2022)	520,060,840
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TFSI has adopted the traditional administration and control model, as considered the most suitable and efficient for the operations and organization of the Company. Given this model, the Board of Directors is responsible of the definition of the strategic vision, while the CEO supervises company management within the assigned powers and established guidelines. Instead, in compliance with the current Italian law, the control function is assigned to the Board of Auditors.

As stated above, TFSI offers different financial products both to retail and wholesale segments. Products addressed to retail customers are aimed at supporting the sales of Toyota and Lexus cars in Italy, while wholesale products are aimed at supporting the dealer network, which has an agreement with TFSI to intermediate its products to end customers.

Based on the data of the last financial report closed on the 31<sup>st</sup> of March 2022, the retail portfolio accounts for 94%, while the wholesale portfolio for 6%.

In detail, within the retail business, TFSI offers two types of product: auto loans and financial leasing. Auto loans are distributed for the purchasing of both new and second-hand vehicles<sup>2</sup>, while the leasing product is only for new vehicles and represents only a residual part of the portfolio with a share of 11%.

The most distributed instalment financial product among those offered by the TFSI is represented by auto-loans characterized by the flexibility of the financial plan, which represents almost all of the stipulated.

#### *Product description*

The following paragraph will describe TFSI' s retail financial product that will be securitized in the transaction.

- **Toyota Pay Per Drive / Easy**

Toyota Easy (previously called Pay per Drive until 2021) represents one of the most innovative purchasing instruments on the financial market and the key product of the selling strategy of TFSI.

Toyota Easy is a flexible product that presents different possibilities to the client. Below the main features of the product:

- Duration between 24 month and 72 months;
- Available only for individuals;
- Possibility to include at the stipulation date additional service and/or insurance products;
- A minimum down payment;
- A fixed interest rate;

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<sup>2</sup> Only loans granted for the purchase of new cars are included in the securitization transaction. Financial leasing is not in scope.

- A fixed instalments amortization plan, with installment made of an interest component which decreases over the life of the loan and a principal component which increases over the life of the loan;
- Constant monthly instalments payable at the end of the month, with a final balloon instalment.

During the loan, the client has the possibility to create an amortization plan fully customized. In fact, the product gives the client the possibility of:

- Increase or decrease the amount of the single instalments;
- Skip up to three consecutive instalments;
- Increase or reduce the duration of the plan, within the range of 24 and 72 months.

Finally, at the end of the plan, the client has the opportunity to replace the old car with a new one, return the car, pay the last balloon instalment or refinance the balloon instalment.

This product also includes a Buy Back contract, an agreement between the client and the dealer, which gives the customer the possibility to return the car to the dealer at any time, who is obliged to take it.

- **Valore Toyota**

This financial product differs from the previous one, due to the absence of the flexibility options that the client can exploit over the life of the contract.

Below are the main features of the product:

- Duration between 24 and 60 months;
- Available for both individuals and companies (only contracts referred to individuals will be securitized, given the eligibility criteria);
- Possibility of including additional services and / or insurance products in the original contract;
- Without a mandatory down payment;
- A fixed interest rate;
- A fixed instalments amortization plan, with installment made of an interest component which decreases over the life of the loan and a principal component which increases over the life of the loan;
- Constant monthly instalments payable at the end of the month, with a final balloon instalment.

At the end of the plan, the client has the option to replace the old car with a new one, pay the final balloon instalment or refinance the balloon instalment.

### **Criteria for credit-granting**

With reference to the Loans comprised in the Portfolio, TFSI has applied the same sound and well-defined criteria for credit-granting which it applies to non-securitised loans. In particular, TFSI:

- has applied the same clearly established processes for approving and, where relevant, amending, renewing and refinancing the Loans; and
- has effective systems in place to apply those criteria and processes in order to ensure that credit granting is based on a thorough assessment of the Debtor's creditworthiness taking appropriate

account of factors relevant to assess the prospect of each Debtor meeting his obligations under the relevant Loan.

As at the date of this Prospectus, 100 per cent. of the share capital of TFSI is owned by Toyota Financial Services UK Plc.

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## CREDIT AND COLLECTION POLICIES

### 1. Underwriting process

The loan disbursement process is carried out in compliance with the principle of proportionality<sup>3</sup>, customer requests, division of roles and responsibilities (so called Segregation of Duties) and the Four Eyes Principle. The products of Toyota Financial Services Italia are distributed through Toyota Motor Italia dealers, namely retailers and authorized assistance centers, that, in addition to preliminary assess the customer in order to verify the existence of the minimum requirements for the start of the assignment process, carry out the following activities:

- Anti-money laundering obligations (customer identification, archiving of documentation in electronic format and any reports of suspicious customer behavior, to be immediately reported to the TFSI structures);
- Informing and guiding the customer in choosing the financial product;
- Keeping all the documentation relating to the loan;
- Reporting any alert regarding possible fraudulent intentions or other illegal operations;
- Providing TFSI with useful information regarding monitoring, classification or credit recovery.

In this context, to proceed with the loan request, the potential customer must have the following characteristics:

- be an adult (be over 18 years);
- have not exceeded 80 years of age at the due date of the loan or be assisted by a suitable guarantor with demonstrable income and to be in financeable age;
- be resident in Italy or registered on the Registry of Italians Residing Abroad<sup>4</sup>;
- have a demonstrable source of income or be assisted by a suitable guarantor with demonstrable income.

The loan is granted considering the ratio between the monthly amount of the requested loan installment and the amount of the monthly income of the applicant, excluding any further financial commitments.

In particular, the underwriting process is divided into the following phases:

1. Upload of the financing application
2. Verification of the documentation
3. Control of the credit profile of potential borrowers
4. Credit approval
5. Potential review of the refusal or suspension outcome
6. Cancellation of the contract and consent form
7. Liquidation

This process is periodically checked by the Risk Management function in order to identify potential risk profiles and the point of improvement.

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<sup>3</sup> The principle of proportionality is aimed at ensuring consistency with the individual risk profile and TFSI's business model, so that the regulatory objectives are achieved effectively, taking into account the size, nature, extent and complexity of TFSI's business.

<sup>4</sup> Anagrafe Italiani residenti all'estero (A.I.R.E.)

### ❖ Upload of financing practices

In this phase, the credit request is taken over and the preliminary information of the disbursement process is loaded into the system. In particular:

- The seller uploads the loan application in the front-end system, together with the applicant's personal and financial information;
- the applicant automatically receives the pre-contractual documentation by e-mail for preventive checks of the general and economic conditions of the contract;
- the potential customer signs the proposal manually or digitally (Advanced Electronic Signature – AES) and the seller sends it to TFSI, along with the required documentation (including the authorization for data processing).

### ❖ Documentary verification or quality check

The document verification process consists in checking the completeness, correctness and validity of the contractual and income documentation provided for the loan request, as well as the compliance of the data entered in the contract. This activity is carried out both by TFSI personnel and by external companies for specific categories of applications, such as when the creditworthiness analysis is entrusted to the operator.

In detail, the documentation necessary for finalizing the contract is divided into three macro categories:

- Contractual documentation:
  - Standard European Consumer Credit Information (SECCI)
  - Loan agreement
  - SEPA mandate (in the case of payment through SDD);
  - Services accessory module to the contract and adequacy questionnaire for fire & theft and / or personal protection policies (if present in the loan);
  - Repurchase agreement (so-called Buy Back, in the case of the Toyota Pay Per Drive / Easy financial formula).
- Personal documentation:
  - A valid identity document (ID);
  - Social Security card<sup>5</sup> or electronic ID ;
  - Residence Permit in the case of non-European citizens;
  - ID document for Italian citizens registered with Register of Italians residing abroad<sup>6</sup>
  - For cross-border customers, also the cross-border card<sup>7</sup>
- Financial documentation:
  - Payroll, annual income statement (both for employees and retired people), pension slip or bank statement for retired customer, income model

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<sup>5</sup> Tessera Sanitaria

<sup>6</sup> Anagrafe Italiani residenti all'estero (AIRE)

<sup>7</sup> Permesso GUE/AELS (per frontalieri)

Furthermore, in this phase, the operator carries out the following checks:

- Presence and conformity of all the signatures required by the contract and by the attached forms;
- Presence, completeness and validity of the income and IDs;
- Consistency of the data entered by the dealer on the contract, with those reported on the income and identity documentation.

In case of incorrect data, the absence of signatures or missing or incomplete documentation, the operator suspends the examination of the application, requesting its correction and, if necessary, the signing of a new correct contract.

#### ❖ **Examination of the credit profile of applicants (“credit worthiness”)**

In the preliminary investigation phase, TFSI assesses the creditworthiness of the applicant, in terms of assets and income. In particular, the consistency between the amount of the loan and the characteristics and quality of the borrower is examined, in order not to create a position of financial over-indebtedness. Therefore, this phase is divided first into an assessment of the minimum requirements of the applicant and subsequently into an assessment of creditworthiness.

##### Income capacity

The examination of the credit profile consists in analyzing the creditworthiness of the applicants in order to assess their solvency. The credit analyst assesses the stability and income capacity of the prospect client by examining the type of work activity, the total income received and the length of service.

In particular, for public or private employees the payslip of the applicant and / or any guarantors is verified, while in the case of retired customers the pension slip or alternatively the CUD, the income model or even bank statement, paying attention to the type of pension.

The Risk Department can revoke the self-certification of income or allow it to new categories of workers / products / customers, based on portfolio monitoring or risk assessments relating to any business opportunities.

In the event, that alteration or falsification of the income document is suspected, the credit analyst carries out the necessary checks to ascertain the authenticity of the document, by querying the SCIPAFI Portal or requesting additional documentation from the customer such as a bank account statement with salary credit, a copy of the payment of INPS contributions or the certificate of service from the employer.

In the event of negative SCIPAFI evidence, which may determine a case of suspected external fraud, the Credit Retail operator carries out the appropriate investigations and promptly informs the control functions and the other departments concerned.

#### ❖ **Injurious Events and Credit Behavior**

The assessment of the customer's credit behavior and the verification of the presence of adverse events is carried out by the credit analyst by querying external databases. In detail, the following information is extracted and examined:

- Adverse events such as judicial / legal collateral, foreclosures, asset restrictions, bankruptcies etc.;
- Certain and probable protests;
- Detect facts, that is reporting of potentially fraudulent elements;

- Credit behavior of applicants with respect to closed or ongoing loans with other credit institutions;
- Anti-money laundering scoring;

The examination of the credit profile of the potential customer, as well as by the operator, is also carried out by the Scoring System which assigns each customer a rating based, among other things, on the risk indicator issued by CRIF and Experian.

#### ❖ **Approval**

After the examination of the proposal, on the basis of the delegated powers defined by the "Power Of Decision" (so-called POD), the credit analyst decides on the creditworthiness of the applicant. Credit mandates are assigned by approval level, based on the financed amount requested as well as other parameters reported in the POD. In addition to the manual approval by the credit operator, an automatic approval system is also provided (through the application of the scoring system based on the probability of default). This system has the purpose of making the management of loan requests characterized by low credit risk efficient and standardized, automating the investigation and the approval of the loan.

In particular, the evaluation of the loan request may have the following outcomes:

- Approved: Eligible credit profile
- Rejected: unsuitable credit profile

Approval through the automatic approval system is subject to verification of the entire document set. While, in case of practices not accepted by the automatic approval process, these are entrusted to the credit analyst for their evaluation.

For the file assign to the analyst, the results of the analysis conducted are reported in the internal notes of the operating system and any outcome of suspension, acceptance or refusal must be motivated.

The outcome is communicated to the dealer.

#### ❖ **Review of the outcome**

In the event of refusal or suspension of the outcome for the request of additional guarantees, the dealer may request a review of the outcome due to the customer's inability to provide the requested guarantees or to receive additional information that clarifies the profile of the applicants or reduces credit risk.

If the credit analyst, after the new assessment, considers appropriate and feasible to rectify the assessment of the applicant, he will indicate the reason for the review of the outcome during the approval phase.

#### ❖ **Cancellation of the contract and consent form**

At the request of the customer, the application is canceled and TFSI sends to the dealer a consent form for rejected or canceled contracts, downloadable through the portal "Desired".

#### ❖ **Liquidation**

The amount financed to the dealer is paid automatically or manually, if specific controls by the operator are required before the contract is activated.

Credit operators can block the automatic settlement on the systems, in all cases where it is necessary to verify before paying the amount to the customer, the arrival of the additional documentation requested during the approval phase and indicated as necessary.

❖ **Balloon amount process definition**

In order to determine the final installment of loans characterized by a “balloon” final payment, Toyota Financial Services Italia S.p.A implements specific internal procedures and processes in order to define the residual value that the car will have in “x” months.

The estimation of the residual values is implemented every six months and is foreseen in the scope of activities necessary for the market launch of new vehicle models by Toyota Motor Italia S.p.A.

These activities are not the only possibility that foresees the need for a residual value reassessment.

The estimation of the residual value of vehicles is articulated in the following steps:

- definition of the accurate market value: (the intent is to define the future selling price of the vehicle, based on vehicle age, for a specific model);
- estimation sharing (the estimation calculated by the Marketing dept is shared with other departments (Collection, Sales and Risk of TFSI—in addition to specific departments of Toyota Motor Italia that are also involved in the process) in order to gather observations and/or other valuable elements);
- back testing of the current residual value for accuracy testing.

The above listed phases follow a structured and coded process, with diverse levels of approval by periodic meetings by RV (Residual Value) Committee.

The amount of the final balloon installment is determined by the vehicle price, thus not the financed amount.

## 2. **Monitoring and collection policies**

❖ **Monitoring activities**

In order to promptly identify non-performing loans and mitigate credit risk, Toyota Financial Services Italia adopts a proactive approach for monitoring credit quality. In particular, in order to identify the credit files that show potential difficulties, the risk management function records and analyzes the following aspects:

- customer behavior with regard to pay back the loan, including any deviations from credit agreement requirements, including delay, missed or partial payments;
- the credit risk associated with the counterparty and the existing relationship, in relation to:
  - the loss in the event of default;
  - the probability of default and the credit rating on the basis of customer clusters;
  - the composition and diversification of the portfolio;
- the aggregate credit risk broken down by:



- sales network operator;
  - product type;
  - economic sector as reflected within the reporting to the supervisory authorities and geographical area.
- reductions in value, cancellations and other decisions relating to the value adjustments for each credit exposure.

The TFSI credit monitoring system is implemented both at the aggregate level and at the single credit file level.

In the first case, the credit risk is assessed in aggregate form by analyzing the following fundamental determinants:

- I. the credit risk classification of the overall portfolio;
- II. the economic sector of the credit exposures;
- III. the customers subject to monitoring that is classified at risk or in default;
- IV. the exposures related to the impairment of the vehicle's value.

While in the second case, the individual positions of retail customers are monitored following their deterioration and therefore their inclusion, on the basis of a series of early warning indicators, in specific checklists (so-called "Watch List"). The latter, in addition to increasing the extent of monitoring of individual credit positions, have the purpose of activating preventive internal actions for risk mitigation. In general, the monitoring activity is carried out, in compliance with the principle of proportionality, taking into account:

- I. the type of customer;
- II. the extent of the exposure;
- III. the quality of previous financing relationships with the same customer;
- IV. in some case the customer's economic sector and geographic location.

At the end of the analysis of the monitoring activity, in consideration of the observed change in risk, a reclassification of the credit exposure may occur.

The monitoring activity performed on retail clients included in the Watch List consists in periodic controls of information acquired during the preliminary investigation and, if necessary, in a new assessment of the customers' creditworthiness as well as any guarantors. Further, this process includes the following activities:

- analysis of the debt situation towards other lenders through the "Centrale dei Rischi - Banca d'Italia" (CR);
- analysis of the economic and financial situation of the customer;
- check regarding the respect of agreements made for the payment of unpaid instalments;
- assessment on the initiation of legal actions;
- verify the progress of any bankruptcy process started against the client.

The monitoring of the customers in the Watch List is carried out at least on annually basis by the Risk Management function.

In addition to the continuous measurement mechanism of the fundamental aggregate determinants of risk and the automatic early warning systems, the Risk Management function releases a report regarding the activities carried out on each exposure subject to monitoring.

If the collateral of the loan is a vehicle, TFSI will be exposed to the risk of a decrease in the market value of the asset, resulting from the use of the same by the borrowers.

This decrease is estimated upfront on each product involved and is monitored at a granular level, with reference to the specific exposure, and at an aggregate level, for all TFSI exposures subject to the pre-mentioned risk. Specifically, the calculation of the value of the financed vehicle over time is carried out in order to estimate the variation expectations, taking into account:

- i. the seniority of the product on the due date of the contract;
- ii. the expected total mileage. The estimation activity can be carried out by querying specialized databases (for example, the assessment service provided by Quattroruote), or internally by TFSI on the basis of predefined and formalized criteria.

The aggregate risk is calculated on the basis of the sum of the individual exposures characterized by the pre-mentioned risk of decreasing the value of the financed product.

The monitoring activity is carried out at least annually by the Risk Management function, in the case of customers included in the Watch List. For impaired exposures, the Collection function monitors with the most appropriate frequency with respect to the specific case.

#### ❖ **Monitoring dealer network**

The dealer network that operates with Toyota Financial Services Italia S.p.A., by a contractual agreement for the distribution of financial products, is monitored periodically by the Wholesale business unit and by second and third level control departments (Risk Management, Legal&Compliance and Internal Audit).

In addition to the internal controls implemented autonomously by TFSI, other monitoring controls are implemented by Toyota Motor Italia S.p.A. on the dealership network (the relationship between Toyota Motor Italia and the dealerships is defined by a franchising agreement).

#### ❖ **Credit recovery activities**

Toyota Financial Services Italia promotes actions aimed at the regularization of the auto loans granted to customers or in the worst case at maximizing the value of recoveries. In particular, TFSI carries out extrajudicial and legal credit recovery activities through a network of debt collection agencies and appointed law firms, with the aid of a specific IT Application that allows the continuous monitoring and examination of the status of the credit files subject to recovery, both at the aggregate level and at the single exposure level.

In this context, with a view to optimizing the management of exposure and in compliance with internal regulations, credit recovery activities can be divided into two phases:

- i. **the active phase**
- ii. **extrajudicial and legal phase**

The active phase is represented by a set of activities carried out by external recovery companies and internal operators, for the purpose of recovering active practices, or loans to client which, although there are unpaid installments, have not yet been requested by TFSI the contractual termination (namely DBT).

These practices are subject to deferral interest with the repayment of the capital according to the original repayment plan.

The two methods of credit recovery in the active phase are divided into two macro-areas:

- **phone collection;**
- **home collection.**

The phone collection is the recovery method adopted in the event of non-payment of a single installment for no more than 30 days from the due date, whether the insolvency event occurs for the first time or in the event of behavior repeated by the client (so-called repeat offender). Overdue payments can arise for technical reasons or due to insufficient funds. Upon the occurrence of the unpaid, on a daily basis, the system automatically assigns the file to three external recovery companies each having 33% of the volumes. The duration of the assignment ranges from a minimum of 30 days up to a maximum of 40 days; the credit lines have three fixed deadlines within the month, on days 4, 14 and 24.

During the assignment period, the external collection company contacts the debtor by telephone for the recovery of the loan and the related recovery costs.

While, in the case of repeat offender, the files are equally distributed among the external recovery companies according to the rule of alternate entrusting. More precisely, the files in this phase are entrusted by "lots" three times a month, on days 5, 15 and 25 of the month and each lot has a maximum duration of 30 days. In this case, TFSI requires the repeat offender to pay interest on arrears and recovery costs.

The operator of the collection office the day after the registration of the outstanding payment, after having entrusted the files to the respective external recovery companies, sends the customer an SMS and an information letter, containing the indication of the outstanding installment, the instructions for making the payment and the references of the external recovery company to which it is entrusted.

At the due date of the lot, the system automatically withdraws the files from the external recovery company and produces a report on the result achieved.

Loans which phone collection activities have not resulted in full recovery of the installment are automatically transferred to an external company in order to calculate the predictive score for the renegotiation of the residual debt. At the end of the analysis, the eligible positions will be assigned to the companies responsible for formalizing the renegotiation contract, while the exposures that are not suitable for renegotiation, or for which the customer is not interested in it, will pass to the next phase, so-called Home Collection (unpaid installments for over 31 days).

Contracts with one or more unpaid installments for more than 30 days are entrusted to external recovery companies that contact the debtor and organize home visits. These are automatically entrusted to the competent company by the system on days 5, 15 and 25 of the month, on the basis of the days of delay, of the product and of the territorial jurisdiction.

The figure below shows the phases and characteristics of the credit recovery process.

**Figure 1:** The phases of the credit recovery process

Home Collection phase	Days delayed	Management days	Financial product	Territorial competence
1° level	31-60	30	Loan	Yes
<b>Predictive scoring of the probability of recovery (c.d. Delphi 4 Collection)</b>				
2° level	61-90	30	Loan	Yes
3° level	91-150	30	Loan	No
4° level (pre-DBT)	> 151	60	Loan	Yes

The credit files not recovered from the 1st level of the credit recovery process are subjected to a predictive scoring which determines the probability of the customer's return to "performing". In particular, in order to calculate the predictive rating of the probability of recovery (so-called Delphi For Collection), the internal management system will send to the external company in charge the report of the files concerned.

In the event of a rating with a low probability of recovery, the system will proceed to assign the contract to a more advanced stage of the standard recovery process (so-called shortcut).

Before reporting insolvency to the Credit Information Systems, TFSI sends a notice letter to the client and any guarantors, specifying the amount that has to be paid, the instructions for making the payment and the notice of notification<sup>8</sup>. While, at the time of assignment to the 4th level external recovery companies, TFSI sends the customer and any guarantors, by registered mail, a letter containing the notice of any reporting to the Central Credit Register of the default status.

In this context, moreover, a request is made to specialized suppliers for the information dossier on customers and any guarantors. This report, necessary for out-of-court custody for the assessment of the default status, containing personal information, income and assets.

Automatic credit lines can be forced by the Collection operator, if an SRE requests the restitution of a file not recovered at the due date of the period or in exceptional cases such as bankruptcy judgments that have occurred in the meantime, death of the customer with renunciation of the inheritance by of the heirs, disputes with the dealer, identity theft followed by a complaint with the Authorities, or any other event in which the recovery of the entrusted capital is objectively impossible.

Operators can proceed with the revocation of a file entrusted to the credit recovery companies in exceptional cases such as bankruptcy judgment, death of the customer with renunciation of the inheritance by the heirs, disputes with the dealer, identity theft followed by complaint with the authority, or any other event that makes it objectively impossible to recover the capital entrusted.

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<sup>8</sup> Pursuant to the relevant legislation, it is possible to inform the customer also by publishing it in the reserved area of the portal.

The Collection department monitors the performance of the debt collection agencies (“società di recupero crediti” SRE) with inter-monthly deadline, at the expiration of each individual lot. The average of three lots gives rise to a monthly result taken into consideration for monitoring the contracted SLA.

For the entire active phase of credit recovery, both for the management of the phone collection and for the management of the credit recovery process, TFSI, in order to regularize the debt positions, provides customers with various forms of payment, such as: bank transfer, postal money order, money order, puntolis, Mooney, credit card, securities (checks and promissory note).

If the active phase has had a negative outcome, the Collection office proceeds to the contractual termination through the termination (so-called DBT<sup>9</sup>). The termination consists in the power of TFSI, if the borrower defaults, to terminate the loan agreement and immediately demand the entire outstanding debts. The termination:

- i) always determines the classification of the exposure as "impaired" exposure;
- ii) can determine the start of the judicial recovery process of the outstanding credit.

In the event of termination of loan agreements with a small amount of debt, taking into account the costs of the recovery activity, the competent function evaluates, as an alternative to starting the credit recovery process, the transfer of the exposure to a loss or the assignment of credit.

Following the termination, the Collection function decides on the start of the judicial process for the recovery of the credit. The decision is also assessed on the basis of the final report issued by the debt collection agencies or by the law firm in charge of legal credit recovery, which certifies the failure of the recovery attempts and the related reasons.

The evaluation also takes into account:

- i) the possibility of reaching a settlement agreement;
- ii) the opportunity to enforce the guarantees associated with the loan and issued at the time of the conclusion of the loan agreement;
- iii) the capital / income capacity relating to the insolvent customer who can be attacked in the enforcement phase.

It is also the task of the Collection function to evaluate, as an alternative to legal credit recovery, the assignment of the credit to third parties or the write-off and consequent transfer to loss of the unpaid exposure.

The legal recovery of the credit is carried out by law firms appointed on the proposal of the staff and approved by the Collection Senior Manager. The assignment of each assignment is determined on the basis of geographical criteria and the value of the credit to be recovered.

The law firms in charge of the judicial management of credit recovery also provide an assessment of the probability of TFSI losing in the related legal proceedings.

In this phase, the following analyzes and resolutions are carried out by the collection office:

❖ **Analysis for the transfer into the termination (DBT)**

In order to arrive at the termination, the user of the Collection office makes an overall assessment of each individual contract based on the following elements:

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<sup>9</sup> “Decadenza del Beneficio del Termine” (acceleration clause)

- History of the position during the active phase
- Ownership of the car subject to the loan at the time of the valuation
- Client's income–equity information taken from the investigative file
- Updated information on the customer / guarantor debt position, by querying the CRIF database
- Verification of the Central Credit Register where available
- Other

The proposal is then evaluated and approved by the Collection Manager and endorsed by the Chief Operation Back Officer, through a specific approval form.

In the case of loans with residual debt of less than 1,000 euros, considering the preventive recovery activity of approximately 6 months carried out by the various external recovery company of the active phase, the Collection Manager may evaluate the transfer to a loss or the assignment of the credit, rather than proceeding with the assignment to debt collection agencies or external law firms (so-called shortcut).

Once the DBT / contractual resolution has been approved, the Collection operator proceeds with the transition to resolution on the management system, with the simultaneous insertion of the valuation attribute, as per the percentages agreed with the Finance Department.

❖ **Assignment of the files in DBT / Resolution**

For the purposes of credit recovery, terminated contracts are entrusted to debt collection agencies or law firms, on the basis of the following characteristics:

- amount of the residual debt
- existence of income or assets that can be attacked and relative consistency
- guarantees on the file (e.g. registration of a mortgage, only in cases where the value of the vehicle compared to the residual debt makes the enforcement of the guarantee economically effective)
- type of contract

Generally, the legal action is aimed at loan contracts with mortgage guarantee or income / assets that can be attacked, with sufficient consistency.

The figure below shows the processing times for exposures in legal and judicial management.

**Figure 2:** Extrajudicial and legal management

Seizable Assets or Income / Guarantees	Post DBT recovery phase	1° phase	1° phase duration	2° phase	2° phase duration
Yes	1/2	Associate firm (Extrajudicial management)	120 days	Associate firm (Legal management)	-
No	1/2	1° Agency (Extrajudicial management)	120 days	2° Agency (Extrajudicial management)	120-180 days

At the request of the external company, it is possible to re-entrust a file at the expiration, subject to evaluation by the collection operator in charge.

Receivables without guarantees or seizable assets / income that have completed the two phases of extrajudicial management with negative results are sold or reclassified to loss. Receivables with mortgage guarantees or seizable assets / income, for which an agreement has not been reached with the customer during the extrajudicial phase, are evaluated for the subsequent transfer to legal management.

This assessment is carried out monthly on all files that have completed the assignment period: for each one, the associated law firm that managed it provides a specific management report, together with an opinion on the subsequent actions to be taken (restitution, legal action, assignment, transfer to a loss). The reports provided ("prescarichi") are analyzed by the collection operator who, using additional information in the possession of TFSI, proposes to the Collection Manager the action deemed most suitable.

The responsibility for proper management and the risks associated with the outsourced activities remains with TFSI, which must also maintain the know-how and adequate resources to re-internalize the recovery activities in case of need.

The Collection function also continuously monitors the performance of debt collection agencies and law firms and promptly intervenes on reports from customers who complain of unsuitable behavior by the agencies in charge. The reporting of unsuitable behavior is promptly investigated by the Collection function by sending a request for a report by the collection agency concerned.

## THE ISSUER

### Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 24 May 2022 as a *società a responsabilità limitata con socio unico* for the purpose of carrying out securitisation transactions and issuing asset backed securities. The Issuer's by-laws provides for termination of the same on 31 December 2100. The registered office of the Issuer is in Corso Vittorio Emanuele II, 24-28 – 20122 Milan, Italy. The fiscal code and enrolment number with the companies register of Milan-Monza-Brianza -Lodi is 12428310960. The Issuer's telephone number is +39 02/7788 051. The Issuer is registered in the register of special purpose vehicles held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017 under registration No. 40003.6. The LEI code of the Issuer is 81560083FAFE62C1AD53.

The Issuer has no employees and no subsidiaries.

The authorised and issued quota capital of the Issuer is Euro 10,000 fully paid-up and held by Special Purpose Entity Management 2 S.r.l. for the amount of Euro 10,000.

The Issuer has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Apart from the purchase of the Portfolio, the Issuer did not trade during the period from 24 May 2022 (being the date of its incorporation) to the date hereof, nor did it receive any income nor, save as otherwise described in this Prospectus, did it incur any indebtedness (other than the Issuer's costs and expenses of incorporation), nor did it pay any dividends.

### Issuer's principal activities

The sole corporate object of the Issuer as set out in article 2 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*) and issue asset backed securities.

The Issuer may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 5 (*Covenants*).

### The Sole Director and Statutory Auditors of the Issuer

The current sole director is: Ms. Solidea Barbara Maccioni.

As at the date of this Prospectus, no board of statutory auditors is appointed.

### The Quotaholder's Agreement

On or about the Issue Date, the Representative of the Noteholders, the Issuer and the Quotaholder entered into the Quotaholder's Agreement pursuant to which the Quotaholder has agreed, *inter alia*, not to pledge, charge or dispose of the quota capital of the Issuer without the prior written consent of the Representative of the Noteholders.

The Quotaholder's Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and will be construed in accordance with, Italian law.



The Issuer believes that the provisions of the Quotaholder’s Agreement and of the other Transaction Documents are adequate to ensure that the participation by the Quotaholder in the quota capital of the Issuer is not abused.

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

Pursuant to the applicable accounting principles, the accounting information relating to the securitisation of the Receivables will be contained in the explanatory notes to the Issuer’s accounts (*Nota Integrativa*). The explanatory notes, together with the balance sheet and the profit and loss statements, form part of the financial statements of Italian limited liability companies (*società a responsabilità limitata*).

The fiscal year of the Issuer begins on 1 April of each calendar year and ends on 31 March of the following calendar year with the first fiscal year ending on 31 March 2023.

**Capitalisation and indebtedness statement**

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

<b>Quota capital</b>	<b>Euro</b>
Issued, authorised and fully paid-up capital	10,000.00
 <b>Loan Capital (Securitisation)</b>	 <b>Euro</b>
Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035	470,000,000
Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035	68,600,000

Subject to the above, as at the date of this Prospectus, the Issuer has no borrowings or indebtedness in respect of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.

**Financial statements and auditors’ report**

The Issuer’s accounting reference date is 31 March in each year. The first financial year will end on 31 March 2023.

As long as any of the Notes remains outstanding, the annual financial statements of the Issuer will be audited by an auditing company appointed by the Issuer and copies of the Issuer’s annual financial statements shall be made available, upon publication, on the Securitisation Repository (for further details, see the section headed “*General Information*”).

As at the date of this Prospectus, no financial statements have been drawn up and no auditors have been appointed.

Following the issue of the Notes, the Issuer will appoint an auditing company in accordance with the

provisions of Italian Legislative Decree no. 39 of 27 January 2010. Notice of such appointment will be given to the Noteholders in accordance with Condition 16 (*Notices*).

**THE SERVICER, THE CALCULATION AGENT, THE REPRESENTATIVE OF THE NOTEHOLDERS, THE BACK-UP SERVICER FACILITATOR AND THE CORPORATE SERVICES PROVIDER**

Zenith Service S.p.A., a joint-stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with registered office at Corso Vittorio Emanuele II, 24-28 - 20122 Milan, Italy, fiscal code and enrolment with the Companies Register of Milan-Monza-Brianza-Lodi number 02200990980 and enrolled with the sole register (*albo unico*) of financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act under no. 13.

*The information contained in this section of this Prospectus relates to and has been obtained from Zenith Service S.p.A. This information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by Zenith Service S.p.A., no facts have been omitted which would render the reproduced information inaccurate or misleading. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Zenith Service S.p.A. since the date hereof, or that the information contained or referred to in this section of this Prospectus is correct as of any time subsequent to its date.*

## THE ACCOUNT BANK, THE CASH MANAGER, THE PAYING AGENT

### About Securities Services at BNP Paribas

The Securities Services business of BNP Paribas is a multi-asset servicing specialist with local expertise in 35 markets around the world and a global reach covering 90+ markets. This extensive network enables BNP Paribas to provide its institutional investor clients with the connectivity and local knowledge they need to navigate change in a fast-moving world.

As of 30 June 2022, Securities Services had USD 11.75 trillion in assets under custody, USD 2.36 trillion in assets under administration and 9,199 funds administered.

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

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## THE HEDGING COUNTERPARTY

BNP Paribas' organisation is based on three operating divisions: Corporate & Institutional Banking (CIB), Commercial, Personal Banking & Services (CPBS) and Investment & Protection Services (IPS).

**Corporate and Institutional Banking (CIB)** division, combines:

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

**Commercial, Personal Banking & Services** division, covers:

- Commercial & Personal Banking in the euro zone:
  - Commercial & Personal Banking in France (CPBF),
  - BNL banca commerciale (BNL bc), Italian Commercial & Personal Banking,
  - Commercial & Personal Banking in Belgium (CPBB),
  - Commercial & Personal Banking in Luxembourg (CPBL);
- Commercial & Personal Banking outside the euro zone, organised around:
  - Europe–Mediterranean, covering Commercial & Personal Banking outside the euro zone and the United States, in particular in Central and Eastern Europe, Turkey and Africa
  - BancWest in the United States;
- Specialised businesses:
  - BNP Paribas Personal Finance,
  - Arval and BNP Paribas Leasing Solutions,
  - New Digital Businesses (in particular Nickel, Floa, Lyf) and BNP Paribas Personal Investors.

**Investment & Protection Services** division, combines:

- Insurance (BNP Paribas Cardif),
- Wealth and Asset Management: BNP Paribas Asset Management, BNP Paribas Real Estate, BNP Paribas Principal Investments (management of the BNP Paribas Group's portfolio of unlisted and listed industrial and commercial investments) and BNP Paribas Wealth Management.

BNP Paribas SA is the Parent Company of the BNP Paribas Group.

As at 30 September 2022, the BNP Paribas Group had consolidated assets of €3,009 billion (compared to €2,634 billion at 31 December 2021), consolidated loans and receivables due from customers of €870 billion (compared to €814 billion at 31 December 2021), consolidated items due to customers of €1,016 billion (compared to €958 billion at 31 December 2021) and shareholders' equity (Group share) of € 121 billion (compared to €118 billion at 31 December 2021).

As at 30 September 2022, pre-tax income from continuing activities was €10.8 billion (compared to €9.8 billion as at 30 September 2021). For the first nine months 2022, net income, attributable to equity holders was €8.0 billion (compared to €7.2 billion for the first nine months 2021).

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

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to BNP Paribas' website (being, as at the date of this Prospectus, <http://invest.bnpparibas.com/en>).

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## **USE OF PROCEEDS**

The total proceeds of the issue of the Notes are expected to be Euro 538,600,000 and will be applied by the Issuer (i) to pay to the Originator the Purchase Price for the Portfolio in accordance with the Receivables Purchase Agreement and the Subscription Agreements, (ii) to credit into the Cash Reserve Account an amount equal to the Initial Cash Reserve Amount and (iii) to credit into the Expenses Account an amount equal to the Issuer Disbursement Amount. Any remaining amount (deriving from any rounding adjustment) will be credited to the Investment Account.

## RENEGOTIATIONS, SETTLEMENTS, DISPOSALS AND REPURCHASES

### *Renegotiations settlements and disposals*

The Servicing Agreement provides for the possibility for the Sub-Servicer (i) to renegotiate the Loan Agreements or enter into settlement agreements with the relevant Debtors; and (ii) to sell Defaulted Receivables to third parties, subject to certain limitations and conditions specified in the Servicing Agreement.

Unless expressly authorised by the Representative of the Noteholders or as provided by applicable law or regulatory provisions or agreements between trade associations to which the Sub-Servicer has adhered with respect to the generality of its customers, the Sub-Servicer may only agree to amend the terms and conditions relating to the payment of the Receivables within the limits and under the conditions set forth below.

With respect to the Loan Agreements that provide for the option of the Borrower to exercise the Instalment Amount Change Option, the Instalment Reset Option and/or the Plan Duration Modification Option, and whose Borrower has not made any requests for postponement as set forth below, the Sub-Servicer shall agree changes to the terms and conditions relating to the payment of the Receivables upon the exercise of the relevant option in accordance with the provisions of the relevant Loan Agreements.

With respect to any Loan Agreement, the Sub-Servicer may grant to the relevant Borrowers postponement of the Instalments provided that:

- (a) as of the date of the request for postponement, there are no Instalment due and unpaid by the relevant Borrower (except for a maximum of one Instalment due and unpaid, which is the object of the relevant postponement);
- (b) the number of Instalments which may be postponed is equal to: (i) no more than 1, if less than 12 Instalments have been paid on the date of the request for postponement, (ii) no more than 3, if at least 12 Instalments but less than 24 Instalments have been paid on the date of the request for postponement, or (iii) no more than 4, if at least 24 Instalments have been paid on the date of the request for postponement;
- (c) in the case of multiple postponements, (i) the maximum number of total Instalments postponed does not in any event exceed 4, and (ii) at least 12 Instalments have been paid since the last postponement; and
- (d) if the relevant Loan Agreement provides for a Balloon Instalment, the payment of the Balloon Instalment shall be postponed and shall be due immediately after the last Instalment subject to postponement under the preceding paragraphs.

With respect to any Loan Agreement, if the Debtor has applied with TFSI for, and TFSI has approved, new financing for the purchase of a new motor vehicle, but the relevant motor vehicle is not yet available, the Sub-Servicer may postpone up to a maximum of 6 (six) months from the relevant due date, the date of payment of the Balloon Instalment (which may have already been postponed as a result of the exercise of the Plan Duration Modification Option or the postponement referred to above), provided that,



considering that the new loan is intended to extinguish the existing Loan, (i) from the original maturity date until the postponed payment date interest will accrue on the existing Loan at a rate equal to the nominal annual rate provided for in the relevant Loan Agreement, and (ii) such interest will be payable in a lump sum on the postponed payment date.

As a result of the above postponements, the duration of the amortisation plan of the relevant Loans may not exceed 82 months and, in any event, the Final Maturity Date.

In addition, the Sub-Servicer may enter into settlement agreements with the relevant Debtor in respect of Defaulted Receivables provided that, as a result of the relevant settlement agreement, the amortisation plan of the relevant Loan does not provide for payments beyond the Final Maturity Date.

Pursuant to the Servicing Agreement, save as set forth below, the Sub-Servicer will not dispose of any Receivable without the prior authorisation of the Representative of the Noteholders. Pursuant to the Servicing Agreement, the Sub-Servicer may, in the name and on behalf of the Issuer, sell to a third party one or more Defaulted Receivables (each, a “Disposal”), provided, *inter alia*, that:

- (a) the purchase price of each Defaulted Receivable is determined on the basis of the market value of such Defaulted Receivable;
- (b) in the prudent evaluation of the Sub-Servicer, there are no concrete alternative possibilities to recover the Defaulted Receivables in a manner which is economically more convenient for the Noteholders;
- (c) the Disposal is made without recourse (*pro soluto*), at risk of the purchaser (*a rischio e pericolo del compratore*) pursuant to article 1488, paragraph 2, of the Italian Civil Code, without any warranty by the Issuer (including, without limitation, any warranty as to the existence of such Defaulted Receivables in derogation of article 1266, paragraph 1, of the Italian Civil Code);
- (d) the purchase price is determined in accordance with market standards and the Disposal is conditional upon the payment of the purchase price;
- (e) the purchaser is a financial intermediary enrolled with the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, a bank, a special purpose vehicle incorporated pursuant to the Securitisation Law or any other entity validly established and authorised to purchase receivables in accordance with its by-laws and the applicable laws and regulations;
- (f) the purchaser has delivered to the Issuer copy of a good standing certificate issued by the competent companies’ register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*), dated no earlier than 5 (five) Business Days prior to the relevant date of the Disposal, stating that the purchaser is not subject to any insolvency proceeding (or any other equivalent certificate under the jurisdiction in which the purchaser is incorporated);

- (g) the Sub-Servicer having delivered to the Issuer and the Servicer not later than 7 Business Days prior to the relevant date of Disposal, the documentation necessary for the perfection of the know your customers and anti-money laundering procedures relating to the purchaser;
- (h) the verification activities set out under paragraph (g) above have been successfully completed;
- (i) the receivables purchase agreement is in line with the current market practice.

#### ***Repurchase options of the Originator***

Under the Receivables Purchase Agreement, the Issuer, pursuant to article 1331 of the Italian Civil Code, has granted to the Originator an option right to repurchase the Portfolio (in whole but not in part) from the Issuer, without recourse (*pro soluto*) and in accordance with article 58 of the Consolidated Banking Act, starting from the Clean Up Option Date (included) and provided that the repurchase price of the residual Portfolio is sufficient to redeem (a) all the Notes (or the Senior Notes in whole and the Junior Notes in part, if so decided by a meeting of the Junior Noteholders), (b) any accrued but unpaid interest due in respect of the Notes (or on the Senior Notes in whole and on the Junior Notes in part, if so decided by a meeting of the Junior Noteholders), (c) any amount required to be paid under the applicable Order of Priority in priority to or *pari passu* with the Class J Notes minus (d) an amount equal to the sum of the amounts standing to the credit of the Accounts (which may be utilised by the Issuer in accordance with the applicable Order of Priority) on the date of repurchase of the Portfolio by the Originator. Such option right may be exercised subject to the Originator delivering to the Issuer (a) a solvency certificate issued by the Originator and (b) a certificate issued by the companies' register (*Camera di Commercio Industria Artigianato Agricoltura-- Ufficio del Registro delle Imprese-- Certificati di iscrizione nella sezione ordinaria*) of the registered office of the Originator. The above certificates must be dated not earlier than 10 Business Days before the date of the exercise of such repurchase right (i.e. the date on which the Originator repurchases the Portfolio pursuant to article 10.1 of the Receivables Purchase Agreement).

In addition, under the Receivables Purchase Agreement, in order to allow the Originator to maintain good relationships with its customers and for other commercial needs of the Originator and with a view at avoiding, to the extent possible, discriminations between the Borrowers and the other borrowers of the Originator, the Issuer has granted to the Originator, pursuant to article 1331 of the Italian Civil Code, an option right to repurchase individual Receivables, in accordance with article 1260 and following of the Italian Civil Code (or article 58 of the Consolidated Banking Act, to the extent applicable). This option right may be exercised by the Originator, without prejudice to the right to repurchase the entire Portfolio as described above, within the limit of (a) in respect of Receivables classified as Defaulted Receivables as at the relevant repurchase date, 5% of the aggregate Outstanding Principal of the Receivables as at the Effective Date, and (b) in respect of Receivables not classified as Defaulted Receivables as at the relevant repurchase date, 5% of the aggregate Outstanding Principal of the Receivables as at the Effective Date. In addition, such option right may be exercised subject to the Originator delivering to the Issuer, if not delivered within 90 (ninety) calendar days immediately preceding the relevant repurchase date, (a) a solvency certificate issued by the Originator, and (b) a certificate issued by the companies' register (*Camera di Commercio Industria Artigianato Agricoltura-- Ufficio del Registro delle Imprese-- Certificati di iscrizione nella sezione ordinaria*) of the registered office of the Originator), in each case dated not

earlier than 10 Business Days before the date of the relevant exercise of such repurchase right (i.e. the date on which the Originator repurchases the relevant Receivables pursuant to Article 10.2 of the Receivables Purchase Agreement).

It is understood that the repurchase of the Receivables pursuant to the Receivables Purchase Agreement shall be made (i) with respect to Defaulted Receivables, in order to facilitate the recovery and liquidation process of such Defaulted Receivables, (ii) with respect to Receivables other than Defaulted Receivables, only for extraordinary circumstances and without causing any prejudice to the Noteholders, and (iii) in any case in accordance with prevailing market conditions, within the limits provided under the Receivables Purchase Agreement and not for speculative purposes aimed at improving the performance of the Securitisation to article 20(7) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

## COMPLIANCE WITH STS REQUIREMENTS

The Securitisation meets the EU STS Requirements and, on or about the Issue Date, will be notified by the Originator to be included in the list published by ESMA referred to in article 27(5) of the EU Securitisation Regulation.

The Originator has used the service of PCS, as a third party verifying STS compliance authorised under article 28 of the EU Securitisation Regulation in connection with the STS Verification and to prepare verification of compliance of the Notes with the relevant provisions of article 243 of the CRR. It is expected that the STS Assessments prepared by PCS will be available on the PCS website (<https://pcsmarket.org/sts-verification-transactions/>) together with a detailed explanation of its scope at <https://pcsmarket.org/disclaimer/>. For the avoidance of doubt, this PCS website and the contents thereof do not form part of this Prospectus.

The Originator will notify ESMA that the Securitisation meets the STS Requirements in accordance with article 27 of the EU Securitisation Regulation on or about the Issue Date.

No assurance can be provided that the Securitisation does or will continue to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation as at the date of this Prospectus or at any point in time in the future. The STS status of a transaction is not static and investors should verify the current status of the Securitisation on ESMA website. None of the Issuer, TFSI (in any capacity), the Arranger, the Lead Manager, the Representative of the Noteholders or any other party to the Transaction Documents makes any representation or accepts any liability for the Securitisation to qualify as an STS-securitisation under the EU Securitisation Regulation and/or the UK Securitisation Regulation at any point in time.

### **Insolvency laws applicable to the Originator**

The Originator is a joint stock company (*società per azioni*) enrolled in the register of financial intermediaries ("*Albo Unico*") held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act and its "*centre of main interests*" (as that term is used in article 3(1) of the EU Insolvency Regulation) is located within the territory of the Republic of Italy, pursuant to articles 20(2) and 20(3) of the EU Securitisation Regulation.

In addition, although as at the date of this Prospectus 100 per cent. of the share capital of TFSI is owned by Toyota Financial Services UK Plc, in case of insolvency of Toyota Financial Services UK Plc the UK laws would not *per se* apply to a possible claw back action aimed at the recovery of TFSI's assets on the basis that TFSI would be subject to insolvency proceedings only to the extent that it is found to be insolvent.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is an overview of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of each of the Issuer, the Representative of the Noteholders and the Paying Agent or through the Securitisation Repository.*

### 1. THE RECEIVABLES PURCHASE AGREEMENT

On 20 February 2023, the Originator and the Issuer entered into the Receivables Purchase Agreement, pursuant to which the Originator has assigned and transferred to the Issuer, without recourse (*pro soluto*), all of its rights, title and interest in and to the Portfolio (except for accrued or accruing claims for the reimbursement of expenses incurred for the collection of the Instalments).

#### ***Purchase Price***

The Purchase Price payable pursuant to the Receivables Purchase Agreement is equal to the aggregate of the Individual Purchase Prices of the Receivables. The Individual Purchase Price for each Receivable is equal to sum of (i) the nominal amount of the relevant Receivable, (ii) the interests (including any default interests) due and unpaid on the relevant Receivable and (iii) the interests accrued but not yet due on the relevant Receivable under the relevant Loan Agreement as at the Effective Date. Under the Receivables Purchase Agreement, the Purchase Price is payable by the Issuer to the Originator on the Issue Date, provided that the formalities set out in clauses 5 and 7.1 of the Receivables Purchase Agreement have been completed.

#### ***Transfer of the Portfolio***

The Originator has sold to the Issuer, and the Issuer has purchased from the Originator, the Receivables, which met, as at the Effective Date (or the date specified in the relevant criterion) the Eligibility Criteria described in detail in the sections headed "*The Portfolio – The Eligibility Criteria*". The sale of the Portfolio was made in accordance with the combined provisions of articles 1 and 4 of the Securitisation Law and the articles of the Factoring Law referred to therein. Notice of the transfer of the Portfolio was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 23 of 23 February and has been deposited for registration in the companies register of Milan–Monza–Brianza–Lodi on 21 February 2023.

For further details, see the Section entitled "*Selected aspects of Italian Law*".

#### ***Undertakings of the Originator***

The Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and, in particular, not to assign or transfer the Receivables to any third party or to create any Security Interest in favour of any third party in respect of the Receivables.

In addition, for the purpose of compliance with the applicable privacy law, the Originator has undertaken (i) to deliver, at its own expense, the individual notice (*informativa*) to the Debtors in accordance with the applicable privacy law; and (ii) to cooperate with the Issuer to complete all procedures and formalities necessary or useful in connection with the transfer of all data and information relating to the Receivables, the Debtors and the related Loan Agreements in order to comply with the applicable privacy law and to take all steps necessary to comply such law.

#### ***Repurchase options of the Originator***

Further, under the Receivables Purchase Agreement, the Issuer, pursuant to article 1331 of the Italian Civil Code, has granted to the Originator an option right to repurchase the Portfolio (in whole but not in part) from the Issuer, without recourse (*pro soluto*) and in accordance with article 58 of the Consolidated Banking Act, starting from the Clean Up Option Date (included) and provided that the repurchase price of the residual Portfolio is sufficient to redeem (a) all the Notes (or the Senior Notes in whole and the Junior Notes in part, if so decided by a meeting of the Junior Noteholders), (b) any accrued but unpaid interest due in respect of the Notes (or on the Senior Notes in whole and on the Junior Notes in part, if so decided by a meeting of the Junior Noteholders), (c) any amount required to be paid under the applicable Order of Priority in priority to or *pari passu* with the Class J Notes minus (d) an amount equal to the sum of the amounts standing to the credit of the Accounts (which may be utilised by the Issuer in accordance with the applicable Order of Priority) on the date of repurchase of the Portfolio by the Originator. Such option right may be exercised subject to the Originator delivering to the Issuer (a) a solvency certificate issued by the Originator and (b) a certificate issued by the companies' register (*Camera di Commercio Industria Artigianato Agricoltura – Ufficio del Registro delle Imprese – Certificati di iscrizione nella sezione ordinaria abbreviata*) of the registered office of the Originator. The above certificates must be dated not earlier than 10 Business Days before the date of the exercise of such repurchase right (i.e. the date on which the Originator repurchases the Portfolio pursuant to Article 10.1 of the Receivables Purchase Agreement).

In addition, under the Receivables Purchase Agreement, in order to allow the Originator to maintain good relationships with its customers and for other commercial needs of the Originator and with a view at avoiding, to the extent possible, discriminations between the Borrowers and the other borrowers of the Originator, the Issuer has granted to the Originator, pursuant to article 1331 of the Italian Civil Code, an option right to repurchase individual Receivables, in accordance with article 1260 and following of the Italian Civil Code (or article 58 of the Consolidated Banking Act, to the extent applicable). This option right may be exercised by the Originator, without prejudice to the right to repurchase the entire Portfolio as described above, within the limit of (a) in respect of Receivables classified as Defaulted Receivables as at the relevant repurchase date, 5% of the aggregate Outstanding Principal of the Receivables as at the Effective Date, and (b) in respect of Receivables not classified as Defaulted Receivables as at the relevant repurchase date, 5% of the aggregate Outstanding Principal of the Receivables as at the Effective Date. In addition, such option right may be exercised subject to the Originator delivering to the Issuer, if not delivered within 90 (ninety) calendar days immediately preceding the relevant repurchase date, (a)

a solvency certificate issued by the Originator, and (b) a certificate issued by the companies' register (*Camera di Commercio Industria Artigianato Agricoltura – Ufficio del Registro delle Imprese – Certificati di iscrizione nella sezione ordinaria abbreviata*) of the registered office of the Originator), in each case dated not earlier than 10 Business Days before the date of the relevant exercise of such repurchase right (i.e. the date on which the Originator repurchases the relevant Receivables pursuant to Article 10.2 of the Receivables Purchase Agreement).

It is understood that the repurchase of the Receivables pursuant to the Receivables Purchase Agreement shall be made (i) with respect to Defaulted Receivables, in order to facilitate the recovery and liquidation process of such Defaulted Receivables, (ii) with respect to Receivables other than Defaulted Receivables, only for extraordinary circumstances and without causing any prejudice to the Noteholders, and (iii) in any case in accordance with prevailing market conditions, within the limits provided under the Receivables Purchase Agreement and not for speculative purposes aimed at improving the performance of the Securitisation to article 20(7) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

#### ***Non-compliance with the Eligibility Criteria***

If, after the Transfer Date, it results that a Receivable included in the Portfolio did not comply with the Eligibility Criteria, then the Originator shall repurchase such Receivable and the Purchase Price for the Portfolio shall be adjusted in accordance with the provisions of the Receivables Purchase Agreement.

For further details, see the section headed "*The Portfolio – Eligibility Criteria*".

#### ***Governing Law***

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

## **2. THE SERVICING AGREEMENT**

On 20 February 2023, the Issuer, Zenith Service S.p.A. ("**Zenith**") in its capacity as servicer (the "**Servicer**") and TFSI in its capacity as sub-servicer (the "**Sub-Servicer**") entered into the Servicing Agreement pursuant to which, *inter alia*, Zenith has agreed to provide the Issuer with administration, collection and recovery services in respect of the Receivables and to carry out supervising activities with respect to the transaction in order to ensure compliance with this Prospectus and the laws, pursuant to article 2, paragraph 3, lett. (c) and paragraph 6-*bis* of Securitisation Law. In the context of the Servicing Agreement, the Servicer with the consent and upon instruction of the Issuer, has appointed TFSI to act as Sub-Servicer and perform the relevant Sub-Servicing Activities, as described in the Servicing Agreement.

Under the Servicing Agreement, the Sub-Servicer shall credit to the Collection Account any amounts collected from the Receivables included in the Portfolio, within the second Business Day following the date on which such amounts have been reconciled by the Sub-Servicer.

#### ***Activities of the Servicer***

In accordance with the Servicing Agreement, the Servicer shall, *inter alia*:

- a) also on the basis of the information provided by the Sub-Servicer, inform the Issuer in relation to renegotiations and settlements agreements, including information on the new terms and conditions of the relevant Loan Agreements and the Disposals, on a periodic basis, through the relevant Monthly Servicer's Report;
- b) also on the basis of the information provided by the Sub-Servicer, perform the obligations arising from applicable anti-money laundering laws, from time to time in force, to be carried out in relation with the Securitisation;
- c) prepare and deliver (also on the basis of the information provided by the Sub-Servicer):
  - (i) by the relevant Monthly Servicer's Report Date, to the Issuer, the Sub-Servicer, the Back-up Servicer Facilitator, the Account Bank, the Calculation Agent, the Representative of the Noteholders, the Hedging Counterparty, the Paying Agent, the Corporate Services Provider, the Reporting Entity and the Rating Agencies, the Monthly Servicer's Report (including the further information which may be required for the preparation of the reports requested by article 7, paragraph 1 and article 22, paragraph 4 of the EU Securitisation Regulation, in accordance with the applicable Regulatory Technical Standards); and
  - (ii) within 18 May 2023 and thereafter, by the twentieth calendar day immediately succeeding the relevant Payment Date, to the Issuer, the Sub-Servicer, the Back-up Servicer Facilitator, and the Reporting Entity, the Loan by Loan Report in compliance with the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards.

In addition, each of the Servicer and the Sub-Servicer has undertaken to provide, each to the extent of its competence, without delay, to the Issuer, the Servicer (as to the information to be provided by the Sub-Servicer), the Sub-Servicer (as to the information to be provided by the Servicer), the Back-Up Servicer Facilitator, the Hedging Counterparty, the Reporting Entity, the Calculation Agent, the Corporate Services Provider, the Representative of the Noteholders, the Bank of Italy and the Rating Agencies the information that such entities may from time to time request, including the information which may be from time to time requested by the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards.

In addition, each of the Servicer and the Sub-Servicer has undertaken to provide, each to the extent of its competence, without delay, to the Issuer, the Servicer (as to the information to be provided by the Sub-Servicer), the Sub-Servicer (as to the information to be provided by the Servicer), the Reporting Entity and the Calculation Agent, with the information referred to under article 7, paragraph 1, letter (f) and (g) of the EU Securitisation Regulation, the UK Securitisation Regulation that each of them has become aware of in the manner requested by the applicable Regulatory Technical Standards.



the Servicer has undertaken to use all due diligence to maintain all accounting records relating to the Receivables and, as the case may be, the Receivables and to supply all relevant information to the Issuer to enable it to prepare its financial statements.

The activities to be carried out by the Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data.

The Servicer has represented to the Issuer, *inter alia*, that (i) it has expertise in servicing exposures of a similar nature to those securitised and has adopted a documented and adequate system of internal controls for the management of such exposures, in accordance with the Bank of Italy's prudential regulations and the provisions of the EU Securitisation Regulation, which establishes a general framework for securitisation and more specifically for simple, transparent and standardised securitisations; and (ii) it has the software, hardware, information technology and human resources such as to allow it to manage, collect, and recover the Receivables and to comply with the other obligations under the Servicing Agreement in accordance with the efficiency standards set out herein and in the Bank of Italy's regulations, and in particular to create a computerised archive of all information and data relating to the management, collection and recovery of the Receivables, adopting appropriate daily recovery and back-up systems and measures.

#### ***Activities of the Sub-Servicer***

Under the Servicing Agreement, the Servicer has sub-delegated to the Sub-Servicer the performance of the Sub-Servicing Activities. In such respect, the Sub-Servicer shall, *inter alia*:

- a) carry out the activities of management, administration and collection of the Receivables, in accordance with the provisions of the Securitisation Law and the terms and conditions set out in the Servicing Agreement;
- b) carry out, on behalf of the Issuer, in accordance with the Servicing Agreement, any activities related to the management, enforcement and recovery of the Defaulted Receivables which, in accordance with article 2.3.4 of the Servicing Agreement and with the Bank of Italy's supervisory regulations, may be sub-delegated by the Sub-Servicer to a third party, provided that, *inter alia*, the Sub-Servicer shall remain fully liable *vis-à-vis* the Issuer and the Servicer for the performance of any activity so delegated;
- c) promptly notify the Issuer, the Servicer, the Rating Agencies and the Representative of the Noteholders of any material change or deviation from the Credit and Collection Policies.

The activities to be carried out by the Sub-Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data.

The Sub-Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement. The Sub-Servicer has represented to the Issuer and the Servicer, *inter alia*, that (i) it has expertise in servicing exposures of a similar nature to those securitised and has well-documented and adequate policies, procedures and risk-management

controls relating to the servicing of exposures in accordance with article 21, paragraph 8 of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria; and (ii) it has the software, hardware, information technology and human resources such as to allow it to manage, collect, and recover the Receivables and to comply with the other obligations under the Servicing Agreement in accordance with the efficiency standards set out herein and in the Bank of Italy's regulations, and in particular to create a computerised archive of all information and data relating to the management, collection and recovery of the Receivables, adopting appropriate daily recovery and back-up systems and measures.

### ***Renegotiations and Disposals***

The Servicing Agreement further provides for the possibility for the Sub-Servicer (i) to renegotiate the Loan Agreements or enter into settlement agreements with the relevant Debtors; and (ii) to sell Defaulted Receivables to third parties, subject to certain limitations and conditions specified in the Servicing Agreement.

Unless expressly authorised by the Representative of the Noteholders or as provided by applicable law or regulatory provisions or agreements between trade associations to which the Sub-Servicer has adhered with respect to the generality of its customers, the Sub-Servicer may only agree to amend the terms and conditions relating to the payment of the Receivables within the limits and under the conditions set forth below.

With respect to the Loan Agreements that provide for the option of the Borrower to exercise the Instalment Amount Change Option, the Instalment Reset Option and/or the Plan Duration Modification Option, and whose Borrower has not made any requests for postponement as set forth below, the Sub-Servicer shall agree changes to the terms and conditions relating to the payment of the Receivables upon the exercise of the relevant option in accordance with the provisions of the relevant Loan Agreements.

With respect to any Loan Agreement, the Sub-Servicer may grant to the relevant Borrowers postponement of the Instalments provided that:

- (a) as of the date of the request for postponement, there are no Instalment due and unpaid by the relevant Borrower (except for a maximum of one Instalment due and unpaid, which is the object of the relevant postponement);
- (b) the number of Instalments which may be postponed is equal to: (i) no more than 1, if less than 12 Instalments have been paid on the date of the request for postponement, (ii) no more than 3, if at least 12 Instalments but less than 24 Instalments have been paid on the date of the request for postponement, or (iii) no more than 4, if at least 24 Instalments have been paid on the date of the request for postponement;
- (c) in the case of multiple postponements, (i) the maximum number of total Instalments postponed does not in any event exceed 4, and (ii) at least 12 Instalments have been paid since the last postponement; and

- (d) if the relevant Loan Agreement provides for a Balloon Instalment, the payment of the Balloon Instalment shall be postponed and shall be due immediately after the last Instalment subject to postponement under the preceding paragraphs.

With respect to any Loan Agreement, if the Debtor has applied with TFSI for, and TFSI has approved, new financing for the purchase of a new motor vehicle, but the relevant motor vehicle is not yet available, the Sub-Servicer may postpone up to a maximum of 6 (six) months from the relevant due date, the date of payment of the Balloon Instalment (which may have already been postponed as a result of the exercise of the Plan Duration Modification Option or the postponement referred to above), provided that, considering that the new loan is intended to extinguish the existing Loan, (i) from the original maturity date until the postponed payment date interest will accrue on the existing Loan at a rate equal to the nominal annual rate provided for in the relevant Loan Agreement, and (ii) such interest will be payable in a lump sum on the postponed payment date.

As a result of the above postponements, the duration of the amortisation plan of the relevant Loans may not exceed 82 months and, in any event, the Final Maturity Date.

In addition, the Sub-Servicer may enter into settlement agreements with the relevant Debtor in respect of Defaulted Receivables provided that, as a result of the relevant settlement agreement, the amortisation plan of the relevant Loan does not provide for payments beyond the Final Maturity Date.

Save as set forth below, the Sub-Servicer will not dispose of any Receivable without the prior authorisation of the Representative of the Noteholders. Pursuant to the Servicing Agreement, the Sub-Servicer may, in the name and on behalf of the Issuer, sell to a third party one or more Defaulted Receivables (each, a “Disposal”), provided, *inter alia*, that:

- (a) the purchase price of each Defaulted Receivable is determined on the basis of the market value of such Defaulted Receivable;
- (b) in the prudent evaluation of the Sub-Servicer, there are no concrete alternative possibilities to recover the Defaulted Receivables in a manner which is economically more convenient for the Noteholders;
- (c) the Disposal is made without recourse (*pro soluto*), at risk of the purchaser (*a rischio e pericolo del compratore*) pursuant to article 1488, paragraph 2, of the Italian Civil Code, without any warranty by the Issuer (including, without limitation, any warranty as to the existence of such Defaulted Receivables in derogation of article 1266, paragraph 1, of the Italian Civil Code);
- (d) the purchase price is determined in accordance with market standards and the Disposal is conditional upon the payment of the purchase price;

- (e) the purchaser is a financial intermediary enrolled with the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, a bank, a special purpose vehicle incorporated pursuant to the Securitisation Law or any other entity validly established and authorised to purchase receivables in accordance with its by-laws and the applicable laws and regulations;
- (f) the purchaser has delivered to the Issuer copy of a good standing certificate issued by the competent companies' register (*certificato di iscrizione nella sezione ordinaria della Camera di Commercio, Industria, Artigianato ed Agricoltura*), dated no earlier than 5 (five) Business Days prior to the relevant date of the Disposal, stating that the purchaser is not subject to any insolvency proceeding (or any other equivalent certificate under the jurisdiction in which the purchaser is incorporated);
- (g) the Sub-Servicer having delivered to the Issuer and the Servicer not later than 7 Business Days prior to the relevant date of Disposal, the documentation necessary for the perfection of the know your customers and anti-money laundering procedures relating to the purchaser;
- (h) the verification activities set out under paragraph (g) above have been successfully completed;
- (i) the receivables purchase agreement is in line with the current market practice.

#### ***Servicer's fees***

Pursuant to the Servicing Agreement, the Issuer has agreed to pay to Servicer, on each Payment Date in accordance with the applicable Order of Priority, the compensation separately agreed between them.

#### ***Sub-Servicer's fees***

In return for the services provided by the Sub-Servicer, the Issuer will pay to the Sub-Servicer on each Payment Date, in accordance with the applicable Order of Priority:

- (a) for the activity of administration, management and collection of the Receivables *in bonis* (*i.e.*, Receivables other than the Defaulted Receivables) included in the Portfolio, an annual fee equal to 0.4% of the Outstanding Principal of the Receivables *in bonis* included in the Portfolio (plus VAT, if applicable);
- (b) for the activity of administration, management and recovery of the Defaulted Receivables included in the Portfolio, an annual fee equal to 0.05% of the Collections realised in relation to the Defaulted Receivables included in the Portfolio (plus VAT, if applicable) during the relevant Collection Period;
- (c) for the activity of monitoring, information and reporting, an annual fee equal to Euro 10,000.00 (plus VAT, if applicable).

### ***Termination and resignation of the Servicer***

The Issuer may or, if requested by the Representative of the Noteholders, shall terminate the Servicer's appointment, by delivering a notice to such effect to the Servicer and the Sub-Servicer, following a prior notice to the Representative of the Noteholders and the Rating Agencies, specifying the relevant effective termination date, if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include the following events:

- (a) an Insolvency Event occurs with respect to the Servicer; or
- (b) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, and the continuation of such failure for a period of 20 Business Days following the receipt of the notice delivered by the Issuer to the Servicer and the Representative of the Noteholders, requesting to remedy such a failure; or
- (c) any of the representations and warranties given by the Servicer, pursuant to the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, has been proved to be untrue, false or deceptive in any material respect and such default (at sole discretion of the Representative of the Noteholders) may materially prejudice the interests of the Issuer or the Noteholders and the Servicer does not remedy the situation within 20 Business Days following the receipt of the notice claim of breach of such representations and warranties delivered by the Issuer to the Servicer and the Representative of the Noteholders; or
- (d) it becomes unlawful for the Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is, or will be, a party; or
- (e) the Servicer changes its corporate form, or disposes of all or a major part of its business, or eliminates the structure assigned to the activities envisaged to be performed by it under the Servicing Agreement, if such matters taken individually or jointly may, reasonably, impair the regular performance by the Servicer of its obligations under the Servicing Agreement; or
- (f) the loss, by the Servicer, of the characteristics required by law or by the Bank of Italy for entities performing the role referred to in the Servicing Agreement in the context of a securitisation of receivables or the failure by the Servicer to meet other requirements that may be required in the future by the Bank of Italy or other competent governmental, administrative or regulatory authorities.

The termination of the Servicer's appointment will be effective as from the revocation date specified in the notice, provided however that the Servicer shall continue to perform the obligations arising from the Servicing Agreement if on such date a successor servicer has not been appointed by the Issuer and it has accepted the relevant appointment.

Following the expiry of 30 (thirty) months from the Issue Date, the Servicer may at any time resign from its role pursuant to the Servicing Agreement by giving an a least 12 (twelve) months' prior written notice to the Issuer, the Sub-Servicer, the Back-Up Servicer Facilitator, the Arranger and the Representative of the Noteholders. The resignation of the Sub-Servicer by its appointment will be effective on the later of (i) the date falling 12 (twelve) months following the receipt by the Issuer of the resignation notice; and (ii) the date on which a successor servicer has been appointed by the Issuer.

The Servicer has undertaken, *inter alia*, to take all actions in order to enable the relevant successor servicer to perform its duties as servicer pursuant to its appointment and to assist and cooperate with it for such purpose.

Promptly after the date on which the revocation or the resignation of the Servicer produces its effects, the Servicer shall make available to the Issuer, the Back-up Servicer Facilitator and the relevant successor servicer, in accordance with the instructions received, all books, records and documents in its possession relating to the activities performed by the Servicer up to such date, as well as such further documentation in its possession that is necessary or appropriate to enable the Issuer to enforce its rights in the activities relating to the collection of the Receivables and to verify the expenses incurred by the Issuer, making all such information available to the Issuer, the Back-Up Servicer Facilitator and the successor servicer, with transportation and transfer costs borne by the Servicer.

Following the occurrence of a Servicer Termination Event or the delivery of a resignation notice by the Servicer, the Issuer shall appoint, as successor servicer, an entity which fulfill the following requirements:

- (a) be an entity meeting the requirements set out under the Securitisation Law, the EU Securitisation Regulation, the Regulatory Technical Standards, the EBA Guidelines on STS Criteria and the Bank of Italy to act as a servicer in a securitisation transaction;
- (b) be an entity whose appointment does not result, in the opinion (which may not be expressed) of the Rating Agencies, in lowering the rating at that time assigned to the Senior Notes;
- (c) be an entity who has and is able to use, in the performance the management of the loans, a software compatible with the one used up to that moment by the replaced Servicer;
- (d) be an entity who is able to ensure, directly or indirectly, the efficient and professional maintenance of a single computer database (*archivio unico informatico*) requested by Italian anti-money laundering regulation and, if required to the Issuer by such regulation, the production of information necessary for the reports required by the Bank of Italy; and
- (e) be an entity that has experience in managing exposures of a similar nature to the Receivables and has established well-documented and adequate risk management policies,

procedures and controls relating to the management of such exposures, in accordance with Article 21(8) of the EU Securitisation Regulation and in accordance with the EBA Guidelines on STS Criteria.

***Termination and resignation of the Sub-Servicer***

The Servicer may terminate or, if requested by the Issuer (on the basis of the indication of the Representative of the Noteholders), the Sub-Servicer's appointment, by delivering a notice to such effect to the Issuer, the Sub-Servicer and the Back-up Servicer Facilitator, following a prior notice to the Representative of the Noteholders and the Rating Agencies if any of the following events occurs (each a "**Sub-Servicer Termination Event**"):

- (a) an Insolvency Event occurs with respect to the Sub-Servicer; or
- (b) failure on the part of the Sub-Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, and the continuation of such failure for a period of 10 Business Days following the receipt of the notice delivered by the Servicer to the Sub-Servicer, the Issuer and the Representative of the Noteholders, requesting to remedy such a failure, except in case of failure by the Sub-Servicer to fulfil its obligation under article 3.9.3 of the Servicing Agreement, in which case the grace period shall be 5 Business Days from receipt of the relevant notice from the Servicer; or
- (c) any of the representations and warranties given by the Sub-Servicer, pursuant to the Servicing Agreement and/or the other Transaction Documents to which it is, or will be, a party, has been proved to be untrue, false or deceptive in any material respect and such default (at sole discretion of the Representative of the Noteholders) may materially prejudice the interests of the Issuer or the Noteholders, and the Sub-Servicer does not remedy the situation within 10 Business Days following the receipt of the notice claim of breach of such representations and warranties delivered by the Issuer to the Servicer and the Representative of the Noteholders requesting to remedy such a failure;
- (d) failure by the Sub-Servicer to deposit or pay any amount required to be paid or deposited within 5 Business Days after the relevant due date thereof, except if such failure can be attributed to force majeure;
- (e) it becomes unlawful for the Sub-Servicer to perform or comply with any of its obligations under the Servicing Agreement or the other Transaction Documents to which it is, or will be, a party;
- (f) the loss, by the Sub-Servicer, of the characteristics required by law or by the Bank of Italy for entities performing the role referred to in the Servicing Agreement in the context of a securitisation of receivables or the failure by the Sub-Servicer to meet other requirements

that may be required in the future by the Bank of Italy or other competent governmental, administrative or regulatory authorities.

The termination of the Sub-Servicer's appointment will be effective as from the revocation date specified in the notice, provided however that the Sub-Servicer shall continue to perform the obligations arising from the Servicing Agreement if on such date a successor sub-servicer has not been appointed by the Servicer and it has accepted the relevant appointment.

Within 15 calendar days from the date of receipt of the notice of revocation, the Sub-Servicer shall immediately give notice by registered letter with acknowledgment of receipt, to all of the Debtors of the occurrence of the assignment of the Receivables to the Issuer. Such notice shall also contain instructions to the Debtors to make any future payments related to the Receivables directly into the Collection Account.

Following the expiry of 12 (twelve) months from the Issue Date, the Sub-Servicer may at any time resign from its role pursuant to the Servicing Agreement by giving an a least 6 (six) months' prior written notice to the Issuer, the Servicer, the Back-Up Servicer Facilitator, the Arranger and the Representative of the Noteholders. The resignation of the Sub-Servicer by its appointment will be effective on the later of (i) the date falling 6 (six) months following the receipt by the Issuer of the resignation notice; and (ii) the date on which a successor sub-servicer has been appointed by the Servicer.

The Sub-Servicer has undertaken, *inter alia*, to take all actions in order to enable the relevant successor sub-servicer to perform its duties as sub-servicer pursuant to its appointment and to assist and cooperate with it for such purpose.

Promptly after the date on which the revocation or the resignation of the Sub-Servicer produces its effects, the Sub-Servicer shall (i) make available to the Issuer, the Servicer, the Back-up Servicer Facilitator and the relevant successor sub-servicer, in accordance with the instructions received, the documentation relating to the Receivables, with transportation and transfer costs borne by the Sub-Servicer; (ii) transfer to the Collection Account, any and all amounts received in respect of the Receivables but not already credited on such account, and (iii) promptly deliver to the successor sub-servicer the bill of exchange, the promissory notes and the cheques not presented for collection.

Following the termination of the appointment of the Sub-Servicer, the Issuer, with the cooperation of the Back-up Servicer Facilitator, shall select a successor sub-servicer (different from the Servicer), which fulfill, *mutatis mutandis*, the requirements set out above for substitute servicer.

### ***Governing Law***

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

## **3. THE WARRANTY AND INDEMNITY AGREEMENT**



On 20 February 2023, the Issuer and the Originator entered into the Warranty and Indemnity Agreement pursuant to which the Originator gives certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and agrees to indemnify the Issuer in respect of certain liabilities of the Issuer that may be incurred in connection with the purchase and ownership of the Receivables.

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

***Representation and warranties relating to the Receivables***

- (i) *(Ownership of Receivables)* Each Receivable is fully and unconditionally in the ownership and availability of the Originator and is not subject to any attachment or seizure, nor to any other encumbrance in favour of third parties, and is freely transferable to the Issuer. The Originator has the exclusive and free ownership of all the aforementioned Receivables and the relevant Loans and has not transferred, assigned or in any way sold to anyone other than the Issuer under the Securitisation (neither in full nor by way of security) any of such Receivables or Loans, nor it has created or permitted others to create or establish any security, pledge, encumbrance or other right, claim or any third parties' right over one or more of such Receivables or Loans in favour of subjects other than the Issuer under the Securitisation. Neither the Loan Agreements nor any other agreement, deed or document relating thereto contain clauses or provisions pursuant to which the owner of the relevant Receivables is prevented from transferring, assigning them or otherwise dispose of such Receivables, even if only in part.
- (ii) *(Compliance with specific provisions)* The Loans are not in breach of the provisions of articles 1283 (*anatocismo*), 1345 (*motivo illecito*) and 1346 (*requisiti*) of the Italian Civil Code.
- (iii) *(Disbursement of the Loans)* Each Loan has been fully disbursed and paid on behalf of the relevant Borrower and there is no obligation on the part of the Originator to make any further advance.
- (iv) *(Currency)* All Loans and Receivables exist, are expressed in Euro and the relevant Loan Agreements do not contain provisions allowing the conversion of the relevant Loan in another currency.
- (v) *(Applicable law)* All Loans and Receivables are governed by Italian law.
- (vi) *(Additional Collateral security or guarantees)* The Receivables are not secured by any collateral other than the Collateral Security or those otherwise transferred to Issuer under the Receivables Purchase Agreement.
- (vii) *(Absence of other agreements)* The Originator has not entered into, in connection with any of the Loans and/or any of the Receivables, any servicing or syndication agreements with third parties other than the Issuer or that would otherwise jeopardize or impair in any way the exercise of the Issuer's rights in connection with the Receivables.

- (viii) (*Compliance with credit policies*) All the Loans have been granted and disbursed by the Originator in accordance with the credit policies from time to time applied by it.
- (ix) (*Absence of brokers and intermediaries*) None of the Loan Agreements has been disbursed following an assessment relating to the creditworthiness of the relevant client made by brokers or other intermediaries.
- (x) (*Debtors*) The Loans are granted to Debtors which, as at the date of signing of the relevant Loan Agreement, are individuals (*persone fisiche*) and, as at the Effective Date, are resident in Italy and were resident in the European Economic Area (as defined in Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 (on the implementation of the monetary policy framework of the Eurosystem)) upon the disbursement of the relevant Loan.
- (xi) (*Excluded loans*) The Loans do not include:
  - (a) loans granted to employees, agents or representatives of the Originator;
  - (b) loans in respect of which the relevant Vehicle has not yet been delivered to the relevant Debtor; and
  - (c) loans disbursed on the basis of allowances made available pursuant to any law (including regional and/or provincial laws) or regulation which provides for contributions or financial aids on account of principal and/or interest.
- (xii) (*Disbursement, administration and collection*) The disbursement, management, administration and collection policies applied by the Originator in relation to each Loan and each Receivable comply in all respects with all applicable laws and regulations and have been applied with care, professionalism and diligence, and in accordance with the prudential rules and the management, collection and recovery policies from time to time applied by the Originator, as well as in compliance with all the usual cautions and practices followed in the financing activity.
- (xiii) (*Taxes and duties*) All taxes, duties and fees of any kind to be paid by the Originator in relation to each Loan during the period starting from the disbursement of the Loan to the Transfer Date, as well as in relation to the execution of any other agreement, deed or document or to the execution and fulfilment of any relevant action or formality, have been regularly and timely paid by the Originator.
- (xiv) (*Interest rates on Loans*) The interest rates applicable on the Loans (i) have always been applied, owed and received in full compliance with the laws applicable from time to time (including, in particular, the Usury Law, where applicable); (ii) are true and correct; and (iii) are fixed interest rates, which are not subject to reductions or changes for the entire duration of the Loan.
- (xv) (*Insolvency of the Debtors*) None of the Debtors is subject to an Insolvency Proceeding.

- (xvi) (*Insolvency of the Dealers*) None of the Dealers was subject to an Insolvency Proceeding at the time of the disbursement of the relevant Loan.
- (xvii) (*Early repayment*) The Loans provide for amounts to be paid by the Debtors as compensation in the event of early repayment in line with the provisions of article 125-sexies of the Consolidated Banking Act and such provisions are legally binding for the Debtors.
- (xviii) (*Dealers' default*) On the Effective Date, to the best knowledge of the Originator, there are no material breaches by the suppliers of the goods or services financed through the Loans, which give the Debtors the right to terminate the relevant Loan Agreements pursuant to article 125-quinquies of the Consolidated Banking Act.
- (xix) (*Amount of Receivables*) The amount of each Receivable at the Effective Date is correctly set out in the relevant List of Receivables. The list of Loan set out in the List of Receivables constitutes the exact list of all the Loans and indicates the Individual Purchase Price for each Receivable. The data contained therein are true and correct in all material respects.
- (xx) (*Adverse effects*) The assignment of the Receivables to the Issuer pursuant to the Receivables Purchase Agreement does not prejudice, nor in any way invalidate, the obligations of the Debtors relating to the payment of the residual amounts due in respect of the Receivables.
- (xxi) (*Exemptions and waivers*) No Debtor has been released or exempted, until the Effective Date from its relevant obligations, nor has the Originator subordinated, with reference to any of such Receivables, its own rights to the rights of other creditors, nor has it waived, with reference to any of such Receivables, its rights, except in relation to payments made for the corresponding amount to the satisfaction of the relevant Receivables or in the cases and to the extent required by applicable law or regulations for the purpose of protecting the position of the Originator as owner of such Receivables.
- (xxii) (*Accounts, registers and books*) The Originator is in possession of books, registers, data and documentation relating to the Loan Agreements, the Loans, the Receivables and all the Instalments and other amounts to be paid or reimbursed pursuant thereto, which are complete in any material respect.
- (xxiii) (*Data*) All data and documentation provided by the Originator to the Arranger, the Issuer and/or the respective affiliates, agents and consultants for the purposes of, or in connection with, the Warranty and Indemnity Agreement, the Receivables Purchase Agreement, the Servicing Agreement and/or one or more of the transactions contemplated therein, or in any case for the purposes or in relation to the Securitisation, the Loans, the Receivables, and the application of the Eligibility Criteria, are true, correct and complete in every material aspect and no material information in the possession of the Originator has been omitted.

***Representations and warranties relating to the Loan Agreements***

- (i) (*Compliance with law*) Each Loan Agreement has been entered into and performed, and each Loan has been disbursed, in compliance with all applicable laws and regulations, including, without limitation, all laws and regulations relating to usury, privacy, processing of personal data, protection of consumer rights and transparency in force from time to time.
- (ii) (*Compliance with standard form*) All Loan Agreements have been entered into substantially in compliance with the standard loan agreements from time to time adopted by the Originator.
- (iii) (*Powers and authorisations of Debtors*) Each Debtor who has executed a Loan Agreement and, in each case, any signatory to any agreement, deed or document relating thereto, had, on the date of signing of the relevant agreement, deed or document, full powers and authority to enter into such agreement, deed or document and perform its obligations thereunder.
- (iv) (*Validity and effectiveness*) All Loan Agreements have been validly entered into between the Originator and the relevant Debtor. Each Loan Agreement and any other agreement, deed or document relating thereto is valid and effective and the obligations undertaken by each party thereto are valid and effective in their entirety and validly enforceable in court against each party thereto according to the relevant terms and conditions.
- (v) (*Authorisations*) All authorisations, approvals, ratifications, licences, registrations, annotations, presentations, authentications and any other requirements to be fulfilled in order to ensure the validity, legality, effectiveness or priority of the rights and obligations vested in the contracting parties of each Loan Agreement and of any other agreement, deed or document relating thereto, have been regularly and unconditionally obtained, made and implemented, within the date of signing of the relevant Loan Agreement and the making of the relevant disbursement or within the term provided for by law or deemed appropriate to this effect.
- (vi) (*Error, violence and wilful misconduct*) All Loan Agreements and any other agreement, deed or document relating thereto have been entered into without error (*errore*), violence (*violenza*) or wilful misconduct (*dolo*) on the part of or on behalf of the Originator, nor of any of its directors, managers, officers and/or employees, so that the Debtors are not entitled to sue the Originator for error (*errore*), violence (*violenza*) or wilful misconduct (*dolo*) nor to validly challenge one or more of the obligations undertaken under or in relation to the relevant Loan Agreement, as well as any other agreement, deed or document relating thereto.
- (vii) (*Payment methods*) The Loan Agreements provide for the payment of the Instalments by way of direct debit on the bank account (Sepa Direct Debit) of the relevant Debtor.
- (viii) (*Debtors' rights*) Without prejudice for the Debtors' right to repay, in whole or in part, the relevant obligation, none of the Debtors is entitled to withdraw, terminate, challenge or claim the applicability of one or more of the terms of any of the Loan Agreements or any

other agreement, deed or document relating thereto, or in respect of the amounts payable or repayable pursuant to the provisions thereof. None of these rights has been enforced or threatened.

- (ix) (*Confidentiality provisions*) None of the Loan Agreements provides for confidentiality provisions which may limit the right of the Issuer to exercise its rights as new owner of the Receivables.
- (x) (*Advertising*) With reference to the Loan Agreements, the Originator has carried out all the forms of advertising provided for by the combined provisions of articles 123 and 116 of the Consolidated Banking Act, in particular indicating the T.A.N. and the relevant validity period.
- (xi) (*Calculation of T.A.N.*) The T.A.N. indicated by the Originator in the Loan Agreements was calculated by the Originator in accordance with the provisions of article 121 of the Consolidated Banking Act.
- (xii) (*Loan Agreements*) The Loan Agreements (i) are drawn up in accordance with the provisions of article 117 of the Consolidated Banking Act and (ii) comply with the requirements of article 125-*bis* of the Consolidated Banking Act.
- (xiii) (*Unfair clauses*) The Loan Agreements do not contain unfair clauses pursuant to and for the purposes of articles 33, paragraphs 1 and 2, and 36, paragraph 2, of the Legislative Decree no. 206 of 6 September 2005. All the clauses contained in the Loan Agreements are effective *vis-à-vis* the Debtors.
- (xiv) (*Expiration of term for withdrawal*) The term provided for by the first paragraph of article 125-*ter* of the Consolidated Banking Act has expired for all Debtors.

***Other representations and warranties***

- (i) (*No encumbrance*) As at the Effective Date and as at the Transfer Date, the Receivables are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale of the Receivables to the Issuer pursuant to article 20(6) of the EU Securitisation Regulation.
- (ii) (*Originator's ordinary business*) The Receivables were originated in the ordinary course of the Originator's business in compliance with consumer underwriting standards not less stringent than those applied by the Originator to similar non-securitised exposures at the time of their origination, in accordance with article 20(10) of the EU Securitisation Regulation and EBA Guidelines on STS Criteria.
- (iii) (*Originator's expertise*) The Originator has more than 5 years expertise in originating exposures of a similar nature to those securitised, in accordance with article 20(10) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria;

- (iv) (*Debtors' creditworthiness*) The Originator has assessed the Debtors' creditworthiness in compliance with the requirements set out in article 8 of Directive 2008/48/EC, pursuant to article 20(10) of the EU Securitisation Regulation.
- (v) (*No securitisation position*) The Receivables do not include any securitisation position, in accordance with article 20(9) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.
- (vi) (*No exposures in default/credit-impaired obligations*) As at the Effective Date and as at the Transfer Date, the Portfolio does not include Receivables qualified as exposures in default within the meaning of article 178, paragraph 1, of Regulation (EU) no. 575/2013 or as exposures to a credit-impaired debtor, who, to the Originator's knowledge:
  - (a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 (three) years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within 3 (three) years prior to the Transfer Date; or
  - (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history; or
  - (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the Originator which have not been assigned under the Securitisation,

in each case pursuant to article 20(11) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.
- (vii) (*Homogeneity*) As at the Effective Date and as at the Transfer Date, the Receivables are homogeneous in terms of asset type taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit-risk and prepayment characteristics, in accordance with article 20(8) of the EU Securitisation Regulation, given that:
  - (a) the Receivables are originated by the Originator, as lender, in compliance with similar underwriting standards based on similar approaches to the assessment of credit risk associated with the Receivables;
  - (b) all Receivables are serviced by TFSI according to similar servicing procedures;
  - (c) (1) the Receivables arise from Loans falling within the asset category entitled of "*auto loans and leases*" provided under article 1, paragraph (v) of the Regulatory Technical Standards regarding the homogeneity of the underlying exposures and (2) all Receivables reflect at least the homogeneity factor of the "*type of obligors*", being all Debtors individuals persons as provided under article 2, paragraph 4, letter (a) of the Regulatory Technical Standards regarding the homogeneity of the underlying exposures.

- (viii) (*Binding and enforceable obligations*) The Receivables contain obligations that are contractually binding and enforceable, with full recourse to the Debtors, pursuant to article 20(8) of the EU Securitisation Regulation.
- (ix) (*Constant Instalments*) The Loans provide for repayment through constant instalments (except the final instalment for loans providing for a "balloon" instalment) payable monthly, as determined in the relevant Loan Agreement, in accordance with article 20(8), second paragraph, of the EU Securitisation Regulation.
- (x) (*No underlying transferable securities*) The Receivables do not include, any transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU, in accordance with article 20(8), last paragraph, of the EU Securitisation Regulation.
  - (i) (*No underlying derivatives*) The Receivables do not include any derivative, in accordance with article 21(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.
- (xi) (*Sale of assets*) The repayment of the Receivables is not dependent on the sale of the relevant vehicles as the Loans are not backed by security rights on the vehicles, in accordance with article 20(13) of the EU Securitisation Regulation and the EBA Guidelines.
- (xii) (*Concentration*) As of the Transfer Date, the aggregate value of all Receivables owed by a single Borrower is not higher than 2% of the aggregate value of all Receivables included in the Portfolio;
- (xiii) (*CRR Criteria*) To the knowledge of the Originator each Receivable included in the Portfolio complies with the criteria set out in article 123 of the CRR.

#### **Indemnity obligations of the Originator**

Pursuant to the Warranty and Indemnity Agreement, without prejudice to any other right accruing to the Issuer under the Warranty and Indemnity Agreement or any other Transaction Document to which it is a party or under any and all applicable laws, the Originator has irrevocably undertaken to indemnify and hold harmless the Issuer and its directors from and against any and all damages, losses, reduced income (*minor incasso*), costs, lost profits (*lucro cessante*) and/or expenses (including, but not limited to, legal fees and disbursements and any value added tax thereon if due), incurred by the Issuer or its directors and their assignees which arise out of or result from:

- (a) a default by the Originator in the performance of any of its obligations under the Warranty and Indemnity Agreement or any other Transaction Document to which it is a party, unless the Originator has remedied such default, to the extent possible, in accordance with the terms set out in the relevant Transaction Document;
- (b) any representation and warranty made by the Originator under or pursuant to the Warranty and Indemnity Agreement being untrue, incorrect or misleading when made or repeated;
- (c) any claim raised by any third party against the Issuer, as owner of the Receivables, which arises out of any negligent act or omission by the Originator in relation to the Receivables,

the servicing and collection thereof or from any failure by the Originator to perform its obligations under the Warranty and Indemnity Agreement or any of the other Transaction Documents to which it is, or will become, a party;

- (d) the non-compliance of the interest rate applicable to the Loan Agreements with the provisions of Italian law relating to the payment of interest and, in particular, the Usury Law;
- (e) the non-compliance of the terms and conditions of any Loan Agreement with the provisions of article 1283, 1345 and 1346 of the Italian Civil Code;
- (f) any amount of any Receivable not being collected or recovered by the Issuer as a consequence of the exercise by any Debtor of any right to termination, invalidity, annulment or withdrawal, or other claims and/or counterclaims, including set-off pursuant to article 125-septies of the Consolidated Banking Act (also in case of claims for refund of the unearned premium from the Issuer upon default of the Insurance Companies) or pursuant to other provisions of law, against the Originator in relation to each Loan Agreement, Receivable, Collateral Security or any other connected act or document (including, without limitation, any claim and/or counterclaim deriving from non-compliance with any applicable credit consumer legislation (*credito al consumo*), banking and financial transparency rules or other consumer protection legislation);
- (g) any claim for damages raised against the Issuer in relation to facts or circumstances occurred prior to the Transfer Date.

#### ***Retrocession by the Issuer***

Pursuant to the Warranty and Indemnity Agreement, without prejudice of the non-recourse nature of the transfer of the Receivables under the Receivables Purchase Agreement and without prejudice to any other rights arising in favour of the Issuer under Warranty and Indemnity Agreement or any other Transaction Document to which it is a party or under any applicable legislation, if:

- (a) any violations of: (i) one or more of the representations and warranties set forth in paragraph (2) and (3) of schedule 1 of the Warranty and Indemnity Agreement, made or repeated by the Originator pursuant to article 3.2 of the Warranty and Indemnity Agreement, which would result in a significant decrease in the value of the relevant Receivables or the Issuer's rights relating to such Receivables; or (ii) one or more of the representations and warranties set forth in paragraph (4) of schedule 1 of the Warranty and Indemnity Agreement, made or repeated by the Originator pursuant to article 3.2 of the Warranty and Indemnity Agreement (each, a "**Prejudicial Event**"); and
- (b) the Originator fails to remedy such Prejudicial Event within 30 (thirty) calendar days after receipt of notice from the Issuer to the Originator and the Representative of the Noteholders requesting such breach to be remedied (the "**Remediation Period**"),

the Originator has agreed to grant to the Issuer, pursuant to and in accordance with article 1331 of the Civil Code, the option to retransfer (the "**Retrocession Option**") to the Originator the



Receivables with respect to which a Prejudicial Event has occurred (such Receivables the "**Prejudiced Receivables**" and each transfer of such Prejudiced Receivables, a "**Retrocession**"), in accordance with the terms and conditions set forth in article 4.2 of the Warranty and Indemnity Agreement.

The Issuer may exercise the Retrocession Option at any time from the Business Day immediately following the expiration of the relevant Remediation Period until the date falling 120 (one hundred and twenty) calendar days after the expiration of the relevant Remediation Period.

The price payable by the Originator to the Issuer for each Retrocession (the "**Retrocession Price**") shall be equal to:

- (a) the Individual Purchase Price of the relevant Prejudiced Receivables; plus
- (b) the costs and expenses (including, without limitation, legal fees and disbursements plus VAT on the same) incurred by Issuer in connection with such Prejudiced Receivable up to the date of payment of the Retrocession Price; plus
- (c) the interest accrued on the principal component of the Individual Purchase Price of the relevant Prejudiced Receivable from the Issue Date until the Payment Date immediately following the date of payment of the Retrocession Price, assuming as the interest rate for such computation the highest interest rate applied to the Most Senior Class of Notes then outstanding from the time of their issuance until the Payment Date immediately following the date of payment of the Retrocession Price; minus
- (d) the principal and interest of the Collections received in respect of the relevant Prejudiced Receivables up to the date of payment of the Retrocession Price.

In addition to the Retrocession Price and to the extent not already computed in the Retrocession Price, the Issuer shall be entitled to receive from the Originator, by way of indemnification, an amount equal to any duly documented costs, expenses, losses, damages and other liabilities incurred by the Issuer in connection with the Prejudiced Receivables as a result of the relevant Prejudicial Event.

Within 5 (five) Business Days after receipt of the relevant retrocession notice ("**Retrocession Notice**"), the Originator shall, *inter alia*, pay to Issuer the relevant Retrocession Price in immediately available funds in the Collection Account opened in Issuer's name with the Account Bank.

Pursuant to the Warranty and Indemnity Agreement, the Issuer and the Originator have acknowledged and agreed that each Retrocession is effective upon the payment of the relevant Retrocession Price by the Originator and that each Retrocession (i) shall be non-recourse and shall not involve any guarantee on the part of Issuer (including, without limitation, a guarantee as to the existence of the Prejudiced Receivables in derogation of article 1266, first paragraph, of the Italian Civil Code); (ii) shall be construed as a *contratto aleatorio* within the meaning and effect of article 1469 of the Italian Civil Code and as a *vendita a rischio e pericolo del compratore* within the meaning and effect of article 1488, second paragraph, of the Italian Civil Code.

Pursuant to the Warranty and Indemnity Agreement, the Issuer and the Originator have acknowledged that: (i) the Issuer may, at its option, exercise any of the remedies set forth in articles 4.1 and 4.2 of the Warranty and Indemnity Agreement, in accordance with the terms and conditions thereof; (ii) the remedies set forth in article 4 of the Warranty and Indemnity Agreement shall apply with respect to all Receivables, without prejudice to the non-recourse nature of the assignment of the Receivables; and (iii) all costs, expenses and taxes incurred by any party thereto in connection with the exercise of any of the remedies set forth in article 4 of the Warranty and Indemnity Agreement shall be borne by the Originator.

Moreover, pursuant to the Warranty and Indemnity Agreement, the Issuer has agreed to promptly notify the Representative of the Noteholders and the Rating Agencies of the exercise of any of the remedies set forth in article 4.

#### ***Governing Law***

The Warranty and Indemnity Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

#### **4. THE CORPORATE SERVICES AGREEMENT**

On 20 February 2023, the Issuer and the Corporate Services Provider entered into the Corporate Services Agreement pursuant to which the Corporate Services Provider has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

The parties of the Corporate Services Agreement have also agreed, *inter alia*, that any remuneration, cost and expense incurred by the Corporate Services Provider which are exclusively related to a specific securitisation transaction shall be entirely paid out of the available funds of the Issuer in accordance with the priority of payments applicable to the relevant securitisation transaction while any other sum which is not exclusively related to a specific securitisation (including expenses related to the Issuer's ordinary administration or due in accordance with laws or regulations) shall be divided by the number of securitisation transactions then outstanding and each payment so calculated shall be made by the Issuer utilising the issuer available fund of each such securitisation transactions in accordance with the relevant priority of payments.

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

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

On or about the Issue Date, the Issuer, the Account Bank, the Calculation Agent, the Paying Agent, the Representative of the Noteholders, the Corporate Services Provider, the Servicer and the Sub-Servicer, the Cash Manager and the Hedging Counterparty, entered into the Cash Allocation, Management and Payments Agreement.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (a) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Cash Reserve Account, the Expenses Account, the Securities Account, the Cash Collateral Account, the Securities Collateral Account, the Collection Account, the Investment Account and the Payments Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of the above mentioned Accounts;
- (b) the Calculation Agent has agreed to provide the Issuer with calculation services and reporting services, to prepare and deliver the Payments Report, the Investor Report and the Inside Information and Significant Event Report and to provide the Issuer with certain calculation services in relation to the Notes;
- (c) the Cash Manager has agreed to provide certain investment services in respect of the amounts standing, from time to time, to the credit of the relevant Accounts; and
- (d) the Paying Agent has agreed to provide the Issuer with certain payment services, to determine the Interest Rate on each Interest Determination Date and to provide the Issuer with certain calculation services in relation to the Notes.

The Accounts shall be opened in the name of the Issuer and shall be operated by the Account Bank and the amounts standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

The Issuer may (with the prior approval of the Representative of the Noteholders and prior notice to the Rating Agencies) revoke the appointment of any Agent by giving not less than three month written notice to the relevant Agent (with a copy to the Representative of the Noteholders), regardless of whether a Trigger Event has occurred, provided that no revocation of the appointment of any Agent shall take effect until a successor has been duly appointed. The appointment of an Agent may terminate in accordance with article 1456 of the Italian Civil Code if the relevant Agent fails to comply with certain obligations under the Cash Allocation, Management and Payments Agreement.

The appointment of an Agent may terminate in accordance with article 1373 of the Italian Civil Code or 183 of the Insolvency Code, as applicable, if an Insolvency Event occurs in relation to any Agent. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than 90 calendar days (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders, it being understood that in the event the prior notice is given with at least 90 calendar days or such other shorter period agreed with the Representative of the Noteholders which is an adequate notice ("*congruo preavviso*") for the purpose of article 1727 of the Italian Civil Code, the relevant Agent may resign without giving any reason and without being responsible for Liabilities whatsoever which may be caused as a result of such resignation. Such resignation will be subject to and conditional upon: (i) if such resignation would otherwise take effect less than ten days before or after any Payment Date (or any other date on

which the Issuer is allowed or obliged for whatever reason to effect payments in respect of the Notes), such resignation not taking effect until the tenth day following such date; (ii) a substitute Calculation Agent, Paying Agent, Cash Manager or Account Bank, as the case may be, being appointed by the Issuer, on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement (in particular, the substitute Paying Agent or Account Bank must be an Eligible Institution); (iii) no Agent being released from its obligations under the Cash Allocation, Management and Payments Agreement until a substitute Agent has entered into such new agreement and it has become a party to the Intercreditor Agreement and the other relevant Transaction Documents; and (iv) notice of such resignation having been given to the Rating Agencies by the Issuer or the Representative of the Noteholders or the resigning Agent.

The Cash Allocation, Management and Payments Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

## **6. THE INTERCREDITOR AGREEMENT**

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

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

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

### **Appointment of the Back-up Servicer Facilitator**

Under the Intercreditor Agreement, the Issuer has appointed Zenith Service S.p.A. as Back-up Servicer Facilitator.

Upon receipt of a notice from the Servicer or the Issuer that a Sub-Servicer Termination Event has occurred pursuant to the Servicing Agreement or upon receipt by the Sub-Servicer of a resignation notice pursuant to the Servicing Agreement, the Back-up Servicer Facilitator shall: (i) within 20 (twenty) Business Days, do its best effort in order to identify an entity to be appointed by the Issuer as substitute Sub-Servicer in accordance with the Servicing Agreement; and (ii) cooperate with the Issuer in the performance of all activities to be carried out in connection with the

appointment of the substitute Sub-Servicer and the replacement of the Sub-Servicer with the same. For the avoidance of doubt, these obligations of the Back-up Servicer Facilitator shall qualify as “*obbligazioni di mezzi*” and not as “*obbligazioni di risultato*”.

As consideration for the obligations undertaken by the Back-up Servicer Facilitator pursuant to the Intercreditor Agreement, the Back-up Servicer Facilitator shall be entitled to receive from the Issuer, on each Payment Date in accordance with the applicable Order of Priority, such fee as separately agreed between them and notified in advance to the Rating Agencies.

If any of the following events occurs in respect of the Back-up Servicer Facilitator (each a “**Back-up Servicer Facilitator Termination Event**”):

- (a) the Back-up Servicer Facilitator defaults in the performance or observance of any of its obligations under the Intercreditor Agreement, provided that such default (i) is materially prejudicial to the interests of the Noteholders, and (ii) remains unremedied for 10 (ten) Business Days after the Representative of the Noteholders having given written notice thereof to the Back-up Servicer Facilitator, with copy to the Issuer, requiring the same to be remedied (except where such default is not capable of remedy, in which case no notice requiring remedy will be given); or
- (b) the Back-up Servicer Facilitator becomes subject to any insolvency proceeding or any other similar proceeding applicable in any jurisdiction or the whole or any substantial part of the assets of the Back-up Servicer Facilitator are subject to seizure (*pignoramento*) or any other proceeding having a similar effect; or
- (c) the Back-up Servicer Facilitator takes any action for the restructuring or rescheduling of any of its obligations relating to financial indebtedness or makes any out of court settlements with the generality of its creditors for the rescheduling of its obligations relating to financial indebtedness or the enforcement of any guarantee given to guarantee the fulfilment of such obligations,

then the Issuer shall (i) terminate the appointment of the Back-up Servicer Facilitator, by giving a written notice to the Back-up Servicer Facilitator, with copy to the Representative of the Noteholders and the Rating Agencies, and (ii) within 30 (thirty) days following the occurrence of any of the Back-up Servicer Facilitator Termination Events, appoint a substitute back-up servicer facilitator which is willing to assume the obligations of the Back-up Servicer Facilitator substantially on the same terms as those of the Intercreditor Agreement.

#### **Replacement of the Hedging Counterparty**

In the event of early termination of Hedging Agreement, including any termination upon failure by the Hedging Counterparty to perform its obligations thereunder, the Issuer has covenanted with the Representative of the Noteholders under the Intercreditor Agreement that it will use its best endeavours to find, in consultation with the Originator, a suitably rated replacement hedging

counterparty who is willing to enter into a replacement hedging agreement substantially on the same terms as the relevant Hedging Agreement.

#### **No active portfolio management**

Under the Intercreditor Agreement, the parties thereto have acknowledged that the disposal of Receivables is permitted only in the following circumstances: (i) from the Issuer to the Originator, in case of repurchase or retrocession of individual Receivables pursuant to the terms of the Receivables Purchase Agreement; (ii) from the Issuer to the Originator, in case of repurchase of the Portfolio pursuant to the terms of the Receivables Purchase Agreement, following the Clean Up Option Date; (iii) from the Issuer to the Originator, in case of any breach of representations and warranties by the Originator pursuant to the terms of the Warranty and Indemnity Agreement; (iv) from the Sub-Servicer (in the name and on behalf of the Issuer) to third parties and with reference to Defaulted Receivables only, pursuant to the terms of the Servicing Agreement; (v) from the Issuer (or, following the service of a Trigger Notice, the Representative of the Noteholders on its behalf) to third parties (including the Originator), in case of disposal of the Portfolio following the delivery of a Trigger Notice in accordance with Condition 12.2 (*Delivery of a Trigger Notice*) or upon exercise by the Issuer of the optional redemption in accordance with Condition 8.3 (*Optional Redemption*) or of the optional redemption in whole for taxation reasons in accordance with Condition 8.4 (*Optional Redemption for taxation reasons*) pursuant to the terms of the Conditions and the Intercreditor Agreement. Therefore, no active portfolio management within the meaning of article 20(7) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria is allowed.

#### **Retention undertaking of the Originator**

Under the Intercreditor Agreement, the Originator, for so long as the Notes are outstanding, has undertaken in favour of the Issuer and the Representative of the Noteholders that it will:

- (a) retain, on an on-going basis, a material net economic interest of not less than 5 (five) per cent. in the Securitisation, in accordance with option (d) of article 6(3) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards; as at the Issue Date, such material net economic interest will be represented by the retention of the first-loss tranche, being the Junior Notes, which is not less than 5% of the nominal value of the securitised exposures;
- (b) not change the manner in which the net economic interest is held, unless expressly permitted by article 6 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards;
- (c) procure that any change to the manner in which such retained interest is held in accordance with paragraph (b) above will be notified to the Calculation Agent to be disclosed in the Investor Report; and
- (d) comply with the disclosure obligations imposed on originators under article 7(1)(e)(iii) of the

EU Securitisation Regulation and of the UK Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards are applicable to the Securitisation. In addition, the Originator has undertaken that the material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with article 6 of the EU Securitisation Regulation and of the UK Securitisation Regulation (as in effect as at the Issue Date) and the applicable Regulatory Technical Standards.

### **Transparency requirements**

Under the Intercreditor Agreement, the Originator and the Issuer have designated among themselves the Issuer as the reporting entity pursuant to article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation (the “**Reporting Entity**”) and the parties thereto had acknowledged that the Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation pursuant to the Transaction Documents.

In such capacity as Reporting Entity, the Issuer, by placing full reliance on the information provided by the Originator in respect of the relevant securitised exposures on or prior the date of the Receivables Purchase Agreement will fulfil the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation by making available the relevant information through the Securitisation Repository to the holders of a position in the Securitisation, the competent authorities referred to under article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation and, upon request, to potential Noteholders. It is agreed and understood that the Reporting Entity shall not be liable for any delay in making available the information requirements pursuant to points (a), (b), (c) (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (i) which is due to electronic or technical inconveniences relating to or connected with the internet network or the relevant website or (ii) which is due to willful default (*dolo*) or gross negligence (*colpa grave*) of the Calculation Agent, the Corporate Services Provider or, with respect to the activities provided under the Servicing Agreement and the Intercreditor Agreement, the Servicer.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed as follows as to pre-pricing disclosure requirements set out:

- (a) under article 7(1) letters (a), (b), (c) and (d), the Reporting Entity represented to the Representative of the Noteholders that, before pricing, the data on each Loan Agreement (including the available information related to the environmental performance of the assets financed by Vehicles to be provided by the Originator) and a draft of this Prospectus (which

includes a transaction summary for the purposes of point (c) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation), the Transaction Documents and the STS Notification have been made available to the potential holders of a position in the Securitisation and competent supervisory authorities pursuant to article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation by means of publication through the Securitisation Repository;

- (b) under article 22 of the EU Securitisation Regulation, the Originator has made available (i) to the Reporting Entity, the available information related to the environmental performance of the assets financed by Vehicles, (ii) to the potential Noteholders, through this Prospectus and the Securitisation Repository: (x) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least 5 (five) years, pursuant to article 22(1) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, and (y) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed as follows as to post-closing disclosure requirements set out under article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation and article 22 of the EU Securitisation Regulation:

- (a) the Originator shall provide the Servicer with the information, if available, related to the environmental performance of the Vehicles pursuant to article 22(4) of the EU Securitisation Regulation;
- (b) pursuant to the Servicing Agreement, the Servicer, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Loan by Loan Report (which includes all the information required under point (a) above (including, *inter alia*, the information, if available, related to the environmental performance of the Vehicles as provided by the Originator pursuant to letter (a) above) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation) and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity (through the Corporate Services Provider) to make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, the Loan by Loan Report (simultaneously with the Investor Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;
- (c) pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Investor



Report (which includes all the information required under point (e) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, (simultaneously with the Loan by Loan Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;

- (d) pursuant to the Cash Allocation, Management and Payments Agreement, the Reporting Entity (by way of delegation to the Calculation Agent) will prepare the Inside Information and Significant Event Report (which includes all the information required under point (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation by way of publication through the Securitisation Repository (simultaneously with the Loan by Loan Report and the Investor Report) by no later than one month after each Payment Date; it is agreed and understood that, in accordance with the Cash Allocation, Management and Payments Agreement, (x) in case any information provided under points (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (including, *inter alia*, the occurrence of any events which trigger changes in the Orders of Priority) has been notified to the Reporting Entity or the Reporting Entity is in any case aware of any such information, the Reporting Entity (by way of delegation to the Calculation Agent) shall promptly prepare the Inside Information and Significant Event Report and make it available, without delay after the occurrence of the relevant event or awareness of the inside information, to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by publication through the Securitisation Repository;
- (e) pursuant to article 22 of the EU Securitisation Regulation, the Reporting Entity will make available, by means of publication through the Securitisation Repository, the STS Notification, the final Prospectus and the other final Transaction Documents to the investors in the Notes or potential investors in the Notes or the competent authorities, pursuant to the EU Securitisation Regulation, in a timely manner (to the extent not already in its possession) by no later than 15 (fifteen) days after the Issue Date.

In addition, under the Intercreditor Agreement, the Originator has undertaken to make available to investors in the Notes on an ongoing basis and to potential investors in the Notes upon request, through Securitisation Repository, a liability cash flow model (to be updated from time to time by or on behalf of the Originator in case of material changes in the actual or expected cash flows) which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS

Criteria.

Under the Intercreditor Agreement, the Issuer, in its capacity as Reporting Entity, has undertaken to the Originator and to the Representative of the Noteholders:

- (a) to ensure that Noteholders and prospective investors (if any) have readily available access to any information which is required to be disclosed to Noteholders and to prospective investors (if any) pursuant to the EU Securitisation Regulation, the UK Securitisation Regulation and the applicable Regulatory Technical Standards;
- (b) to ensure that the competent supervisory authorities pursuant to article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation have readily available access to any information which is required to be disclosed pursuant to the EU Securitisation Regulation and the UK Securitisation Regulation.

Under the Intercreditor Agreement, each of the parties thereto has undertaken to notify the Reporting Entity without undue delay any information required under point (f) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as the case may be) or the occurrence of any event set out under point (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (as the case may be) in order to allow the Reporting Entity (by way of delegation to the Calculation Agent) to prepare the Inside Information and Significant Event Report.

In addition, in order to ensure that the disclosure requirements set out under article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation and article 22 of the EU Securitisation Regulation are fulfilled by the Issuer or the Originator, as the case may be, each party thereto (other than the Issuer and the Originator) has undertaken to provide the Reporting Entity and/or the Originator, as the case may be, with any further information which from time to time is required under the EU Securitisation Regulation and the UK Securitisation Regulation that is not covered under the Intercreditor Agreement.

Furthermore, under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that the Originator is designated as first contact point for investors and competent authorities pursuant to the third sub-paragraph of article 27(1) of the EU Securitisation Regulation.

### ***Governing Law***

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

## **7. THE HEDGING AGREEMENT**

Pursuant to the Hedging Agreement, the Issuer will hedge the interest rate risks arising under the Senior Notes.

The notional amount of the transaction under the Hedging Agreement is equal to the lower of: (a) the Principal Amount Outstanding of the Senior Notes, and (b) the Outstanding Principal of the Collateral Portfolio, excluding any Defaulted Receivables, in each case, as at the immediately

preceding Payment Date (after making payments on such Payment Date in accordance with the applicable Order of Priority), provided that the notional amount for the initial Calculation Period (as defined in the Hedging Agreement) of the transaction under the Hedging Agreement is equal to EUR 470,000,000.

Pursuant to the Hedging Agreement, on each Payment Date (as defined in the Hedging Agreement) the following amounts will be calculated (a) Issuer an amount (in Euro) produced by applying a floating rate of interest of 1-Month Euribor to the notional amount for such Swap Calculation Period and multiplying the resulting amount by the Floating Amount Payer Day Count Fraction (as defined in the Hedging Agreement) (the "**Hedge Counterparty Swap Amount**"), and (b) an amount (in Euro) produced by applying the Fixed Rate (as defined in the Hedging Agreement) to the notional amount of the transaction under the Hedging Agreement for the relevant Swap Calculation Period and multiplying the resulting amount by the Fixed Rate Payer Day Count Fraction (as defined in the Hedging Agreement) (the "**Issuer Swap Amount**"). On each Payment Date (as defined in the Hedging Agreement), payment netting will apply under the Hedging Agreement so that: (i) if the relevant Hedge Counterparty Swap Amount is greater than the relevant Issuer Swap Amount, the Hedging Counterparty will pay to the Issuer an amount equal to the positive difference between such Hedge Counterparty Swap Amount and Issuer Swap Amount; (ii) conversely, if the relevant Hedge Counterparty Swap Amount is less than the relevant Issuer Swap Amount, the Issuer will pay to the Hedging Counterparty an amount equal to the positive difference between such Issuer Swap Amount and Hedge Counterparty Swap Amount.

The Hedging Agreement contains provisions requiring certain remedial actions to be taken in the event that the Hedging Counterparty is made subject to a rating withdrawal or downgrade beyond certain ratings trigger levels; such provisions include a requirement that the Hedging Counterparty must post collateral, or transfer the Hedging Agreement to another entity meeting the applicable rating requirements, or procure that a guarantor meeting the applicable rating requirements guarantees the Hedging Counterparty's obligations under the Hedging Agreement.

The Hedging Agreement may terminate by its terms upon the occurrence of a number of events which include (without limitation) the following: (i) certain events of bankruptcy, insolvency, receivership or reorganisation of the Hedging Counterparty; (ii) failure on the part of the Issuer or the Hedging Counterparty to make any payment under the Hedging Agreement after taking into account the applicable grace period; (iii) a Trigger Notice being served on the Issuer; (iv) the Senior Notes being early redeemed pursuant to Condition 8.3 (*Optional redemption*) or 8.4 (*Optional redemption for taxation reasons*) or the Senior Notes have otherwise been repaid in full; (v) failure by the Hedging Counterparty, in the event that it is subject to a rating withdrawal or downgrade by the Rating Agencies below the applicable rating requirements, to take, within a set period of time, certain actions intended to mitigate the effects of such withdrawal or downgrade; (iv) an amendment, waiver, supplement, consent and/or modification to any Transaction Document which would, in the reasonable opinion of the Hedging Counterparty, have the effect of altering any of the following, is made without the Hedging Counterparty giving its prior written

consent (a) the amount, timing or priority of any payments or deliveries due to be made by or to the Hedging Counterparty under any Transaction Document; and/or (b) the Issuer's ability to make such payments or deliveries to the Hedging Counterparty under the Hedging Agreement; and/or (c) the Hedging Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by the Issuer in favour of the Representative of the Noteholders in connection with the Hedging Agreement; and/or (d) the Hedging Counterparty's status as a secured party (howsoever described) in respect of the obligations under the Hedging Agreement which constitute Secured Obligations; and/or (e) Condition 8 (*Redemption, Purchase and Cancellation*) or any additional redemption rights in respect of the Notes; and/or (f) the Pre-Enforcement Order of Priority or the Post-Enforcement Order of Priority, in each case such that the Issuer's obligations to the Hedging Counterparty under the Hedging Agreement are further contractually subordinated to the Issuer's obligations to any other beneficiary or the interests of the Hedging Counterparty are otherwise materially prejudiced; (vi) the Originator has repurchased individual Receivables (other than Defaulted Receivables) for an amount exceeding the 2% of the aggregate Outstanding Principal of all the Receivables as at the Effective Date, in accordance with the Receivables Purchase Agreement; and (vii) any other event as specified in the Hedging Agreement.

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

The Hedging Agreement, and any non-contractual obligation arising out of or in connection therewith, are governed by, and shall be construed in accordance with, English law. The Courts of England have exclusive jurisdiction to hear any disputes that arise in connection therewith.

### **8. DEED OF CHARGE**

Pursuant to the deed of charge (the "**Deed of Charge**") to be entered into by the Issuer and the Representative of the Noteholders on or about the Issue Date, the Issuer will agree to (1) assign (or, to the extent not assignable, charge) absolutely with full title guarantee by way of first fixed security to the Representative of the Noteholders all of its right, title, benefit and interest present and future, actual and contingent in, to and under (1) (without prejudice to, and after giving effect to, any contractual netting or set-off provision contained therein) the Hedging Agreement, and all payments due thereunder; and (2) the Senior Notes Subscription Agreement, and all payments due thereunder.

The Deed of Charge and any non-contractual obligations arising out of or connected with it will be governed by and construed in accordance with, English law. The Courts of England have exclusive jurisdiction to hear any disputes that arise in connection therewith.

### **9. THE MANDATE AGREEMENT**

On or about the Issue Date, the Issuer and the Representative of the Noteholders entered into the Mandate Agreement under which, subject to a Trigger Notice being served upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents and subject to the fulfilment of certain conditions, the Representative of the Noteholders, acting in such capacity,

shall be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain of the Transaction Documents to which the Issuer is a party.

The Mandate Agreement and any non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian law.

#### **10. THE QUOTAHOLDER'S AGREEMENT**

On or about the Issue Date, the Issuer and the Quotaholder entered into the Quotaholder's Agreement pursuant to which the Quotaholder has agreed, *inter alia*, not to pledge, charge or dispose of the quota capital of the Issuer without the prior written consent of the Representative of the Noteholders.

The Quotaholder's Agreement and any non-contractual obligations arising out of or in connection with it is governed by, and will be construed in accordance with, Italian law.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes. In these Conditions, references to the “holder” of a Note and to the “Noteholders” are to the ultimate owners of the Notes, dematerialised and evidenced by book entries with Euronext Securities Milan in accordance with the provisions of (i) article 83-bis of the Consolidation Financial Act, and (ii) the Joint Regulation. The Noteholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of the Noteholders, attached as an exhibit to, and forming part of, these Conditions.*

The Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035 (the “**Class A Notes**” or the “**Senior Notes**”) and the Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035 (the “**Class J Notes**” or the “**Junior Notes**” and, together with the Senior Notes, the “**Notes**”) are issued by Koromo Italy S.r.l. (the “**Issuer**”) on the Issue Date pursuant to articles 1 and 5 of Italian Law No. 130 of 30 April 1999 (*Disposizioni sulla cartolarizzazione dei crediti*), as amended and supplemented from time to time (the “**Securitisation Law**”), to finance the purchase by the Issuer of a portfolio (the “**Portfolio**”) of monetary claims and connected rights arising under loan agreements originated by TFSI, pursuant to a receivables purchase agreement entered into on 20 February 2023 (the “**Receivables Purchase Agreement**”).

The principal source of payment of interest and principal on the Senior Notes and interest, principal and Variable Return (if any) on the Junior Notes will be the Collections and other amounts received in respect of the Portfolio and the other Transaction Documents from the Effective Date. By operation of Italian Law and the Transaction Documents, the Issuer’s Rights, title and interest in and to the Portfolio and the other Segregated Assets are segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and any cash-flow deriving therefrom (to the extent identifiable and for so long as such cash flows are credited to one of the Accounts under the Securitisation and not commingled with other sums) will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to pay any cost, fee and expense payable to the Other Issuer Creditors and to any third party creditor of the Issuer in respect of any cost, fee and expense payable by the Issuer to such third party creditor in relation to the Securitisation. Amounts derived from the Portfolio will not be available to any such creditors of the Issuer in respect of any other amounts owed to it or to any other creditor of the Issuer. The Noteholders and the Other Issuer Creditors will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the applicable priority of payments of the Issuer Available Funds set forth in Condition 6 (*Order of Priority*) and the Intercreditor Agreement (the “**Order of Priority**”).

Any reference below to a “**Class**” of Notes or a “**Class**” of Noteholders shall be a reference to the Senior Notes or the Junior Notes, as the case may be, or to the respective ultimate owners thereof. Any reference below to the “**Class A Noteholders**” or “**Senior Noteholders**” are to the beneficial owners of the Senior Notes and references to the “**Junior Noteholders**” are to the beneficial owners of the Junior Notes and references to the “**Noteholders**” are to the beneficial owners of the Senior Notes and Junior Notes.

### 1. INTRODUCTION

#### 1.1. *Noteholders deemed to have notice of Transaction Documents*

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents (described below).

#### 1.2 *Provisions of Conditions subject to Transaction Documents*

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

### 1.3 *Copies of Transaction Documents available for inspection*

Copies of the Transaction Documents are available for inspection by the Noteholders:

- (a) during normal business hours at the registered office of: (i) the Issuer, being, as at the Issue Date, Corso Vittorio Emanuele II, 24-28 - 20122 Milan, Italy, (ii) the Representative of the Noteholders, being, as at the Issue Date, Corso Vittorio Emanuele II, 24-28 - 20122 Milan, Italy, and (iii) the Paying Agent, being, as at the Issue Date, Piazza Lina Bo Bardi, 3, 20124 Milan, Italy; and
- (b) through the Securitisation Repository.

### 1.4 *Description of Transaction Documents*

- 1.4.1 Pursuant to the Receivables Purchase Agreement, the Originator has assigned and transferred to the Issuer, without recourse (*pro soluto*), the Portfolio.
- 1.4.2 Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to (i) indemnify the Issuer in respect of certain costs, liabilities and expenses of the Issuer incurred in connection with the purchase and ownership of the Portfolio or (ii) repurchase the Receivables in respect of which any representation and warranties has been breached, subject to the terms and conditions set forth in the Warranty and Indemnity Agreement.
- 1.4.3 Pursuant to the Servicing Agreement, *inter alia*, Zenith has agreed to provide the Issuer with administration, collection and recovery services in respect of the Receivables and to carry out supervising activities with respect to the transaction in order to ensure compliance with the Prospectus and the laws, pursuant to article 2, paragraph 3, lett. (c) and paragraph 6-*bis* of Securitisation Law. In the context of the Servicing Agreement, the Servicer with the consent and upon instruction of the Issuer, has appointed TFSI to act as Sub-Servicer and perform the relevant sub-servicing activities, as described in the Servicing Agreement.
- 1.4.4 Pursuant to the Corporate Services Agreement, the Corporate Services Provider has agreed to provide certain corporate and administrative services to the Issuer in relation to the Securitisation.
- 1.4.5 Pursuant to the Intercreditor Agreement, provision is made as to, *inter alia*, the order of application of the Issuer Available Funds and the circumstances under which the Representative of the Noteholders will be entitled to exercise certain of the Issuer's Rights in respect of the Portfolio and the Transaction Documents.
- 1.4.6 Pursuant to the Cash Allocation, Management and Payments Agreement, the Account Bank, the Calculation Agent, the Corporate Services Provider, the Cash Manager and the Paying Agent have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling and payment services in relation to moneys from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payments Agreement also contains certain provisions

relating to, *inter alia*, the calculation (by the Calculation Agent) and the payment (by the Paying Agent) of any amounts in respect of the Notes of each Class.

- 1.4.7 Pursuant to the Mandate Agreement, the Representative of the Noteholders will be authorised, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event or upon failure by the Issuer to exercise its rights under the Transaction Documents and fulfilment of certain other conditions, to exercise, in the name and on behalf of the Issuer, all the Issuer's non-monetary rights arising out of certain Transaction Documents to which the Issuer is a party.
- 1.4.8 Pursuant to the Quotaholder's Agreement, certain rules have been set forth in relation to the corporate management of the Issuer.
- 1.4.9 Pursuant to the Hedging Agreement entered into with the Hedging Counterparty, the Issuer will hedge the interest rate risks arising under the Senior Notes.
- 1.4.10 Pursuant to the Deed of Charge entered into on or about the Issue Date, the Issuer has assigned absolutely with full title guarantee to the Representative of the Noteholders (acting as security trustee) on behalf of the Noteholders and the Other Issuer Creditors, all of its present and future rights, title, interest and benefit in, to and under the Hedging Agreement (subject to the netting and set-off provisions therein, if any) and all payments due to it thereunder.
- 1.4.11 Pursuant to the Senior Notes Subscription Agreement, the Lead Manager (in its capacity as subscriber of the Senior Notes), has agreed to subscribe for the Senior Notes and appointed the Representative of the Noteholders to perform the activities described in the Senior Notes Subscription Agreement, these Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is a party.
- 1.4.12 Pursuant to the Junior Notes Subscription Agreement, the Underwriter (in its capacity as subscriber of the Junior Notes) has agreed to subscribe for the Junior Notes and appointed the Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, these Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is a party.

## 1.5 *Acknowledgement*

Each Noteholder, by reason of holding the Notes acknowledges and agrees that the Lead Manager (in its capacity as subscriber of the Senior Notes) and the Underwriter (in its capacity as subscriber of the Junior Notes), shall not be liable in respect of any loss, liability, claim, expenses or damages suffered or incurred by any of the Noteholders as a result of the performance by Zenith Service S.p.A. or any successor thereof of its duties as Representative of the Noteholders as provided for in the Transaction Documents.

## 2. **DEFINITIONS AND INTERPRETATION**

### 2.1. *Definitions*

In these Conditions, the following expressions shall, except where the context otherwise requires and save where otherwise defined, have the following meanings:



**"3 Month Rolling Average Delinquency Ratio"** means the ratio, calculated on each Monthly Servicer's Report Date, between:

- (i) the sum of the Delinquency Ratio on such Monthly Servicer's Report Date and the Delinquency Ratio of the 2 (two) preceding months; and
- (ii) three (3).

**"Accounts"** means collectively the Collection Account, the Investment Account, the Payments Account, the Cash Reserve Account, the Expenses Account, the Securities Collateral Account, the Securities Account and the Cash Collateral Account, and **"Account"** means any of them.

**"Account Bank"** means BNP Paribas, Italian Branch or any other person for the time being acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

**"Account Bank Report"** means the report (in the form of *estratto conto*) relating to each Account to be prepared and delivered by the Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

**"Account Bank Report Date"** means the tenth Business Day before each Payment Date, provided that the first Account Bank Report Date will fall on 12 April 2023.

**"Agent"** means the Cash Manager, the Account Bank, the Paying Agent and the Calculation Agent collectively and **"Agent"** means any of them.

**"Arranger"** means Citigroup Global Markets Limited.

**"Back-Up Servicer Facilitator"** means Zenith or any other person for the time being acting as Back-up Servicer Facilitator pursuant to the Intercreditor Agreement.

**"Balloon Instalment"** means, with respect to each Loan Agreement, the payment due by the relevant Borrower at the end of the amortisation plan of the relevant Loan pursuant to the relevant Loan Agreement, of an amount higher than the other Instalments.

**"Bankruptcy Law"** means Italian Royal Decree number 267 of 16 March 1942.

**"Benchmarks Regulation"** means the Regulation (EU) No. 2016/1011, as the same may be amended, modified or supplemented from time to time.

**"BNP Paribas"** means BNP Paribas, a company incorporated under the laws of France licensed to conduct banking operations, having its registered office at Boulevard des Italiens n. 16, Paris, France, registered with the Chamber of Commerce of Paris under number B662 042 449, with a fully paid-up share capital of Euro 2,468,663,292.

**"BNP Paribas, Italian Branch"** means BNP Paribas, a company incorporated under the laws of France licensed to conduct banking operations, having its registered office at Boulevard des Italiens n. 16, Paris, France, registered with the Chamber of Commerce of Paris under number B662 042 449, with a fully paid-up share capital of Euro 2,468,663,292, which acts for the purposes hereof through its Italian branch, whose offices are located in Piazza Lina Bo Bardi n. 3, Milan, enrolled in the register of the banks held by the Bank of Italy under no. 5482, Fiscal code and VAT code no. 04449690157, REA n. 731270.

**"Borrower"** means any natural person to which a Loan from which a Receivable arise has been granted.

**"Borsa Italiana"** means Borsa Italiana S.p.A.

**"Business Day"** means any day (other than Saturday or Sunday) on which banks are generally open for business in Milan, Rome and London and on which the Trans-European Automated Real Time Gross Transfer System (TARGET2) (or any successor thereto) is open.

**"Calculation Agent"** means Zenith or any other person for the time being acting as Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**"Calculation Date"** means the 4<sup>th</sup> Business Day before each Payment Date, provided that the first Calculation Date will fall on 19 April 2023.

**"Cash Allocation, Management and Payments Agreement"** means the cash allocation, management and payments agreement entered into on or about the Issue Date between, *inter alios*, the Issuer, the Account Bank, the Calculation Agent, the Corporate Services Provider, the Representative of the Noteholders, the Servicer, the Sub-Servicer, the Cash Manager and the Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

**"Cash Collateral Account"** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 98 C 03479 01600 000802578005), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**"Cash Manager"** means BNP Paribas, Italian Branch or any other person for the time being acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

**"Cash Reserve"** means the reserve fund established by the Issuer on the Issue Date through the proceeds arising from the issuance of the Junior Notes.

**"Cash Reserve Account"** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 47 A 03479 01600 000802578003), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**"Cash Reserve Amount"** means all funds standing to the credit of the Cash Reserve Account.

**"Cash Reserve Required Amount"** means, with reference to each Payment Date, an amount equal to the higher of (a) Euro 250,000 and (b) an amount equal to 1.25 per cent. of the Principal Amount Outstanding of the Senior Notes on the Calculation Date immediately preceding such Payment Date, provided that the Cash Reserve Required Amount will be equal to 0 (zero) on the earlier of (a) the Calculation Date on which the Calculation Agent issues a Payments Report stating that on the immediately following Payment Date the Issuer Available Funds are sufficient to repay in full on such Payment Date the Senior Notes, (b) the Final Maturity Date, and (c) the date on which the Representative of the Noteholders has delivered a Trigger Notice to the Issuer.

**"Class A Noteholders"** or **"Senior Noteholders"** means the persons who are, from time to time, the holders of the Class A Notes.

**“Class A Notes”** or **“Senior Notes”** means the Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035.

**“Class J Noteholders”** or **“Junior Noteholders”** means the persons who are, from time to time, the holders of the Class J Notes.

**“Class J Notes”** or **“Junior Notes”** means the Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035.

**“Clean Up Option Date”** means the Payment Date on which the aggregate Principal Amount Outstanding of the Senior Notes is equal to or lower than 10 per cent. of the principal amount of the Senior Notes upon issue.

**“Clearstream”** means Clearstream Banking, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

**“Collateral Accounts”** means, collectively, the Cash Collateral Account and the Securities Collateral Account.

**“Collateral Portfolio”** means, at any given date, all the Receivables purchased by the Issuer pursuant to the Receivables Purchase Agreement which are not Defaulted Receivables as at such date.

**“Collateral Security”** means any security granted to the Originator to guarantee the satisfaction of the Receivables under, or in connection with, the relevant Loan Agreement.

**“Collection Account”** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 26 X 03479 01600 000802578000).

**“Collection Date”** means the last calendar day of each calendar month.

**“Collection Period”** means each monthly period commencing on (and excluding) a Collection Date and ending on (and including) the next succeeding Collection Date and, in the case of the first Collection Period, commencing on (and including) the Effective Date and ending on (and including) the Collection Date falling on 31 March 2023.

**“Collections”** means all amounts received by the Sub-Servicer or any other person in respect of any amount due under the Portfolio transferred to the Issuer and any other amounts whatsoever received by the Sub-Servicer or any other person in respect of the Portfolio (including for principal and interest), as of the relevant Collection Date, including the Recoveries.

**“Cumulative Gross Default Ratio”** means, the ratio, calculated by the Servicer on each Monthly Servicer’s Report Date, between:

- (a) the aggregate of the Outstanding Principal of the Receivables which have become Defaulted Receivables as at the relevant Default Date during the period between the Effective Date and the Collection Date immediately preceding such Monthly Servicer’s Report Date; and
- (b) the aggregate of the Outstanding Principal, as at the Effective Date, of the Receivables.

**“Cumulative Gross Default Ratio Threshold”** means, with respect to the Cumulative Gross Default Ratio:

- (a) starting from the Effective Date (included) and until the Calculation Date falling in June 2023

(excluded), a rate equal to 0.46%;

- (b) starting from the Calculation Date falling in June 2023 (included) to the Calculation Date falling in September 2023 (excluded), a rate equal to 1%;
- (c) starting from the Calculation Date falling in September 2023 (included) to the Calculation Date falling in December 2023 (excluded), a rate equal to 1.5%;
- (d) starting from the Calculation Date falling in December 2023 (included), a rate equal to 2%;

as calculated by the Servicer in respect of the relevant Collection Period and indicated in the relevant Monthly Servicer's Report.

**"Conditions"** means the terms and conditions at any time applicable to the Notes, as from time to time modified in accordance with the provisions thereof, and any reference to a numbered Condition is to the corresponding numbered provision thereof.

**"CONSOB"** means the *Commissione Nazionale per le Società e la Borsa*.

**"Consolidated Banking Act"** means Italian Legislative Decree number 385 of 1 September 1993, as amended and supplemented from time to time.

**"Consolidated Financial Act"** means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

**"Corporate Services Agreement"** means the corporate services agreement entered into on 20 February 2023 between the Issuer and the Corporate Services Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

**"Corporate Services Provider"** means Zenith or any other person for the time being acting as pursuant to the Corporate Services Agreement and its permitted successors and assignees from time to time.

**"Credit and Collection Policies"** means the credit, recovery and collection procedures of the Receivables set forth under schedule 3 of the Servicing Agreement.

**"Dealer"** means, in relation to each Loan, the authorised dealer which has sold the relevant Vehicle.

**"Debtor"** means any natural person or any other subject who is an obligor or co-obligor for the payment or repayment of amounts due in respect of a Receivable.

**"Decree 239"** means Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time, and any related regulations.

**"Decree 239 Deduction"** means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree number 239.

**"Default Date"** means the date on which each relevant Receivable becomes a Defaulted Receivable.

**"Defaulted Receivable"** means a Receivable deriving from a Loan Agreement (a) which at any time has been classified by the Sub-Servicer as "*in sofferenza*" pursuant to the Bank of Italy's supervisory regulations and/or (b) has Instalments unpaid for 150 or more calendar days from the date on which such Instalments were due.

**“Delinquency Ratio”** means the ratio, calculated by the Servicer on each Monthly Servicer’s Report Date with reference to the immediately preceding Collection Date, between:

- (a) the Outstanding Principal of all the Delinquent Receivables outstanding as at such Collection Date; and
- (b) the Outstanding Principal of the Collateral Portfolio as at such Collection Date.

**“Delinquent Receivables”** means a Receivable deriving from a Loan Agreement which (a) has Instalments unpaid for 30 or more calendar days, and (b) are not Defaulted Receivables.

**“Disposals”** means any sale to a third party of one or more Defaulted Receivables pursuant to the Servicing Agreement.

**“EBA”** means the European Banking Authority.

**“EBA Guidelines on STS Criteria”** means the guidelines on the criteria of simplicity, transparency and standardisation adopted by EBA on 12 December 2018 pursuant to the Securitisation Regulation and named *“Guidelines on the STS criteria for non-ABCP securitisation”*.

**“ECB Guidelines”** means the Guideline (EU) 2015/510 of the European Central Bank (ECB) of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) as subsequently amended and supplemented.

**“Effective Date”** means 19 February 2023.

**“Eligibility Criteria”** means the eligibility criteria of the Receivables included in the Portfolio listed in schedule A of the Receivables Purchase Agreement.

**“Eligible Institution”** means (a) any depository institution organized under the laws of any state which is a member of the European Union or the United Kingdom or the United States of America or (b) any depository institution organized under the laws of any state which is a member of the European Union or the United Kingdom or of the United States of America whose obligations under the Transaction Documents to which it is a party are guaranteed (on the basis of an unconditional, irrevocable, independent first demand guarantee), in compliance with Moody’s and Fitch criteria, by a depository institution organized under the laws of any state which is a member of the European Union or the United Kingdom or the United States of America, having the following ratings (or such other rating being compliant with Moody’s and Fitch published criteria applicable from time to time):

- (a) with respect to Moody’s:

a public rating at least equal to “Baa2” in respect of long-term unsecured and unsubordinated debt obligations (or, if no such long-term rating is available, a public rating at least equal to “P-2” in respect of short-term unsecured and unsubordinated debt obligations), or such other rating as may from time to time comply with Moody’s criteria;

- (b) with respect to Fitch:

a deposit rating or, when a deposit rating is not available, an issuer default rating at least equal to “A-” or “F1”.

**“Eligible Investments”** means euro-denominated senior (unsubordinated) debt securities in dematerialized form, bank account or euro-denominated senior debt deposit (including, for the avoidance of doubt, time deposits) or other debt instruments, provided that, in all cases (i) such investments are immediately repayable on demand, disposable without penalty or have a maturity date falling not later than one Business Day preceding the Calculation Date preceding the Payment Date immediately following the end of the Collection Period in respect of which such Eligible Investments were made; (ii) such investments provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount) or in case of repayment or disposal, the principal amount upon repayment or disposal is at least equal to the principal amount invested; (iv) in the case of bank account or deposit, such bank account or deposit are held in the name of the Issuer with an Eligible Institution in the Republic of Italy or (subject to the Issuer having created thereon a valid, binding and enforceable security and obtained a legal opinion in this respect in accordance with applicable law and jurisdiction) with an Eligible Institution in any other EU Member State (and in any case are not held through a sub-custodian) and (v) the debt securities or other debt instruments are issued by, or guaranteed by a first demand, irrevocable and unconditional guarantee, on an unsubordinated basis by, or in case of bank accounts or euro-denominated senior debt deposits are deposited with, an institution whose unsecured and unsubordinated debt obligations have at least:

- (i) with respect to Moody’s, a long-term public rating at least equal to “Baa2” and in case of euro-denominated money funds a rating of “Aaa-mf”, or such other rating as may from time to time comply with Moody’s criteria;
- (ii) (a) with respect to Fitch, in case of deposits or securities with a maturity up to 30 days, a deposit rating or, when a deposit rating is not available, an Issuer default rating at least equal to “A-” or “F1”; and (b) with respect to Fitch or other credit rating agency that address preservation of capital and timely liquidity, in case of money market funds, a rating of “AAAmf”,

*provided that*, in no case such investment shall be made, in whole or in part, actually or potentially, in (I) tranches of other asset-backed securities; or (II) credit-linked notes, swaps or other derivative instruments, or synthetic securities; and further provided that in case of downgrade below the rating allowed by Fitch and Moody’s as the case may be, the Issuer shall (X) in case of Eligible Investments being securities or time deposit, sell the securities or terminate the time deposit, if it could be achieved without a loss, otherwise the relevant security or time deposit shall be allowed to mature, and (Y) in case of Eligible Investments being deposits, transfer within 30 calendar days the deposits to another account opened with an Eligible Institution at no costs for the Issuer.

**“English Law Transaction Documents”** means the Hedging Agreement, the Deed of Charge and the Senior Notes Subscription Agreement.

**“ESMA”** means the European Securities and Markets Authority.

**“EU CRA Regulation”** means Regulation (EC) no. 1060/2009 on credit rating agencies, as amended and/or supplemented from time to time.

**“EU Securitisation Regulation”** means Regulation (EU) No. 2402 of 12 December 2017, as amended varied or substituted from time to time.

“**Euribor**” means the month Euro–Zone Inter–bank offered rate administered by EMMI – European Money Markets Institute (or any other entity which takes over the administration of that rate) which appears on the display page designated Euribor 01 on Thomson Reuters, or such other page which may replace it in the future or any replacement Thomson Reuters page which displays that rate (except in respect of the Initial Interest Period, where a linear interpolated interest rate based on interest rates for 1 (one) month and 3 (three) months Euro–Zone Inter–bank offered rate administered by the European Money Markets Institute which appears on the display page designated Euribor 01 on Thomson Reuters will be applied) on the Interest Determination Date (the “**Screen Rate**” and the relevant page which displays the Screen Rate, the “**Screen Page**”).

For a description of the Euribor or other information about such benchmark, please refer to the website of EMMI (or the other entity that will be appointed as a substitute for the purposes of the Euribor record).

“**Euro**”, “**euro**” and “**€**” refer to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in article 2 of Council Regulation (EC) number 974 of 3 May 1998 on the introduction of the euro, as amended.

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System, with offices at 1 boulevard du Roi Albert II, B–1210 Brussels.

“**Euronext Securities Milan**” means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza degli Affari, 6, 20123 Milan (MI), Italy.

“**Euronext Securities Milan Account Holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (*as intermediari aderenti*) in accordance with article 83–*quater* of the Consolidated Financial Act and includes any depositary banks approved by Clearstream and Euroclear.

“**Excess Hedging Collateral**” means an amount equal to the value of the Hedging Collateral (or the applicable part thereof) which is in excess of the Hedging Counterparty’s liability (prior to any netting in respect of the Hedging Collateral) under the Hedging Agreement as at the date of termination of the Hedging Agreement or which it is otherwise entitled to have returned to it under the terms of the Hedging Agreement.

“**Expenses Account**” means the Euro denominated account established in the name of the Issuer with ISP (IBAN: IT 24 B 03479 01600 000802578004), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

“**ExtraMOT**” means the multilateral trading facility managed by Borsa Italiana.

“**ExtraMOT PRO**” means the professional segment of ExtraMOT.

“**Extraordinary Resolution**” has the meaning ascribed to it in the Rules of Organisation of the Noteholders.

“**FCA**” means the Financial Conduct Authority.

“**Final Maturity Date**” means the Payment Date falling in February 2035.

“**First Payment Date**” means 26 April 2023.

**"Fitch"** means (i) in order to identify the entity who has assigned the rating to the Senior Notes, Fitch Ratings Ireland Limited (*Sede Secondaria Italiana*) and, in each case, any of its successors in this rating activity, and (ii) in any other case, any entity that is part of the Fitch Ratings group, which is either registered or not in accordance with the EU CRA Regulation or the UK CRA Regulation, as evidenced in the latest update of the list published by ESMA or FCA, as the case may be, or any other applicable regulation.

**"FSMA"** means the Financial Services and Markets Act 2000.

**"Further Securitisation"** means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance with these Conditions.

**"Hedging Agreement"** means the swap agreement entered into on or about the Issue Date between the Issuer and the Hedging Counterparty in the form of an International Swaps and Derivatives Association 1992 Master Agreement (Multicurrency – Cross Border), together with the Schedule thereto, Credit Support Annex and confirmations thereunder, as from time to time modified in accordance with the provisions thereof and including any agreement or other document expressed to be supplemental thereto.

**"Hedging Collateral"** means an amount equal to the value of the collateral (or the applicable part of any collateral) provided by the Hedging Counterparty to the Issuer in respect of the Hedging Counterparty's obligations to transfer collateral to the Issuer under the Hedging Agreement, which, for the avoidance of doubt, shall include any amount of interest credited to the Collateral Accounts.

**"Hedging Counterparty"** means BNP Paribas or any other eligible entity acting as hedging counterparty from time to time under the Securitisation.

**"Hedging Counterparty Entrenched Rights"** means any amendments, waivers, supplements, consents and/or modifications to the Transaction Documents which would, in the reasonable opinion of the Hedging Counterparty, have the effect of altering any of the following:

- (a) the amount, timing or priority of any payments or deliveries due to be made by or to the Hedging Counterparty under any Transaction Document; and/or;
- (b) the Issuer's ability to make payments or deliveries to the Hedging Counterparty under the Hedging Agreement; and/or
- (c) the Hedging Counterparty's rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by Issuer in favour of the Representative of the Noteholders on behalf of the Other Issuer Creditors; and/or
- (d) the Hedging Counterparty's status as a secured party (howsoever described) in respect of the obligations under Hedging Agreement which constitute Secured Obligations; and/or
- (e) Condition 8 (*Redemption, Purchase and Cancellation*) or any additional redemption rights in respect of the Notes; and / or
- (f) the Pre-Enforcement Order of Priority or the Post-Enforcement Order of Priority, in each case such that Issuer's obligations to the Hedging Counterparty under the Hedging Agreement are further contractually subordinated to Issuer's obligations to any other beneficiary or the interests of the Hedging Counterparty are otherwise materially prejudiced,



*it being understood that any amendment to Condition 5.7 (No variation or waiver), article 30.10 (Hedging Counterparty Entrenched Rights), article 33.1 (Modification) of the Rules, clause 10.2 (Hedging Counterparty Entrenched Rights) of the Intercreditor Agreement or to this definition shall be considered a Hedging Counterparty Entrenched Right.*

**“Hedging Tax Credit”** means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Hedging Counterparty to the Issuer under the terms of the Hedging Agreement.

**“Initial Cash Reserve Amount”** means Euro 5,875,000.

**“Inside Information and Significant Event Report”** means the report named as such to be prepared and delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“Insolvency Code”** means Legislative Decree No. 14 of 12 January 2019 published on the Official Gazette of the Republic of Italy on 14 February 2019, as amended and supplemented from time to time.

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

- (a) such company or corporation has become subject to any applicable judicial liquidation (*liquidazione giudiziale*), composition with creditors in the judicial liquidation (*concordato nella liquidazione giudiziale*), bankruptcy (*fallimento*) (as far as applicable pursuant to the Bankruptcy Law), voluntary liquidation, extraordinary administration (*amministrazione straordinaria*), extraordinary administration of the insolvent companies (*Amministrazione straordinaria delle grandi imprese in stato di insolvenza*), compulsory winding up (*liquidazione coatta amministrativa*) insolvency proceedings (*procedure concorsuali*) (including the insolvency proceedings and the further tools providing for the composition of the crisis and insolvency under the Bankruptcy Law, as far as applicable), reorganisation, tools for the composition of business crisis/insolvency provided under the Insolvency Code and Bankruptcy Law (as far as applicable), including, *inter alia*, the debt restructuring agreements (also simplified debt restructuring agreements and those with “extended effects” as well as the standstill agreements (*convenzioni di moratoria*), the certified restructuring plan as well as the related agreement, the restructuring plan subject to homologation, the filing of any petition under articles 40 and followings of the Insolvency Code (including the simplified petitions under article 44 of the Insolvency Code), the appointment of an independent expert pursuant to the Insolvency Code, the negotiated crisis composition procedure (*composizione negoziata per la crisi di impresa*), the simplified composition with creditors proceeding for the liquidation of assets (*concordato semplificato per la liquidazione del patrimonio*), as well as any other proceedings and/or tools qualified as an “insolvency proceeding” (*procedura concorsuale*), a “restructuring proceeding” (*procedura di risanamento*) or a “liquidation proceeding” (*procedura di liquidazione*) under the relevant legislation, as amended from time to time (in particular Insolvency Code, Italian Banking Act, Legislative Decree no. 170 of 21 May 2004, Regulation EU 2015/848 related to insolvency procedure and Directive 2014/59/EU and the relevant implementing laws, including, without limitation the procedures for the resolution of the over-indebtedness crisis (*procedure per la composizione della crisi da sovraindebitamento*), any of the situations provided for under articles 2446, 2447, 2482-bis or 2482-ter of the Italian Civil Code or any similar situation), as well as any similar

proceedings in any jurisdiction or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a *pignoramento* or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment of 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 (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss given by it in respect of any indebtedness or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian Civil Code occurs with respect to such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (e) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

**“Insolvency Proceedings”** means judicial liquidation (*liquidazione giudiziale*), composition with creditors in the judicial liquidation (*concordato nella liquidazione giudiziale*), dissolution, bankruptcy (*fallimento*) (as far as applicable pursuant to the Bankruptcy Law), extraordinary administration (*amministrazione straordinaria*), extraordinary administration of the insolvent companies (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), compulsory, compulsory winding up (*liquidazione coatta amministrativa*), insolvency proceedings (*procedure concorsuali*) (including the insolvency proceedings and the further tools providing for the composition of the crisis and insolvency under the Bankruptcy Law and the Law Decree no. 118 of 24 August 2021, as far as applicable), the tools for the composition of business crisis/insolvency provided under the Insolvency Code, including, *inter alia*, the debt restructuring agreements (also simplified debt restructuring agreements and those with “extended effects” as well as the standstill agreements (*convenzioni di moratoria*), the certified restructuring plan as well as the related agreement, the restructuring plan subject to homologation, the composition with creditors proceeding (*concordato preventivo*), the filing of any petition under articles 40 and followings of the Insolvency Code (including the simplified petitions under article 44 of the Insolvency Code), the appointment of an independent expert pursuant to the Insolvency Code, the assignment of assets to creditors (*cessione di beni ai creditori*) pursuant to Article 1977 of Italian Civil Code, the negotiated crisis composition procedure (*composizione negoziata per la crisi di impresa*), the simplified composition with creditors proceeding for the liquidation of assets

(*concordato semplificato per la liquidazione del patrimonio*) as well as any other proceedings and/or tools qualified as an “insolvency proceeding” (*procedura concorsuale*), a “restructuring proceeding” (*procedura di risanamento*) or a “liquidation proceeding” (*procedura di liquidazione*) under the relevant legislation, as amended from time to time (in particular Insolvency Code, Italian Banking Act, Legislative Decree no. 170 of 21 May 2004, Regulation EU 2015/848 related to insolvency procedure and Directive 2014/59/EU and the relevant implementing laws, including, without limitation the procedures for the resolution of the over-indebtedness crisis (*procedure per la composizione della crisi da sovraindebitamento*), any of the situations provided for under articles 2446, 2447, 2482-bis or 2482-ter of the Italian Civil Code or any similar situation), as well as any similar proceedings in any jurisdiction.

“**Insurance Companies**” means the insurance companies that have, from time to time, issued an insurance policy and “**Insurance Company**” means each of them.

“**Instalment**” means, in respect of each Loan Agreement, each monetary amount due periodically by the relevant Borrower pursuant to the relevant Loan Agreement, including a Principal Instalment and an Interest Instalment.

“**Instalment Amount Change Option**” means the option that allows the Borrower to change the amount of the Instalments set forth in the amortisation plan *provided that*, as of the date such option is exercised, there are no Instalments past due and unpaid by the relevant Borrower, *it being understood that* the exercise of this option does not result in a change in the duration of the amortisation plan of the relevant Loan or the amount of the relevant Balloon Instalment.

“**Instalment Reset Option**” means the option that allows the Borrower to reset to zero the amount of the Instalments set forth in the amortisation plan, up to a maximum of three consecutive Instalments, *provided that*, as of the date such option is exercised, there are no Instalments past due and unpaid by the relevant Borrower, *it being understood that* the exercise of this option does not result in a change in the duration of the amortisation plan of the relevant Loan or the amount of the relevant Balloon Instalment.

“**Italian Law Transaction Documents**” means the Receivables Purchase Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the Corporate Services Agreement, the Quotaholder’s Agreement, the Mandate Agreement, the Junior Notes Subscription Agreement, these Conditions and any other document which may be entered into in order to perfect the Securitisation.

“**Intercreditor Agreement**” means the intercreditor agreement entered into on or about the Issue Date between the Issuer, the Quotaholder and the Other Issuer Creditors, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto, as from time to time modified.

“**Interest Determination Date**” means (a) with respect to the First Interest Period, the date falling two Business Days prior to the Issue Date; and (b) with respect to each subsequent Interest Period, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period.

“**Interest Instalment**” means the interest component of each Instalment.

“**Interest Payment Amount**” has the meaning ascribed to that term in Condition 7.6 (*Determination of Interest Rate and calculation of Interest Payment Amounts*).

**“Interest Period”** means each period from (and including) a Payment Date to (but excluding) the next following Payment Date, provided that the **“Initial Interest Period”** shall begin on the Issue Date (included) and end on the First Payment Date (excluded).

**“Interest Rate”** shall have the meaning ascribed to it in Condition 7.5 (*Rate of Interest*).

**“Investment Account”** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 03 Y 03479 01600 000802578001), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement

**“Investor Report”** means the report to be prepared by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“Issue Date”** means 28 February 2023.

**“Issue Price”** means 100% of the aggregate principal amount as at the Issue Date of the Notes.

**“Issuer”** means Koromo Italy S.r.l., a *società a responsabilità limitata* incorporated under the laws of the Republic of Italy in accordance with article 3 of the Securitisation Law, quota capital of Euro 10,000 fully paid-up, having its registered office at Corso Vittorio Emanuele II, 24-28 – 20122 Milan, Italy, fiscal code and enrolment in the companies register of Milan-Monza-Brianza-Lodi No. 12428310960, enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant to article 4 of the regulation issued by the Bank of Italy on 7 June 2017 (*“Disposizioni in materia di obblighi informative e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione”*) under No. 40003.6 and having as its sole corporate object the performance of securitisation transactions in accordance with the Securitisation Law.

**“Issuer Available Funds”** means, in respect of the immediately following Payment Date are constituted by the aggregate of (without duplication):

- (i) all Collections (including, for the avoidance of doubts, the Recoveries) received or collected on or behalf of the Issuer in respect of the Receivables during the immediately preceding Collection Period;
- (ii) all amounts received by the Issuer from the Originator pursuant to the Warranty and Indemnity Agreement during the immediately preceding Collection Period;
- (iii) any interest accrued and paid on the Payments Account, the Investment Account, the Cash Reserve Account and the Collection Account during the immediately preceding Collection Period;
- (iv) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) standing to the credit of the Payments Account as at the relevant Calculation Date;
- (v) any profit generated by, or interest accrued and paid on, or amounts deriving from the disinvestment of the Eligible Investments (net of any withholding or deduction on account of tax) made out of the Investment Account and transferred to the Payments Account pursuant to the Cash Allocation, Management and Payments Agreement;
- (vi) all amounts received by the Issuer under or in relation to the Hedging Agreement in respect of such Payment Date (other than any early termination amount or Replacement Hedging Premium and any Hedging Collateral, Hedging Tax Credits, Excess Hedging

Collateral, or any other amount standing to the credit of the Collateral Accounts);

- (vii) notwithstanding item (vi) above, (i) any early termination amount received from the Hedging Counterparty in excess of the amount required and applied by the Issuer to enter into one or more replacement hedging agreements, and (ii) any Replacement Hedging Premium received from a replacement Hedging Counterparty in excess of the amount required and applied to pay the outgoing Hedging Counterparty;
- (viii) any amounts (other than the amounts already allocated under other items of the Issuer Available Funds) received by the Issuer from any party to the Transaction Documents during the immediately preceding Collection Period (including (a) any proceeds received by the Issuer from the sale of any Receivables made in accordance with the Receivables Purchase Agreement, the Warranty and Indemnity Agreement or the Servicing Agreement and (b) any indemnity which the Issuer may directly recover from third parties);
- (ix) any proceeds deriving from the sale of the Receivables:
  - (a) following the delivery of a Trigger Notice, or
  - (b) upon the exercise by the Issuer of an Optional Redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), or an Optional Redemption for Taxation Reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*),

in accordance with the Transaction Documents.

**“Issuer Disbursement Amount”** means (a) on Issue Date an amount equal to Euro 72,190.96 and (b) on each Payment Date, the difference between (i) Euro 50,000 and (ii) any amount standing to the credit of the Expenses Account on the Calculation Date immediately preceding such Payment Date.

**“Issuer’s Rights”** means all of the Issuer’s rights under the Transaction Documents.

**“Joint Regulation”** means the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published on the Official Gazette number 201 of 30 August 2018, as amended and supplemented from time to time.

**“Junior Notes Principal Payment Amount”** means the lesser of:

- (i) the Principal Amount Outstanding of the Junior Notes on such Calculation Date less the Junior Notes Retained Amount on such Calculation Date; and
- (ii) (a) on each Payment Date on which the Pre-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Eleventh* (included) of the Pre-Enforcement Order of Priority; and  
  
(b) on each Payment Date on which the Post-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Tenth* (included) of the Post-Enforcement Order of Priority.

**“Junior Notes Retained Amount”** means an amount equal to (a) Euro 1,000 or (b) zero, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date or (ii) the date on which the Junior Notes are to be redeemed in full or cancelled.

**“Junior Notes Subscription Agreement”** means the agreement for the subscription of the Junior Notes entered into on or about the Issue Date between the Issuer, the Underwriter, the Originator, and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

**“Liabilities”** means in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgements, actions, proceedings or other liabilities whatsoever including legal fees and any taxes and penalties incurred by that person, together with any value added or similar tax charged or chargeable in respect of any sum referred to in this definition.

**“List of Receivables”** means the list of Receivables attached as schedule B to the Receivables Purchase Agreement.

**“Loan”** means each loan granted by the Originator to a Borrower for the purchase of new vehicles.

**“Loan Agreement”** means each loan agreement entered into between the Originator and a Debtor pursuant to which the Originator, as lender, has disbursed a Loan.

**“Loan by Loan Report”** means the monthly report setting out all the information about the Receivables required by article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, which shall be prepared and delivered by the Servicer in accordance with the Servicing Agreement.

**“Mandate Agreement”** means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, whereby the Representative of the Noteholders shall, subject to a Trigger Notice having been served by the Representative of the Noteholders upon the Issuer or upon failure by the Issuer to exercise its rights under the Transaction Documents, be authorised to exercise, in the name and on behalf of the Issuer, all the Issuer’s non-monetary rights arising out of the Transaction Documents to which it is a party, as from time to time modified in accordance with the provisions therein contained, and any deed or other document expressed to be supplemental thereto, as from time to time modified.

**“Margin”** means 0.8% *per annum*.

**“Monthly Servicer’s Report”** means the monthly report setting out certain information about the Receivables, which shall be prepared (substantially in the form attached to the Servicing Agreement) and delivered by the Servicer on each Monthly Servicer’s Report Date pursuant to the Servicing Agreement.

**“Monthly Servicer’s Report Date”** means the 15<sup>th</sup> calendar day of each calendar month of each year or, if such date is not a Business Day, the immediately following Business Day, provided that the first Monthly Servicer’s Report Date shall fall in April 2023.

**“Moody’s”** means (i) for the purpose of identifying the Moody’s entity which has assigned the credit rating to the Senior Notes, Moody’s Italia S.r.l, and in each case, any successor to this rating activity, and (ii) in any other case, any entity that is part of the Moody’s group, which is either registered or not in accordance with the EU CRA Regulation or the UK CRA Regulation, as evidenced in the latest update of the list published by ESMA or FCA, as the case may be, or any other applicable regulation.

**"Most Senior Class of Notes"** means, at any Payment Date, (i) the Senior Notes, or (ii) following the full repayment of the Senior Notes, the Junior Notes.

**"Noteholders"** means, collectively, the Senior Noteholders and the Junior Noteholders.

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

**"Obligations"** means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

**"Official Gazette"** means the *Gazzetta Ufficiale della Repubblica Italiana*.

**"One Month Euribor"** means the Euribor 1 month tenor.

**"Organisation of the Noteholders"** means the association of Noteholders organised on the basis of the Rules of the Organisation of the Noteholders for the purposes of coordinating the exercise of the Noteholders' rights and, more generally, any action for the protection of their rights.

**"Originator"** means TFSI.

**"Other Issuer Creditors"** means collectively the Originator, the Servicer, the Sub-Servicer, the Hedging Counterparty, the Account Bank, the Back-up Servicer Facilitator, the Representative of the Noteholders, the Calculation Agent, the Cash Manager, the Paying Agent, the Underwriter, the Arranger, the Lead Manager and the Corporate Services Provider.

**"Order of Priority"** means the Pre-Enforcement Order of Priority and/or the Post-Enforcement Order of Priority, as the case may be.

**"Outstanding Principal"** means, on any given date and in relation to any Receivable, (i) the aggregate amount of all Principal Instalments falling due after that date pursuant to the relevant Loan Agreement, and (ii) all Principal Instalments due but unpaid as at that date.

**"Pass-Through Condition"** means, prior to the service of a Trigger Notice and for as long as the Senior Notes are outstanding:

- (i) the Cumulative Gross Default Ratio is higher than the relevant Cumulative Gross Default Ratio Threshold; or
- (ii) on any Calculation Date the difference between (i) the Target Amortisation Amount on such Calculation Date and (ii) the Senior Notes Sequential Principal Payment Amount to be paid on the immediately following Payment Date is greater than 10% of the aggregate amount of the Defaulted Receivables which have become Defaulted Receivables during the immediately preceding Collection Period; or
- (iii) on any Calculation Date the difference between (i) the Target Amortisation Amount on such Calculation Date and (ii) the Senior Notes Sequential Principal Payment Amount to be paid on the immediately following Payment Date is greater than 0 (zero) for at least 3 consecutive Calculation Dates (including such Calculation Date); or
- (iv) the 3 Month Rolling Average Delinquency Ratio is higher than 1.3%.

**“Paying Agent”** means BNP Paribas, Italian Branch or any other person for the time being acting as Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“Payments Account”** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 77 Z 03479 01600 000802578002), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**“Payment Date”** means the First Payment Date and, thereafter, the 26<sup>th</sup> calendar day of calendar month (or, in the event such day is not a Business Day, the next following Business Day).

**“Payments Report”** means the report (substantially in the form attached to the Cash Allocation, Management and Payments Agreement) to be prepared and delivered on each Calculation Date by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement.

**“PCS”** means Prime Collateralised Securities (PCS) EU SAS.

**“Plan Duration Modification Option”** means the option that allows the Borrower to extend the term of the amortisation plan, up to a minimum of 24 months and a maximum of 72 months, *provided that*, as of the date such option is exercised, there are no Instalments past due and unpaid by the relevant Borrower, *it being understood that* the exercise of this option will result in a change in the number and/or amount of Instalments, including the amount of the Balloon Instalment.

**“Portfolio”** means the portfolio of Receivables purchased by the Issuer from the Originator on 20 February 2023 pursuant to the terms of the Receivables Purchase Agreement.

**“Post-Enforcement Order of Priority”** means the order of priority of payments set out in Condition 6.2 (*Post-Enforcement Order of Priority*).

**“Pre-Enforcement Order of Priority”** means the order of priority of payments set out in Condition 6.1 (*Pre-Enforcement Order of Priority*).

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

**“Principal Instalment”** means the principal component of each Instalment.

**“Prospectus”** means this prospectus.

**“Purchase Price”** means the purchase price for the Portfolio paid by the Issuer to the Originator pursuant to the Receivables Purchase Agreement, being equal to Euro 532,652,809.04.

**“Quota Capital Account”** means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 75 D 03479 01600 000802578006), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**“Quotaholder”** means Special Purpose Entity Management 2 S.r.l., a limited liability company (*società a responsabilità limitata*) whose registered office is at Corso Vittorio Emanuele II, 24-28 – 20122 Milan, Italy, fiscal number and enrolment with the Register of Companies of Milan–



Monza–Brianza–Lodi under No. 11068370961, quota capital equal to Euro 20,000 fully paid–up, in its capacity as quotaholder of the Issuer.

**“Quotaholder’s Agreement”** means the quotaholder’s agreement entered into on or about the Issue Date between the Representative of the Noteholders, the Quotaholder and the Issuer as from time to time modified in accordance with the provisions therein contained, and any deed or other document expressed to be supplemental thereto.

**“Rating Agencies”** means Fitch and Moody’s

**“Receivables”** means any and all monetary claims arising out of or in connection with the Loans, including without limitation:

- (a) all receivables existing as at the Effective Date for the repayment of the Outstanding Principal;
- (b) all receivables in relation to the payment of interests (including any default interests), accrued and not yet due and due and not yet collected as at the Effective Date;
- (c) all receivables in relation to the payment of interests (including any default interests) accruing from the Effective Date (included);
- (d) all receivables in relation to the payment of fees, penalties and other payments for early redemption, damages and indemnities;
- (e) all receivables, accrued or accruing, for reimbursement of expenses, losses, costs, indemnities and damages, as well as any other sums due to the Originator for any reason whatsoever in relation to or in connection with the relevant Loan Agreements and the Collateral Securities, including the right to recover any legal and court costs and other expenses incurred in connection with the recovery of such Receivables,

excluding the accrued or accruing receivables for the reimbursement of expenses incurred in connection with the collection of the Instalments.

**“Receivables Purchase Agreement”** means the receivables purchase agreement entered into between the Issuer and the Originator on 20 February 2023, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

**“Recoveries”** means all amount received by the Issuer in respect of the Defaulted Receivables.

**“Reference Rate”** means Euribor or any such alternative rate determined according to Condition 7.16 (*Fallback Provisions*) which has replaced the Euribor in customary market usage for the purposes of determining floating rates of interest in respect of Euro denominated securities.

**“Regulatory Technical Standards”** means:

- (i) the regulatory or implementing technical standards adopted by EBA or ESMA, as the case may be, pursuant to the EU Securitisation Regulation; or
- (ii) in relation to risk retention, the transitional regulatory or implementing technical standards applicable pursuant to article 43 of the EU Securitisation Regulation prior to the entry into force of the regulatory technical standards referred to in paragraph (i) above; or, as the case may be,

- (iii) the regulatory or implementing technical standards referred to in paragraphs (i) and (ii) above as they form part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020), including any relevant legislation, instruments, rules, policy statement, guidance, transitional relief or other implementing measures of the Financial Conduct Authority (FCA), the Bank of England, the Prudential Regulation Authority (PRA), the Pension Regulator (TPR) or other relevant UK regulator (or their successor) in relation thereto.

**“Replacement Hedging Premium”** means an amount received by the Issuer from a replacement Hedging Counterparty upon entry by the Issuer into an agreement with such replacement Hedging Counterparty to replace the outgoing Hedging Counterparty, which shall be applied by the Issuer in accordance with the Cash Allocation, Management and Payments Agreement.

**“Reporting Entity”** means the Issuer.

**“Representative of the Noteholders”** means Zenith Service S.p.A. or such other person or persons acting from time to time as representative of the Noteholders in accordance with the Subscription Agreements and the Rules of the Organisation of the Noteholders.

**“Rules of the Organisation of the Noteholders”** means the rules governing the Organisation of the Noteholders, attached to these Conditions.

**“Secured Obligations”** means all obligations, whether present or future, actual or contingent, which the Issuer may at any time and from time to time have to the Representative of the Noteholders (whether for its own account or as Representative of the Noteholders), the Noteholders or any of the Other Issuer Creditors under or pursuant to any of the Transaction Documents or the Conditions.

**“Securitisation”** means the securitisation transaction involving the Receivables carried out by the Issuer pursuant to the Securitisation Law.

**“Securitisation Law”** means the Italian law No. 130 dated 30 April 1999, as amended and supplemented from time to time.

**“Securities Account”** means the securities custody account No. 2578001 established in the name of the Issuer with the Account Bank, or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**“Securities Collateral Account”** means the securities custody account No. 2578000 established in the name of the Issuer with the Account Bank, or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement and which will be operated in accordance with the Cash Allocation, Management and Payments Agreement.

**“Securitisation Repository”** means the website of European DataWarehouse (being, as at the date of this Prospectus, [www.eurodw.eu](http://www.eurodw.eu) or, as the case may be, [www.eurodw.co.uk](http://www.eurodw.co.uk)) or any other securitisation repository registered pursuant to article 10 of the EU Securitisation Regulation and the UK Securitisation Regulation as notified by the Issuer to the investors in the Notes.

**“Security Interest”** means:

- (i) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;
- (ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (iii) any other type of preferential arrangement having a similar effect.

**“Segregated Assets”** means the Portfolio, any other monetary claim of the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections.

**“Senior Notes Sequential Principal Payment Amount”** means an amount equal to the lesser of:

- (i) the Principal Amount Outstanding of the Senior Notes on such Calculation Date;
- (ii) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Senior Notes Sequential Principal Payment Amount; and
- (iii) on each Payment Date on which the Pre-Enforcement Order of Priority applies, the greater of (a) zero, and (b) the Target Amortisation Amount on such Payment Date.

**“Senior Notes Subscription Agreement”** means the agreement for the subscription of the Senior Notes entered into on or about the Issue Date between the Issuer, the Originator, the Lead Manager, the Arranger and the Representative of the Noteholders, as amended from time to time.

**“Servicer”** means Zenith.

**“Servicing Agreement”** means the servicing agreement entered into on 20 February 2023 between the Servicer, the Sub-Servicer and the Issuer, as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time modified.

**“Subordinated Hedging Amounts”** means any termination amount payable by the Issuer to the Hedging Counterparty under the Hedging Agreement as a result of either (i) an Event of Default (as defined in the Hedging Agreement) where the Hedging Counterparty is the Defaulting Party (as defined in the Hedging Agreement); or (ii) an Additional Termination Event (as defined in the Hedging Agreement) which occurs as a result of the failure of the Hedging Counterparty to comply with the requirements of a rating downgrade provision set out under the Hedging Agreement.

**“Sub-Servicer”** means TFSI.

**“Sub-Servicing Activities”** means the activities to be performed by the Sub-Servicer pursuant to the Servicing Agreement.

**“Subscription Agreements”** means, collectively, the Senior Notes Subscription Agreement and the Junior Notes Subscription Agreement.

**“Subsidiary”** of any Italian company means any *società controllata* (subsidiary) and/or *società collegata* (affiliate company) of such company within the meaning of the article 2359 of the Italian Civil Code.

**"Target Amortisation Amount"** means an amount equal to the difference between:

- (a) the Outstanding Principal of the Collateral Portfolio as at the end of the Collection Period relating to the immediately preceding Payment Date; and
- (b) the Outstanding Principal of the Collateral Portfolio as at the end of the Collection Period immediately preceding the relevant Payment Date.

**"TARGET System"** means the TARGET2 system.

**"TARGET2"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

**"TARGET2 Day"** means any day on which the TARGET System is open.

**"Tax"** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any political sub-division thereof or any authority thereof or therein.

**"Tax Deduction"** means any deduction or withholding on account of Tax.

**"TFSI"** means Toyota Financial Services Italia S.p.A.

**"Transfer Date"** means 20 February 2023.

**"Transaction Documents"** means the Italian Law Transaction Documents and the English Law Transaction Documents.

**"Transaction Party"** means any party to any of the Transaction Documents.

**"Transparency Directive"** means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as from time to time amended and supplemented.

**"Trigger Event"** means any of the events described in Condition 12.1 (*Trigger Events*).

**"Trigger Notice"** means the notice served by the Representative of the Noteholders on the Issuer declaring the Notes to be due and payable in full following the occurrence of a Trigger Event as described in Condition 12.2 (*Delivery of a Trigger Notice*).

**"UK CRA Regulation"** means Regulation (EC) no. 1060/2009 on credit rating agencies, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020).

**"UK Securitisation Regulation"** means Regulation (EU) no. 2402 of 12 December 2017 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020).

**"Underwriter"** means TFSI, in its capacity as subscriber of the Junior Notes.

**"Usury Law"** means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Law Decree number 394 of 29 December 2000.

**“Variable Return”** means:

- (i) on each Payment Date on which the Pre-Enforcement Order of Priority applies, an amount payable on the Junior Notes equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Twelfth* (included) of the Pre-Enforcement Order of Priority; or
- (ii) on each Payment Date on which the Post-Enforcement Order of Priority applies, an amount equal to the Issuer Available Funds available on such Payment Date after payment of items from *First* to *Eleventh* (included) of the Post-Enforcement Order of Priority;

*plus*, for the avoidance of doubt,

- (iii) on the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date, any surplus remaining on the balance of the Accounts (other than Quota Capital Account), as well as any other residual amount collected by the Issuer in respect of the Securitisation.

**“VAT”** means *Imposta sul Valore Aggiunto (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972, as amended and implemented from time to time and any other tax of a similar fiscal nature whether imposed in Italy (in place of or in addition to *IVA*) or elsewhere.

**“Vehicles”** means a new car sold by a Dealer and purchased by a Borrower which is financed under the relevant Loan Agreement.

**“Warranty and Indemnity Agreement”** means the warranty and indemnity agreement entered into on 20 February 2023 between the Issuer and the Originator, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**“Zenith”** means Zenith Service S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, with registered office at Corso Vittorio Emanuele II, 24-28 – 20122 Milan, Italy, share capital of Euro 2,000,000 fully paid-up, fiscal code and enrolment with the companies register of Milan – Monza – Brianza – Lodi, number 02200990980, enrolled in the register of the financial intermediaries (*albo degli intermediari finanziari*) held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, registered under No. 30, ABI Code 32590.2.

## 2.2. Interpretation

### 2.2.1. References in Condition

Any reference in these Conditions to:

- **“holder”** and **“Holder”** mean the ultimate holder of a Note and the words **“holder”**, **“Noteholder”** and related expressions shall be construed accordingly;
- a **“law”** shall be construed as a reference to any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body and a reference to any provision of any law, statute, constitution, decree, judgment, treaty, regulation, directive, by-law, order or any such legislative measure is to that provision as amended or re-enacted;

- “**person**” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state and any association or partnership (whether or not having legal personality) of two or more of the foregoing;
- a “**successor**” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.2.2. *Transaction Documents and other agreements*

Any reference to a document defined as a “**Transaction Document**” or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be amended, varied, novated, supplemented or replaced.

2.2.3. *Transaction parties*

A reference to any person defined as a “**Transaction Party**” in these Conditions or in any Transaction Document shall be construed so as to include its and any subsequent successors and permitted assignees and transferees in accordance with their respective interests.

### 3. DENOMINATION, FORM AND TITLE

3.1. *Denomination*

The denomination of the Senior Notes will be Euro 100,000 and integral multiples of Euro 1,000. The denomination of the Junior Notes will be Euro 100,000 and integral multiples of Euro 1,000.

3.2. *Form*

The Notes are issued in bearer and dematerialised form and will be evidenced by, and title thereto will be transferable by means of, one or more book-entries in accordance with the provisions of (i) article 83-*bis* of the Consolidated Financial Act, and (ii) the Joint Regulation.

3.3. *Title and Euronext Securities Milan*

The Notes will be held by Euronext Securities Milan on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Euronext Securities Milan Account Holders. No physical document of title will be issued in respect of the Notes.

3.4. *Holder Absolute Owner*

Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Representative of the Noteholders and the Paying Agent may (to the fullest extent permitted by applicable laws) deem and treat the Euronext Securities Milan Account Holder, whose account is at the relevant time credited with a Note, as the absolute owner of such Note for the purposes of payments to be made to the holder of such Note (whether or not the Note is overdue and notwithstanding any notice to the contrary, any notice of ownership or writing on the Note or any notice of any previous loss or theft of the Note) and shall not be liable for doing so.

### 3.5. *The Rules*

The rights and powers of the Noteholders may only be exercised in accordance with the Rules attached to these Conditions as an Exhibit which shall constitute an integral and essential part of these Conditions.

## 4. STATUS, SEGREGATION AND RANKING

### 4.1. *Status*

The Notes constitute direct, secured and limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of the Portfolio and pursuant to the exercise of the Issuer's Rights as further specified in Condition 9.2 (*Limited recourse obligations of the Issuer*). The Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions under article 1469 of the Italian Civil Code.

### 4.2. *Segregation by law*

By virtue of the Securitisation Law, the Issuer's Rights, title and interest in and to the Portfolio and the other Segregated Assets are segregated from all other assets of the Issuer (including any other portfolios of receivables purchased by the Issuer pursuant to the Securitisation Law) and any cash-flow deriving therefrom (to the extent identifiable and for so long as such cash flows are credited to one of the Accounts under the Securitisation and not commingled with other sums) will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders and to pay any cost, fee and expense payable to the Other Issuer Creditors (as defined in the Conditions) and to any third party creditor of the Issuer in respect of any cost, fee and expense payable by the Issuer to such third party creditor in relation to the Securitisation. In addition, security over certain rights of the Issuer arising out of certain English Law Transaction Documents has been granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Deed of Charge for the benefit of the Noteholders and the Other Issuer Creditors.

### 4.3. *Ranking and subordination*

4.3.1 In respect of the obligation of the Issuer to pay interest on the Notes and Variable Return (if any) on the Junior Notes (as applicable) prior to (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Optional redemption for taxation reasons*), or (iv) the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the repayment of principal on the Senior Notes and to payment of interest, repayment of principal and payment of Variable Return (if any) on the Junior Notes; and
- (b) the Junior Notes (i) in respect of interest, rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Senior Notes, and in priority to repayment of

principal and payment of Variable Return (if any) on the Junior Notes; and (ii) in respect of Variable Return (if any), rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Notes.

In respect of the obligation of the Issuer to repay principal on the Notes prior to (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or (iv) the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest on the Senior Notes, but in priority to payment of interest, repayment of the Junior Notes Principal Payment Amount and payment of Variable Return (if any) on the Junior Notes;
- (b) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest and repayment of principal on the Senior Notes and payment of interest on the Junior Notes, but in priority to payment of Variable Return (if any) on the Junior Notes.

In respect of the obligation of the Issuer, to pay interest on the Notes and Variable Return (if any) on the Junior Notes (as applicable) following (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date:

- (a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the repayment of principal on the Senior Notes, payment of interest, repayment of principal and payment of Variable Return (if any) on the Junior Notes; and
- (b) the Junior Notes (i) in respect of interest, rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Senior Notes and in priority to repayment of principal and payment of Variable Return (if any) on the Junior Notes; and (ii) in respect of Variable Return (if any), rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payment of interest and repayment of principal on the Notes.

In respect of the obligation of the Issuer to repay principal on the Notes following (i) the service of a Trigger Notice, (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date:

- (i) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest on the Senior Notes, but in priority to payment of interest, repayment of principal and payment of Variable Return (if any) on the



Junior Notes;

- (ii) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payment of interest and repayment of principal on the Senior Notes and payment of interest on the Junior Notes, but in priority to payment of Variable Return (if any) on the Junior Notes.

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

- 4.3.2 The Rules of the Organisation of the Noteholders contain provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between interests of different Classes of Noteholders, then the Representative of the Noteholders is required to have regard to the interests of the Most Senior Class of Noteholders only.

#### 4.4. *Obligations of Issuer only*

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any other entity or person, including the Originator, the Quotaholder or any Other Issuer Creditor. Furthermore, no person and none of the Transaction Parties (other than the Issuer) accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

## 5. COVENANTS

Subject to the provisions of article 30.10 (*Hedging Counterparty Entrenched Rights*) of the Rules, for so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders, or as expressly provided in or contemplated by any of the Transaction Documents:

### 5.1. *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Portfolio or any of its assets, except in connection with further securitisations permitted pursuant to Condition 5.11 (*Further securitisations*) below; or

### 5.2. *Restrictions on activities*

- 5.2.1. engage in any activity whatsoever which is not incidental to or necessary in connection with the Securitisation, any further securitisation complying with Condition 5.11 (*Further securitisations*) or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

- 5.2.2. have any *società controllata* (subsidiary) or *società collegata* (affiliate company) (each as defined in article 2359 of the Italian Civil Code) or any employees or premises; or
- 5.2.3. at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents and shall not do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- 5.2.4. become the owner of any real estate asset (including in the context of a foreclosure proceeding over the assets of the Debtors); or
- 5.2.5. become resident, including without limitation for tax purposes, in any country outside Italy or cease to be managed, administered in Italy or cease to have its centre of main interest in Italy; or
- 5.3. *Dividends or distributions*
- pay any dividend or make any other distribution or return or repay any quota capital to any of its Quotaholder (or successor quotaholder(s)), or increase its capital, save as required by applicable law; or
- 5.4. *De-registrations*
- ask for de-registration from the register of special purpose vehicles held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017 ("*Disposizioni in materia di obblighi informativi e statistici delle società veicolo coinvolte in operazioni di cartolarizzazione*"), for as long as the Securitisation Law or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or
- 5.5. *Borrowings*
- incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness incurred in respect of further securitisations permitted pursuant to Condition 5.11 (*Further securitisations*) below), or give any guarantee, indemnity or security in respect of any indebtedness or in respect of any other obligation of any person or entity or become liable for the debts of any other person or entity or hold out its credit as being available to satisfy the obligations of others; or
- 5.6. *Merger*
- consolidate or merge with any other person or entity or convey or transfer its properties or assets substantially as an entirety to any other person or entity; or
- 5.7. *No variation or waiver*
- permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party including any power of consent or waiver in respect of the Portfolio, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations, *provided that* with respect to any such amendment, termination, discharge, or exercise of any powers of consent or waiver relating to a Hedging

Counterparty Entrenched Right the prior written consent of the Hedging Counterparty shall be obtained; or

5.8. *Bank accounts*

open or have an interest in any bank account other than the Accounts, the Quota Capital Account or any bank account opened in relation to any further securitisation permitted pursuant to Condition 5.11 (*Further securitisations*) below; or

5.9. *Statutory documents*

amend, supplement or otherwise modify its by-laws (*statuto*) or deed of incorporation (*atto costitutivo*), except where such amendment, supplement or modification is required by a compulsory provision of Italian law or by the competent regulatory authorities or is in connection with a change of the registered office of the Issuer; or

5.10. *Corporate records, financial statements and books of account*

cease to maintain corporate records, financial statements and books of account separate from those of the Originator and any other person or entity, or, in general, cease to comply with all corporate formalities necessary to ensure its corporate existence and good standing; or

5.11. *Further securitisations*

carry out any other securitisation transaction pursuant to the Securitisation Law or, without limiting the generality of the foregoing, implement, enter into, make or execute any document, deed or agreement in connection with any other securitisation transaction and then only if (a) the transaction documents relating to any such securitisation are notified to the Rating Agencies and any such securitisation transaction would not adversely affect the then current rating of any of the Senior Notes,, and (b) the assets relating to any such further securitisation are segregated in accordance with the Securitisation Law; or

5.12. *Derivatives*

enter into derivative contracts save for the Hedging Agreement or save as expressly permitted by article 21, paragraph 2, of the EU Securitisation Regulation.

**6. ORDER OF PRIORITY**

6.1. *Pre-Enforcement Order of Priority*

Prior to (i) the delivery of a Trigger Notice, or (ii) the exercise of an optional redemption pursuant of the Notes pursuant to Condition 8.3 (*Optional Redemption*), or (iii) the exercise of an optional redemption for taxation reasons pursuant to Condition 8.4 (*Optional Redemption for Taxation Reasons*), or (iv) the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making, or providing for, the following payments in the following order of priority (the "**Pre-Enforcement Order of Priority**") (in each case only if and to the extent that payments of a higher priority have been made in full or credited to the relevant Accounts):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such taxes during the immediately preceding Interest Period);

- (ii) *Second*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any Issuer's documented fees, costs and expenses pertaining to the Securitisation, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Transaction Documents to the extent that such fees, costs and expenses are not payable under any other item ranking junior hereto and/or have not been met by utilising any amounts standing to the credit of the Expenses Account during the immediately preceding Interest Period, and (b) the Issuer Disbursement Amount into the Expenses Account;
- (iii) *Third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof amounts due and payable to the Servicer, the Sub-Servicer, the Corporate Services Provider, the Calculation Agent, the Paying Agent, the Account Bank, the Representative of the Noteholders, the Cash Manager and the Back-up Servicer Facilitator in accordance with the Transaction Documents;
- (iv) *Fourth*, to pay all amounts (if any) due and payable to the Hedging Counterparty under the Hedging Agreement (but excluding any Subordinated Hedging Amounts);
- (v) *Fifth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes, all amounts of interest due and payable on the Senior Notes;
- (vi) *Sixth*, to pay the Cash Reserve Required Amount into the Cash Reserve Account;
- (vii) *Seventh*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, (a) before the occurrence of a Pass-Through Condition, the Senior Notes Sequential Principal Payment Amount to the holders of the Senior Notes for such Payment Date; and (b) following the occurrence of a Pass-Through Condition and thereafter, an amount equal to the Principal Amount Outstanding of the Senior Notes for such Payment Date;
- (viii) *Eighth*, to pay any Subordinated Hedging Amounts due and payable to the Hedging Counterparty;
- (ix) *Ninth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity due and payable to the Arranger and the Lead Manager pursuant to the Senior Notes Subscription Agreement;
- (x) *Tenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Junior Notes, all amounts of interest due and payable on the Junior Notes;
- (xi) *Eleventh*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to any Other Issuer Creditors any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Order of Priority;
- (xii) *Twelfth*, after the redemption in full of the Senior Notes, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, the Junior Notes Principal Payment Amount to the holders of the Junior Notes for such Payment Date; and
- (xiii) *Thirteenth*, to pay, *pro rata* and *pari passu*, the Variable Return (if any) to the holder of the Junior Notes.

Without prejudice to the provisions set out above, the Issuer and/or the Representative of the Noteholders shall transfer to the Hedging Counterparty, irrespective of any Order of Priority (i) upon termination of the Hedging Agreement, any Replacement Hedging Premium to be paid to the outgoing Hedging Counterparty; and (ii) from time to time, any Hedging Tax Credit and any Excess Hedging Collateral.

## 6.2. *Post-Enforcement Order of Priority*

On each Payment Date following (i) the service of a Trigger Notice, or (ii) the exercise of an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*), or (iii) the exercise of an optional redemption in whole for taxation reasons pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation – Optional redemption for taxation reasons*), or on the Final Maturity Date, the Issuer Available Funds shall be applied in making, or providing for, the following payments in the following order of priority (the “**Post-Enforcement Order of Priority**”) (in each case only if and to the extent that payments of a higher priority have been made in full or credited to the relevant Accounts):

- (i) *First*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any and all taxes due and payable by the Issuer (to the extent that amounts standing to the credit of the Expenses Account have been insufficient to pay such taxes during the immediately preceding Interest Period);
- (ii) *Second*, if the relevant Trigger Event is not related to any Insolvency Event occurred in respect of the Issuer, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, (a) any Issuer’s documented fees, costs and expenses pertaining to the Securitisation, in order to preserve its corporate existence, to maintain it in good standing and to comply with applicable legislation and any other obligation relating to the Transaction Documents to the extent that such fees, costs and expenses are not payable under any other item ranking junior hereto and/or have not been met by utilising any amounts standing to the credit of the Expenses Account during the immediately preceding Interest Period and (b) the Issuer Disbursement Amount into the Expenses Account;
- (iii) *Third*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, amounts due and payable to the Servicer, the Sub-Servicer, the Corporate Services Provider, the Calculation Agent, the Paying Agent, the Account Bank, the Representative of the Noteholders, the Cash Manager and the Back-up Servicer Facilitator in accordance with the Transaction Documents;
- (iv) *Fourth*, to pay all amounts (if any) due and payable to the Hedging Counterparty under the Hedging Agreement (but excluding any Subordinated Hedging Amounts);
- (v) *Fifth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes, all amounts of interest due and payable on the Senior Notes;
- (vi) *Sixth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Senior Notes the Principal Amount Outstanding of the Senior Notes until the Senior Notes are redeemed in full;
- (vii) *Seventh*, to pay any Subordinated Hedging Amounts due and payable to the Hedging Counterparty;
- (viii) *Eighth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, any indemnity due and payable to the Arranger and the Lead Manager pursuant to the Senior Notes Subscription Agreement;
- (ix) *Ninth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to any Other Issuer Creditors any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Order of Priority;
- (x) *Tenth*, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, to the holders of the Junior Notes, all amounts of interest due and payable on the Junior Notes;
- (xi) *Eleventh*, after the redemption in full of the Senior Notes, to pay, *pro rata* and *pari passu* according to the respective amounts thereof, the Junior Notes Principal Payment Amount to

the holders of the Junior Notes for such Payment Date;

- (xii) *Twelfth*, to pay, *pro rata* and *pari passu*, the Variable Return (if any) to the holder of the Junior Notes.

Without prejudice to the provisions set out above, the Issuer and/or the Representative of the Noteholders shall transfer to the Hedging Counterparty, irrespective of any Order of Priority (i) upon termination of the Hedging Agreement, any Replacement Hedging Premium to be paid to the outgoing Hedging Counterparty; and (ii) from time to time, any Hedging Tax Credit and any Excess Hedging Collateral.

## 7. INTEREST

### 7.1. *Accrual of interest*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date.

### 7.2. *Payment Dates and Interest Periods*

Interest on each Note will accrue on a daily basis and will be payable in Euro in arrear on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling on 26 April 2023 in respect of the Initial Interest Period.

### 7.3. *Termination of interest accrual*

Each Note (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Note (or the relevant portion thereof) will continue to bear interest in accordance with this Condition (both before and after judgment) at the rate from time to time applicable to such Note until the day on which either all sums due in respect of such Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders or the Paying Agent receives all amounts due on behalf of all such Noteholders.

### 7.4. *Calculation of interest*

Interest in respect of any Interest Period or any other period shall be calculated on the basis of the actual number of days elapsed and a 360-day year.

### 7.5. *Rate of interest*

- 7.5.1. The rate of interest applicable from time to time in respect of the Senior Notes (the "**Senior Notes Interest Rate**") will be the One Month Euribor (or, in the case of the Initial Interest Period, the rate per annum obtained by linear interpolation of the Euribor for 1 (one) month and 3 (three) months), as determined and defined in accordance with this Condition 7 (*Interest*) plus a margin equal to 0.8% *per annum* (the "**Margin**"), *provided that* the Interest Rate (being the One Month Euribor plus the Margin) applicable on each of the Senior Notes shall not be negative.

- 7.5.2. The Junior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the rate equal to 7% per annum (the "**Junior Notes Interest Rate**") and, together with the Senior Notes Interest Rate, the "**Interest Rates**").

### 7.6. *Determination of Interest Rate and calculation of Interest Payment Amounts*

The Issuer shall on each Interest Determination Date determine or cause the Paying Agent to determine:

- 7.6.1. the Senior Notes Interest Rate applicable to the next Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date);
- 7.6.2. the Euro amount (the “**Interest Payment Amount**”) payable as interest on a Note in respect of the following Interest Period calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of such Note on the Payment Date at the commencement of such Interest Period (or, in the case of the Initial Interest Period, the Issue Date) (after deducting therefrom any payment of principal due and paid on that Payment Date), multiplying the product of such calculation by the actual number of days to elapse in the relevant Interest Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded up) with the relevant interest adjustment, if necessary.

*7.7. Notification of the Interest Rate, Interest Payment Amount and Payment Date*

As soon as practicable (and in any event not later than the close of business on the relevant Interest Determination Date), the Issuer (or the Paying Agent on its behalf) will cause:

- 7.7.1. the Senior Notes Interest Rate (or the alternative applicable rate determined pursuant to Condition 7.16.1) applicable for the relevant Interest Period;
- 7.7.2. the Interest Payment Amount for each Note for the relevant Interest Period; and
- 7.7.3. the Payment Date in respect of each such Interest Payment Amount,

to be notified to the Servicer, the Sub-Servicer, the Reporting Entity, the Representative of the Noteholders, the Calculation Agent, the Back-Up Servicer Facilitator, the Hedging Counterparty, the Corporate Services Provider, Euronext Securities Milan, Euroclear, Clearstream and Borsa Italiana S.p.A. and will cause the same to be published in accordance with Condition 16.1 (*Notices Given Through Euronext Securities Milan*) on or as soon as possible after the relevant Interest Determination Date.

*7.8. Amendments to publications*

The Interest Rate and the Interest Payment Amount for each Note and the Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

*7.9. Determination by the Representative of the Noteholders*

If the Issuer (or the Paying Agent on behalf of the Issuer) does not at any time for any reason determine (or cause to be determined) the Interest Rate or calculate the Interest Payment Amount for the Notes in accordance with this Condition 7 (*Interest*), the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall:

- 7.9.1. determine (or cause to be determined) the Senior Notes Interest Rate at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or (as the case may be);

- 7.9.2. determine (or cause to be determined) the Interest Payment Amount for each Note in the manner specified in Condition 7.6 (*Determination of Interest Rate and calculation of Interest Payment Amounts*);

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

7.10. *Unpaid interest with respect to the Notes*

Without prejudice to Condition 12.1.2 (*Non-payment of interest*), in the event that the Issuer Available Funds available to the Issuer on any Payment Date (in accordance with the applicable Order of Priority), for the payment of interest on the Notes on such Payment Date are not sufficient to pay in full the relevant Interest Payment Amount, the amount by which the aggregate amount of interest paid on such Payment Date falls short of the Interest Payment Amount which would otherwise be due, shall be aggregated with the amount of, and treated for the purposes of the Conditions as if it were, Interest Payment Amount payable on the Notes on the immediately following Payment Date. Unpaid interest on the Notes shall accrue no interest.

7.11. *Variable Return*

A Variable Return may or may not be payable (if any) on the Junior Notes on each Payment Date in accordance with the applicable Order of Priority.

7.12. *Calculation of the Variable Return*

- 7.12.1. The Issuer shall, on each Calculation Date immediately preceding a Payment Date, calculate or cause the Calculation Agent to calculate the Euro amount (the “**Variable Return Amount**”) payable on each Junior Note in respect of such Interest Period.
- 7.12.2. The Variable Return Amount payable in respect of any Interest Period in respect of each Junior Note will be determined by reference to the residual Issuer Available Funds after satisfaction of the items ranking in priority to the Variable Return on the Junior Notes in accordance with the applicable Order of Priority.

7.13. *Publication of the Variable Return*

The Issuer will, on each Calculation Date, cause the determination of the Variable Return Amount in respect of each Junior Note to be notified forthwith by the Calculation Agent through the delivery of the Payments Report to, *inter alios*, the Servicer, the Hedging Counterparty, the Sub-Servicer, the Back-up Servicer Facilitator, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider and the Reporting Entity, and will cause notice of the Variable Return Amount in respect of each Junior Note to be given in accordance with Condition 16 (*Notices*).

7.14. *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of gross negligence or wilful default) be binding on the Paying Agent, the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.



### 7.15. *Paying Agent*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be a Paying Agent. The Paying Agent may not resign until a successor approved in writing by the Servicer has been appointed. If a new Paying Agent is appointed notice of its appointment will be published in accordance with Condition 16 (*Notices*).

### 7.16. *Fallback Provisions*

7.16.1. If the Issuer or the Calculation Agent determines at any time prior to, on or following any Interest Determination Date that a Benchmark Event has occurred, when any Senior Notes Interest Rate (or the relevant component part thereof) remains to be determined by reference to a Reference Rate, then the following provisions shall apply:

- (i) the Issuer shall use reasonable endeavors to appoint, prior to the next succeeding Interest Determination Date, an Independent Adviser for the determination (with the Issuer's agreement) of a Successor Rate or, alternatively, if the Independent Adviser and the Issuer agree that there is no Successor Rate, an alternative rate (the "**Alternative Benchmark Rate**") and, in either case, an alternative screen page or source (the "**Alternative Screen Page**") for purposes of determining the Senior Notes Interest Rate for all future Interest Periods (as applicable) (subject to the subsequent operation of this Condition 7.16);
- (ii) the Alternative Benchmark Rate shall be such rate as the Independent Adviser and the Issuer acting in good faith agree has replaced the Reference Rate in customary market usage for the purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Euro, or, if the Independent Adviser and the Issuer agree that there is no such rate, such other rate as the Independent Adviser and the Issuer acting in good faith agree is most comparable to the Reference Rate, and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate;
- (iii) if the Issuer is unable to appoint an Independent Adviser, or if the Independent Adviser and the Issuer cannot agree upon, or cannot select a Successor Rate or an Alternative Benchmark Rate and Alternative Screen Page, then the Issuer (acting in good faith and in a commercially reasonable manner) may determine which (if any) rate has replaced the Reference Rate in customary market usage for purposes of determining floating rates of interest or reset rates of interest in respect of eurobonds denominated in the Euro, or, if it determines that there is no such rate, which (if any) rate is most comparable to the Reference Rate, and the Alternative Benchmark Rate shall be the rate so determined by the Issuer and the Alternative Screen Page shall be such page of an information service as displays the Alternative Benchmark Rate; *provided however that* if (A) this sub-paragraph (iii) applies and the Issuer is unable or unwilling to determine an Alternative Benchmark Rate and Alternative Screen Page prior to the Interest Determination Date relating to the next succeeding Interest Period in accordance with this sub-paragraph (iii), *then* the Reference Rate applicable to such Interest Period shall be equal to the Reference Rate for a term equivalent to the relevant Interest Period published on the Screen Page as at the last preceding Interest Determination Date. For the avoidance of doubt, this paragraph shall apply to the next succeeding Interest Period, and any subsequent Interest Periods are subject to the subsequent

operation of, and to adjustment as provided in, the first paragraph of this Condition 7.16;

- (iv) if a Successor Rate or an Alternative Benchmark Rate and an Alternative Screen Page is determined in accordance with the preceding provisions, such Successor Rate or Alternative Benchmark Rate and Alternative Screen Page shall be the benchmark and the Screen Page in relation to the Senior Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7.16), *provided that* it is a condition for any such Successor Rate or Alternative Benchmark Rate and Alternative Screen Page be effective that the Issuer has provided at least 10 (ten) calendar days' prior written notice to the Senior Noteholders of the proposed Successor Rate or Alternative Benchmark Rate and Alternative Screen Page. If the Senior Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Senior Notes have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which the Senior Notes may be held, within the notification period referred to above, that they object to the proposed Successor Rate or Alternative Benchmark Rate and Alternative Screen Page then such modification will not be made unless a resolution of the holders of the Senior Notes is passed in favour of such modification in accordance with these Conditions by the holders of the Senior Notes representing at least the majority of the then Principal Amount Outstanding of the Senior Notes;
- (v) if a Successor Rate or an Alternative Benchmark Rate is determined in accordance with the above provisions, the Independent Adviser (with the Issuer's agreement) or the Issuer (as the case may be), may also specify changes to the Screen Page, the so called business day convention, the definition of "Business Day", the definition of "Interest Determination Date" and/or the definition of "Reference Rate", and the method for determining the fallback rate in relation to the Senior Notes, in order to follow market practice in relation to the Successor Rate or Alternative Benchmark Rate, which changes shall apply to the Senior Notes for all future Interest Periods (subject to the subsequent operation of this Condition 7.16); and
- (vi) the Issuer shall promptly following the determination of any Successor Rate or Alternative Benchmark Rate and Alternative Screen Page give notice thereof and of any changes pursuant to sub-paragraph (v) above to the Calculation Agent, the Paying Agent, the Representative of the Noteholders and the Noteholder in accordance with Condition 16 (*Notices*).

7.16.2. For the purpose of this Condition 7.16, the following definitions shall apply.

**"Benchmark Event"** means:

- (a) the Reference Rate has ceased to be published on the Screen Page as a result of such benchmark ceasing to be calculated or administered; or
- (b) a public statement by the administrator of the Reference Rate that it has ceased, or will cease, publishing such Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Reference Rate); or

- (c) a public statement by the supervisor of the administrator of the Reference Rate that such Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Reference Rate (as applicable) that means that such Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (e) a public statement by the supervisor of the administrator of the Reference Rate that, in the view of such supervisor, such Reference Rate is no longer representative of an underlying market; or
- (f) it has or will become unlawful for the Paying Agent or the Issuer to calculate any payments due to be made to any Noteholders using the Reference Rate (as applicable).

The change of the Reference Rate methodology does not constitute a Benchmark Event. In the event of a change in the formula and/or (mathematical or other) methodology used to measure the relevant benchmark, reference shall be made to the Reference Rate based on the formula and/or methodology as changed.

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense.

“**Successor Rate**” means the reference rate that the Independent Adviser (with the Issuer’s agreement) determines is a successor to or replacement of the Reference Rate.

## 8. REDEMPTION, PURCHASE AND CANCELLATION

### 8.1. *Final redemption*

- 8.1.1. Unless previously redeemed in full or cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding, plus any accrued but unpaid interest and Variable Return (if any), on the Final Maturity Date.
- 8.1.2. The Issuer may not redeem the Notes in whole or in part prior to the Final Maturity Date except as provided below in Conditions 8.2 (*Mandatory redemption*), 8.3 (*Optional redemption*) and 8.4 (*Optional redemption for taxation reasons*), but without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

### 8.2. *Mandatory redemption*

On each Payment Date on which there are Issuer Available Funds available for payments of principal in respect of the Notes in accordance with the applicable Order of Priority set out in Condition 6 (*Order of Priority*), the Issuer will cause:

- 8.2.1. the Senior Notes to be redeemed on such Payment Date in an amount equal to the Senior Notes Sequential Principal Payment Amount determined on the relevant Calculation Date according to Condition 8.5.2; and

8.2.2. the Junior Notes to be redeemed on such Payment Date in an amount equal to the Junior Notes Principal Payment Amount determined on the relevant Calculation Date according to Condition 8.5.2.

### 8.3. *Optional redemption*

Provided that no Trigger Notice has been served on the Issuer, on or after the Clean Up Option Date, the Issuer may redeem:

- (i) the Notes in whole (but not in part); or
- (ii) with the prior consent of the Junior Noteholders, the Senior Notes only or the Senior Notes in whole and the Junior Notes in part,

at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon up to and including the relevant Payment Date) and the amounts ranking in priority thereto or *pari passu* therewith, in accordance with the Post-Enforcement Order of Priority, subject to the Issuer:

- (i) giving not more than 60 days, and not less than 30 days' prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Originator and to the Noteholders of its intention to redeem the Notes in accordance with Condition 8.3; and
- (ii) having produced, on or prior to the notice referred to in paragraph (i) above, evidence acceptable to the Representative of the Noteholders that it will have the necessary funds, not subject to interests of any other person, on such Payment Date to discharge all of its outstanding liabilities in respect of the Notes to be redeemed and any other payment ranking higher or *pari passu* with the Notes to be redeemed in accordance with the Post-Enforcement Order of Priority.

The Issuer may obtain the funds necessary to finance such early redemption of the Notes from the sale of the Portfolio to the Originator or third parties. In this respect, under the terms and subject to the conditions of the Receivables Purchase Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

### 8.4. *Optional redemption for taxation reasons*

Provided that no Trigger Notice has been served on the Issuer, upon the imposition, at any time, of:

- (i) any Tax Deduction in respect of any payment to be made by the Issuer (other than in respect of a Decree 239 Deduction); or
- (ii) any changes in Italian Tax law (or in the application or official interpretation of such law) which would cause the total amount payable in respect of the Portfolio to cease to be receivable by the Issuer (including as a result of any of the Debtors being obliged to make a Tax Deduction in respect of any payment in relation to any Receivables),

and provided that the Issuer:

- (a) has given not more than 60 days, and not less than 30 days' prior written notice that shall be deemed irrevocable to the Representative of the Noteholders, the Originator and the Noteholders of its intention to redeem the Notes in accordance with Condition 8.4;
- (b) has provided to the Representative of the Noteholders, on or prior to the notice referred to

in paragraph (a) above, a certificate signed by the Issuer to the effect that the obligation to make a Tax Deduction or the imposition resulting in the total amount payable in respect of the Portfolio ceasing to be receivable by the Issuer cannot be avoided by taking measures reasonably available to the Issuer and not prejudicial to its interests as a whole; and

- (c) has produced evidence to the Representative of the Noteholders, on or prior to the notice referred to in paragraph (a) above, that it will have the necessary funds, not subject to interests of any other person, on such Payment Date to discharge all of its outstanding liabilities in respect of the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, with the prior consent of the Junior Noteholders, in part) and any other payment ranking higher or *pari passu* with the Notes to be redeemed in accordance with the Post-Enforcement Order of Priority,

the Issuer may redeem the Senior Notes (in whole but not in part) and the Junior Notes (in whole or, with the prior consent of the Junior Noteholders, in part) at their Principal Amount Outstanding (plus any accrued and unpaid interest thereon up to and including the relevant Payment Date) and the amounts ranking in priority thereto or *pari passu* therewith, in accordance with the Post-Enforcement Order of Priority.

The Issuer may obtain the funds necessary to finance such early redemption of the Notes from the sale of the Portfolio to the Originator or third parties. In this respect, under the terms and subject to the conditions of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

#### 8.4.1. *Conclusiveness of certificates*

Any certificate given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*) may be relied upon by the Representative of the Noteholders without further investigation and shall be binding on the Noteholders and the Other Issuer Creditors.

#### 8.5. *Calculations by the Issuer or the Calculation Agent*

8.5.1. On each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:

- (a) the amount of the Issuer Available Funds;
- (b) the Cash Reserve Required Amount and the Target Amortisation Amount on the next following Payment Date;
- (c) the Senior Notes Sequential Principal Payment Amount on the next following Payment Date;
- (d) the Principal Payment Amount due on each Note of each Class on the next following Payment Date; and
- (e) the Principal Amount Outstanding of each Note of each Class on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date in relation to each Note of each Class).

8.5.2. The principal amount redeemable in respect of each Note of each Class (the “**Principal Payment Amount**”) on any Payment Date shall be a *pro rata* share of the Senior Notes Sequential Principal Payment Amount or the Junior Notes Principal Payment Amount (as

the case may be) due in respect of such Class of Notes, in accordance with the relevant Order of Priority, on such date. The Principal Payment Amount is calculated by multiplying the Senior Notes Sequential Principal Payment Amount or the Junior Notes Principal Payment Amount (as the case may be) on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of each Note of such Class and the denominator of which is the then Principal Amount Outstanding of all the Notes of the same Class, and rounding down the resultant figures to the nearest cent, provided always that no such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Note.

8.6. *Notice of calculation of Target Amortisation Amount, Principal Payment Amount and Principal Amount Outstanding*

The Issuer will cause each calculation of the Target Amortisation Amount, the Principal Payment Amount and the Principal Amount Outstanding in relation to each Note, to be notified immediately after calculation (through the Payments Report) to the Representative of the Noteholders, Euronext Securities Milan, the Paying Agent and, for so long as the Senior Notes are listed and admitted to trading on ExtraMOT PRO, Borsa Italiana S.p.A. and will cause notice of each calculation of a Target Amortisation Amount, Principal Payment Amount and Principal Amount Outstanding in relation to each Note to be given in accordance with Condition 16 (*Notices*) not later than four Business Days prior to each Payment Date.

8.7. *Notice of no Principal Payment Amount*

If no Principal Payment Amount is due to be made in relation to the Most Senior Class of Notes on any Payment Date, a notice to this effect will be given to the Noteholders in accordance with Condition 16 (*Notices*) not later than four Business Days prior to such Payment Date.

8.8. *Notice Irrevocable*

Any such notice as is referred to in Conditions 8.3 (*Optional redemption*), 8.4 (*Optional redemption for taxation reasons*) and 8.6 (*Notice of calculation of Target Amortisation Amount, Principal Payment Amount and Principal Outstanding Amount*) shall be irrevocable and, upon the expiration of notice pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption for taxation reasons*), the Issuer shall be bound to redeem the Notes in the amount so published.

8.9. *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Notes at any time.

8.10. *Cancellation*

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

**9. LIMITED RECOURSE AND NON PETITION**

9.1. *Noteholders not entitled to proceed directly against Issuer*

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of any obligation of the Issuer deriving from any of the Transaction Documents or enforce the Notes and no Noteholder shall be entitled

to proceed directly against the Issuer to obtain payment of any such obligation or to enforce the Notes, save as provided by the Transaction Documents and the Rules of the Organisation of the Noteholders. In particular, save as expressly permitted by the Transaction Documents and the Rules of the Organisation of the Noteholders:

- (a) neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders, where appropriate in accordance with the Transaction Documents), shall be entitled to enforce the Notes or take any proceedings against the Issuer to enforce the Notes or to take any proceedings against the Issuer to enforce the security granted under the Deed of Charge;
- (b) neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders, where appropriate in accordance with the Transaction Documents), shall be entitled to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to such Noteholder, provided however that this paragraph (b) shall not prevent such Noteholder from taking any steps against the Issuer which do not amount to the commencement or the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an insolvency receiver for or to the making of an administration order against or to the winding up or liquidation of the Issuer;
- (c) until the date falling 2 (two) years plus 1 (one) day after the date on which all the Notes and all the asset backed notes issued in the context of any Further Securitisation have been redeemed in full or cancelled, neither a Noteholder, nor any person on its behalf (other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of the Noteholders and only if the representatives of the noteholders of the any Further Securitisations have been so directed by an extraordinary resolution of the noteholders under the relevant securitisation transaction), shall be entitled to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer, provided however that this paragraph (c) shall not prejudice the right of such Noteholder to prove a claim in an insolvency of the Issuer where such insolvency follows the institution of an insolvency proceeding by a third party creditor of the Issuer;
- (d) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step that would result in the Orders of Priority not being observed; and
- (e) without prejudice to article 1229 of the Italian Civil Code, no Noteholder shall have a recourse against, nor shall any personal liability attach to, the Quotaholders, any other quotaholder, incorporator, officer, director or agent of the Issuer or in his capacity as such by proceedings or otherwise in respect of any obligation, covenant or agreement of the Issuer contained in the Transaction Documents.

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

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

- 9.2.1. each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Order of Priority and will not have any claim, by operation of law or otherwise, against, or recourse to, the Issuer's other assets or its contributed capital;

- 9.2.2. sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such Noteholder; and (ii) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the applicable Order of Priority in priority to or *pari passu* with such sums payable to such Noteholder; and
- 9.2.3. upon the Sub-Servicer giving notice to the Issuer and the Noteholders in accordance with this Condition that there is no reasonable likelihood of there being any further amounts to be realised in respect of the Portfolio or the Notes (whether arising from an enforcement of the Notes or otherwise) which would be available to pay unpaid amounts outstanding under the Notes, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

## **10. PAYMENTS**

### **10.1. *Payments through Euronext Securities Milan***

Payment of any amounts in respect of the Notes will be credited, according to the instructions of Euronext Securities Milan, by the Paying Agent on behalf of the Issuer to the accounts of the Euronext Securities Milan Account Holders in whose accounts with Euronext Securities Milan the Notes are held and thereafter credited by such Euronext Securities Milan Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes or through Euroclear and Clearstream to the accounts with Euroclear and Clearstream of the beneficial owners of those Notes, all in accordance with the rules and procedures of Euronext Securities Milan, Euroclear or Clearstream, as the case may be.

### **10.2. *Payments subject to fiscal laws***

All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

### **10.3. *Payments on Business Days***

The Noteholders will not be entitled to any interest or other payment in consequence of any delay after the due date in receiving any amount due as a result of the due date not being a business day in the place of payment to such Noteholder.

### **10.4. *Change of Paying Agent and appointment of additional paying agents***

The Issuer reserves the right, in accordance with the provisions of the Cash Allocation, Management and Payments Agreement, at any time to vary or terminate the appointment of the Paying Agent and to appoint additional or other paying agents provided that the Issuer will at all times maintain a paying agent with a Specified Office in Italy. The Issuer will cause at least 30 days' prior notice of any change in or addition to the Paying Agent or its Specified Offices to be given in accordance with Condition 16 (*Notices*).

## **11. TAXATION**

### **11.1. *Payments free from Tax***



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

11.2. *No payment of additional amounts*

None of the Issuer, the Representative of the Noteholders, the Paying Agent or other person (as the case may be) will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

11.3. *Taxing jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

11.4. *Tax Deduction not Trigger Event*

Notwithstanding that the Representative of the Noteholders, the Issuer, the Paying Agent or any other person are required to make a Tax Deduction this shall not constitute a Trigger Event.

**12. TRIGGER EVENTS**

12.1. *Trigger Events*

Each of the following events is a “**Trigger Event**”:

12.1.1. *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer; or

12.1.2. *Non-payment of interest*

the Issuer defaults in the payment of the Interest Payment Amount on the Class A Notes then outstanding on a Payment Date and such default continues for a period of 5 (five) Business Days; or

12.1.3. *Non-payment of principal*

the Issuer defaults in the payment of principal of any Note on the Final Maturity Date; or

12.1.4. *Breach of representations and warranties*

any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is a party is or proves to have been incorrect or misleading in any material respect when made or deemed to be made and in respect of which no remedy has been taken within thirty calendar days from the discovery that such representations and warranties were incorrect or misleading; or

12.1.5. *Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation for the payment of the Interest Payment Amount on the Class A Notes and/or principal on the Notes pursuant to 12.1.2 and 12.1.3 above respectively) and (except where, in the sole opinion of the Representative of the Noteholders, such default is not) capable of remedy, in which case no notice requiring remedy will be required) such default remains unremedied for thirty days after the Representative of the Noteholders has given written notice thereof to the Issuer requiring the same to be remedied; or

12.1.6. *Unlawfulness*

it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party, when compliance with such obligations is deemed by the Representative of the Noteholders to be material in its sole discretion; or

12.1.7. *Insolvency of the Originator*

an Insolvency Event occurs with respect to the Originator.

12.2. *Delivery of a Trigger Notice*

If a Trigger Event occurs, subject to Condition 13 (*Enforcement*) the Representative of the Noteholders:

12.2.1. in the case of a Trigger Event under Conditions 12.1.1, 12.1.2, 12.1.3 and 12.1.6 above; and

12.2.2. in the case of a Trigger Event under Conditions 12.1.4, 12.1.5 and 12.1.7 above, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding,

shall without undue delay give notice to the Issuer and the Noteholders (the “**Trigger Notice**”) and notify the Rating Agencies of the occurrence of a Trigger Event.

12.3. *Conditions to delivery of a Trigger Notice*

Notwithstanding Condition 12.2.2 (*Delivery of a Trigger Notice*) the Representative of the Noteholders shall not be obliged to deliver a Trigger Notice unless it has been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4. *Consequences of delivery of Trigger Notice*

Upon the delivery of a Trigger Notice, (a) without any further action or formality, all payments of principal, interest and any other amounts due with respect to the Notes, the Other Issuer Creditors and any other creditor of the Issuer under the Securitisation shall be made in accordance with the Post-Enforcement Order of Priority and (b) provided that (x) no Insolvency Event has been commenced towards the Issuer and (y) in any case if not prevented by, and in compliance with, any applicable law, the Representative of the Noteholders, on behalf of the Issuer, shall be entitled to sell the Portfolio. In this respect, under the terms and subject to the conditions of the Intercreditor Agreement, the Issuer has irrevocably granted to the Originator an option right to purchase the outstanding Portfolio.

The Issuer or the Representative of the Noteholders shall have obtained a certificate, issued by a reputable bank or financial institution or auditor stating that the purchase price for the Portfolio outstanding is sufficient to allow discharge of all amounts owing in full to the Senior Noteholders or in full or, with the prior consent of the Junior Noteholders, in part to the Junior Noteholders and the amounts ranking in priority thereto or *pari passu* therewith.

Upon the delivery of a Trigger Notice, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the operational functioning of the Issuer or the orderly payments of the amounts due under the Notes in accordance with the Post-Enforcement Order of Priority and pursuant to the terms of the Transaction Documents, as required by article 21, paragraph 4, letter a), of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

No provisions require the automatic liquidation of the Portfolio upon the delivery of a Trigger Notice, pursuant to article 21, paragraph 4, letter d), of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

### **13. ENFORCEMENT**

#### **13.1. *Proceedings***

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders may, at its discretion and without further notice take such steps and/or institute such proceedings as it thinks fit to enforce repayment of the Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and only if it shall have been indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

#### **13.2. *Directions to the Representative of the Noteholders***

The Representative of the Noteholders shall not be bound to take any action described in Condition 13.1 (*Proceedings*) and may take such action without having regard to the effect of such action on any individual Noteholder or on any Other Issuer Creditor, provided that the Representative of the Noteholders shall not, and shall not be bound to, act at the request or direction of the Noteholders of any Class other than the Most Senior Class of Notes then outstanding unless:

- 13.2.1. to do so would not, in its sole opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such Class; or
- 13.2.2. if the Representative of the Noteholders is not of that opinion, such action is sanctioned by an Extraordinary Resolution of the Noteholders of each Class ranking senior to such Class.

#### **13.3. *Sale of Portfolio***

Following the delivery of a Trigger Notice the Representative of the Noteholders shall direct the Issuer to sell the Portfolio only if so requested by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and strictly in accordance with the instructions approved thereby and clause 7.2 of the Intercreditor Agreement.

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

#### 14.1. *The Organisation of the Noteholders*

The Organisation of the Noteholders shall be established upon and by virtue of the issue of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes. The provisions relating to the Organisation of the Noteholders and the Representative of the Noteholders are contained in the Rules of the Organisation of the Noteholders.

#### 14.2. *Appointment of the Representative of the Noteholders*

Pursuant to the Rules of the Organisation of the Noteholders there shall at all times be a Representative of the Noteholders.

### 15. **PRESCRIPTION**

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest and Variable Return) from the date on which a payment in respect thereof first becomes due and payable.

### 16. **NOTICES**

#### 16.1. *Notices given through Euronext Securities Milan*

Any notice regarding the Notes of each Class, as long as such Notes are held through Euronext Securities Milan, shall be deemed to have been duly given if given through the systems of Euronext Securities Milan.

#### 16.2. *Notices in Italy*

As long as the Senior Notes are listed on ExtraMOT PRO, and the rules of ExtraMOT so require, any notice to Senior Noteholders shall also be published in accordance with the rules of such multilateral trading facility and in any other manner as required by the regulation applicable from time to time. In addition, any notice to the Senior Noteholders given by or on behalf of the Issuer shall also be published on the website of the Corporate Services Provider (being, as at the hereof, <https://gaiaweb.zenithservice.it/documentigu>) (for the avoidance of doubt, such website does not constitute part of this Prospectus). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in one of the manners referred to above.

#### 16.3. *Other method of giving Notice*

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Senior Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require.

### 17. **NOTIFICATIONS TO BE FINAL**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), the Calculation Agent, the Issuer or the Representative

of the Noteholders shall (in the absence of gross negligence, wilful default or bad faith) be binding on the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agents*), the Calculation Agent, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

## **18. GOVERNING LAW AND JURISDICTION**

### **18.1. *Governing Law of Notes***

The Notes and any non-contractual obligations arising out of or in connection with them are governed by Italian law.

### **18.2. *Governing Law of Transaction Documents***

All the Italian Law Transaction Documents and any non-contractual obligations arising out of or in connection with them, are governed by Italian law.

All the English Law Transaction Documents and any non-contractual obligations arising out of or in connection with them, are governed by English law.

### **18.3. *Jurisdiction of courts in relation to the Notes***

The Courts of Rome are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and any non-contractual obligations arising out thereof or in connection therewith.

### **18.4. *Jurisdiction of courts in relation to the Transaction Documents***

The Courts of Rome are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with all the Italian Law Transaction Documents and any non-contractual obligations arising out thereof or in connection therewith.

The Courts of England shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with all the English Law Transaction Documents and any non-contractual obligations arising out thereof or in connection therewith.

**EXHIBIT TO THE TERMS AND CONDITIONS OF THE NOTES  
RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

**TITLE I**

**GENERAL PROVISIONS**

**1. GENERAL**

- 1.1 The Organisation of the Noteholders is created concurrently with the issue by Koromo Italy S.r.l. (the “**Issuer**”) of and subscription for the Euro 470,000,000 Class A Asset Backed Floating Rate Notes due February 2035 (the “**Class A Notes**” or the “**Senior Notes**”) and the Euro 68,600,000 Class J Asset Backed Fixed Rate and Variable Return Notes due February 2035 (the “**Class J Notes**” or the “**Junior Notes**” and, together with the Senior Notes, the “**Notes**”) and is governed by the Rules of the Organisation of the Noteholders set out therein (“**Rules**”).
- 1.2 The Rules shall remain in force and effect until full repayment or cancellation of all the Notes.
- 1.3 The contents of the Rules are deemed to be an integral part of each Note issued by the Issuer.

**2. DEFINITIONS AND INTERPRETATION**

**2.1 Definitions**

2.1.1 In these Rules, the terms set out below have the following meanings:

“**Basic Terms Modification**” means any proposal:

- (a) to change any date fixed for the payment of principal, interest or Variable Return in respect of the Notes of any Class;
- (b) save as provided for in Condition 7.16 (*Fallback provisions*), to reduce or cancel the amount of principal, interest or Variable Return due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) to alter the majority required to pass a resolution or the quorum required at any Meeting or a modification of the holding of Notes required to give directions to the Representative of the Noteholders under these Rules or the Conditions;
- (d) to change the currency in which payments due in respect of any Class of Notes are payable;
- (e) to alter the priority of payments of interest, Variable Return or principal in respect of any of the Notes;
- (f) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) to appoint or remove the Representative of the Noteholders;
- (h) to change this definition.

**“Blocked Notes”** means Notes which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Paying Agent for the purpose of obtaining from the Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required.

**“Block Voting Instruction”** means, in relation to a Meeting, a document issued by the Paying Agent:

- (a) certifying that certain specified Notes are held to the order of the Euronext Securities Milan Account Holder or have been blocked in an account with a clearing system and will not be released until the earlier of:
  - (i) a specified date which falls after the conclusion of the Meeting; and
  - (ii) the surrender to the Paying Agent not less than 48 hours before the time fixed for the Meeting (or, if the Meeting has been adjourned, the time fixed for its resumption) of the confirmation that the Notes are Blocked Notes and notification of the release thereof by the Paying Agent to the Issuer and Representative of the Noteholders;
- (b) certifying that the Holder of the relevant Blocked Notes or a duly authorised person on its behalf has notified the Paying Agent that the votes attributable to such Notes are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
- (c) listing the total number of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual in respect of the relevant Blocked Notes to vote in accordance with such instructions.

**“Chairman”** means, in relation to a Meeting, the individual who takes the chair in accordance with Article 8 (*Chairman of the Meeting*) of the Rules.

**“Conditions”** means the terms and conditions at any time applicable to the Notes, as from time to time modified in accordance with the provisions thereof, and any reference to a numbered Condition is to the corresponding numbered provision thereof.

**“Euronext Securities Milan”** means Monte Titoli S.p.A.

**“Euronext Securities Milan Account Holder”** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Euronext Securities Milan (*as intermediari aderenti*) in accordance with article 83-*quater* of the Consolidated Financial Act and includes any depositary banks approved by Clearstream and Euroclear.

**“Extraordinary Resolution”** means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules to resolve on the matters set out in Article 19.

**“Hedging Counterparty Entrenched Rights”** means any amendments, waivers, supplements, consents and/or modifications to the Transaction Documents which would, in the reasonable opinion of the Hedging Counterparty, have the effect of altering any of the following:

- (a) the amount, timing or priority of any payments or deliveries due to be made by or to the Hedging Counterparty under any Transaction Document; and/or;
- (b) the Issuer’s ability to make payments or deliveries to the Hedging Counterparty under the Hedging Agreement; and/or
- (c) the Hedging Counterparty’s rights in relation to any security (howsoever described, and including as a result of changing the nature or the scope of, or releasing such security) granted by Issuer in favour of the Representative of the Noteholders on behalf of the Other Issuer Creditors; and/or
- (d) the Hedging Counterparty’s status as a secured party (howsoever described) in respect of the obligations under Hedging Agreement which constitute Secured Obligations; and/or
- (e) Condition 8 (*Redemption, Purchase and Cancellation*) or any additional redemption rights in respect of the Notes; and / or
- (f) the Pre-Enforcement Order of Priority or the Post-Enforcement Order of Priority, in each case such that Issuer's obligations to the Hedging Counterparty under the Hedging Agreement are further contractually subordinated to Issuer's obligations to any other beneficiary or the interests of the Hedging Counterparty are otherwise materially prejudiced,

*it being understood that any amendment to Condition 5.7 (No variation or waiver), article 30.10 (Hedging Counterparty Entrenched Rights), article 33.1 (Modification) of the Rules, clause 10.2 (Hedging Counterparty Entrenched Rights) of the Intercreditor Agreement or to this definition shall be considered a Hedging Counterparty Entrenched Right.*

**“Holder”** in respect of a Note means the ultimate owner of such Note.

**“Meeting”** means a meeting of Noteholders of any Class or Classes whether originally convened or resumed following an adjournment.

**“Most Senior Class of Noteholders”** means, on any Payment Date, (i) the Senior Noteholders, and (ii) following the date of full repayment of all the Senior Notes, the Junior Noteholders.

**“Most Senior Class of Notes”** means, on any Payment Date, (i) the Senior Notes, or (ii) following the full repayment of the Senior Notes, the Junior Notes.

**“Ordinary Resolution”** means any resolution passed at a Meeting duly convened and held in accordance with the provisions contained in the Rules to resolve on the matters set out in Article 18.

**“Proxy”** means a person appointed to vote under a Voting Certificate as a proxy or the person appointed to vote under a Block Voting Instruction, in each case, other than:



- (a) any person whose appointment has been revoked and in relation to whom the Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed.

“**Resolutions**” means Ordinary Resolutions and Extraordinary Resolutions collectively.

“**Specified Office**” means (i) with respect to the Paying Agent (a) the office specified against its name in clause 21.3 (*Addresses*) of the Cash Allocation, Management and Payments Agreement; or (b) such other office as the Paying Agent may specify in accordance with clause 16.10 (*Change in Specified Offices*) of the Cash Allocation, Management and Payments Agreement and (ii) with respect to any additional or other paying agent appointed pursuant to Condition 10.4 (*Change of Paying Agent and appointment of additional paying agent*) and the provisions of the Cash Allocation, Management and Payments Agreement, the specified office notified to the Noteholders upon notification of the appointment of each such paying agent in accordance with Condition 10.4 (*Change of Paying Agent and appointment of additional paying agent*) and in each such case, such other address as it may specify in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

“**Transaction Party**” means any person who is a party to a Transaction Document.

“**Trigger Event**” means any of the events described in Condition 12 (*Trigger Events*).

“**Trigger Notice**” means a notice described as such in Condition 12.2 (*Delivery of Trigger Notice*).

“**Voter**” means, in relation to any Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Paying Agent or a Proxy named in a Block Voting Instruction.

“**Voting Certificate**” means, in relation to any Meeting:

- (a) a certificate issued by a Euronext Securities Milan Account Holder in accordance with the Joint Regulation; or
- (b) a certificate issued by the Paying Agent stating that:
  - (i) Blocked Notes will not be released until the earlier of:
    - (1) a specified date which falls after the conclusion of the Meeting; and
    - (2) the surrender of such certificate to the Paying Agent; and
  - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Notes.

“**Written Resolution**” means a resolution in writing signed by or on behalf of all Noteholders of the relevant Class or Classes who at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether

contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Noteholders.

“**24 hours**” means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its Specified Office.

“**48 hours**” means 2 consecutive periods of 24 hours.

2.1.2 Unless otherwise provided in these Rules, or the context requires otherwise, words and expressions used in the Rules shall have the meanings and the constructions ascribed to them in the Conditions.

## 2.2 Interpretation

2.2.1 Any reference herein to an “**Article**” shall, except where expressly provided to the contrary, be a reference to an article of these Rules.

2.2.2 A “**successor**” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.2.3 Any reference to any person defined as a “**Transaction Party**” in these Rules or in any Transaction Document or the Conditions shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

## 3. PURPOSE OF THE ORGANISATION

3.1 Each Noteholder is a member of the Organisation of the Noteholders.

3.2 The purpose of the Organisation of the Noteholders is to co-ordinate the exercise of the rights of the Noteholders and, more generally, to take any action necessary or desirable to protect the interest of the Noteholders.

## TITLE II

### MEETINGS OF THE NOTEHOLDERS

## 4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

### 4.1 Issue

4.1.1 A Noteholder may obtain a Voting Certificate in respect of a Meeting by requesting its Euronext Securities Milan Account Holder to issue a certificate in accordance with the Joint Regulation.

4.1.2 A Noteholder may also obtain a Voting Certificate from the Paying Agent or require the Paying Agent to issue or obtain (as the case may be) a Block Voting Instruction by arranging for Notes to be (to the satisfaction of the Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Euronext Securities Milan) not later than 48 hours before the time fixed for the relevant Meeting.

#### **4.2 Expiry of validity**

A Voting Certificate or Block Voting Instruction shall be valid until the release of the Blocked Notes to which it relates.

#### **4.3 Deemed Holder**

So long as a Voting Certificate or Block Voting Instruction is valid, the party named therein as Holder or Proxy, in the case of a Voting Certificate issued by a Euronext Securities Milan Account Holder, the bearer thereof in the case of a Voting Certificate issued by a Paying Agent and any Proxy named therein in the case of a Block Voting Instruction issued by the Paying Agent shall be deemed to be the Holder of the Notes to which it refers for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.

#### **4.4 Mutually exclusive**

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### **4.5 References to the blocking or release**

Reference to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

### **5. VALIDITY OF BLOCK VOTING INSTRUCTIONS AND VOTING CERTIFICATES**

A Block Voting Instruction or a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be valid only if it is deposited at the Specified Office of the Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If such a Block Voting Instruction or Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to business. If the Representative of the Noteholders so requires, satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holder or Proxy named in a Voting Certificate issued by a Euronext Securities Milan Account Holder shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Block Voting Instruction or Voting Certificate or the identity of any Proxy named in a Voting Certificate or Block Voting Instruction or the identity of any Holder named in a Voting Certificate issued by a Euronext Securities Milan Account Holder.

### **6. CONVENING A MEETING**

#### **6.1 Convening a Meeting**

The Representative of the Noteholders or the Issuer may convene separate or combined Meetings of the Noteholders of any Class or Classes at any time and the Representative of the Noteholders shall be obliged to do so upon the request in writing by (i) the Issuer and (ii) the Noteholders representing at least one-tenth of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

#### **6.2 Meetings convened by Issuer**

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Noteholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

### 6.3 Time and place of Meetings

Every Meeting will be held on a date and at a time and place (being in the European Union), selected or approved by the Representative of the Noteholders.

### 6.4 Meetings via audio conference or teleconference

Meetings may be held where there are Voters located at different places connected via audio-conference or video-conference, provided that:

- 6.4.1 the Chairman may, also through its chairman office (if any), ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
- 6.4.2 the person drawing up the minutes may hear well the meeting events being the subject-matter of the minutes;
- 6.4.3 each Voter attending via audio-conference or video-conference may follow and intervene in the discussions and vote the items on the agenda in real time;
- 6.4.4 the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via audio-conference and/or video-conference equipment; and
- 6.4.5 for the avoidance of doubt, the Meeting is deemed to take place where the Chairman and the person drawing up the minutes will be (being in the European Union).

## 7. NOTICE

### 7.1 Notice of meeting

At least 21 days' notice (exclusive of the day on which the relevant notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day (falling no later than 30 (thirty) calendar days after the date of delivery of such notice), time and place (being in the European Union) of the Meeting, must be given to the relevant Noteholders, the Paying Agent and any other agent appointed under Condition 10.4 (*Change of Paying Agent and appointment of additional paying agent*), with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

### 7.2 Content of notice

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificate for the purpose of such Meeting may be obtained from a Euronext Securities Milan Account Holder in accordance with the provisions of the Joint Regulation and that for the purpose of obtaining Voting Certificates from the Paying Agent or appointing Proxies under a Block Voting Instruction, Notes must be held to the order of or placed under the control of the Euronext Securities Milan Account

Holder or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

### 7.3 **Validity notwithstanding lack of notice**

A Meeting is valid notwithstanding that the formalities required by this Article 7 (*Notice*) are not complied with if the Holders of the Notes constituting the Principal Amount Outstanding of all outstanding Notes, the Holders of which are entitled to attend and vote, are represented at such Meeting and the Issuer and the Representative of the Noteholders are present at the Meeting.

### 7.4 **Documentation Available for Inspection**

All the documentation (including, if possible, the full text of the resolution to be proposed at the Meeting) which is necessary, useful or appropriate for the Noteholders to (i) determine whether or not to take part in the relevant Meeting and (ii) exercise their right to vote on the items on the agenda, shall be deposited at the specified office of the Representative of the Noteholders at least 7 (seven) days before the date set for the relevant Meeting.

## 8. **CHAIRMAN OF THE MEETING**

### 8.1 **Appointment of Chairman**

An individual (who may, but need not be, a Noteholder), nominated by the Representative of the Noteholders may take the chair at any Meeting, but if:

8.1.1 the Representative of the Noteholders fails to make a nomination; or

8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

### 8.2 **Duties of Chairman**

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and defines the terms for voting.

### 8.3 **Assistance to Chairman**

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.

## 9. **QUORUM**

### 9.1 The quorum (*quorum constitutivo*) at any Meeting convened to vote on:

9.1.1 an Ordinary Resolution relating to a Meeting of a particular Class or Classes, will be one or more persons holding or representing at least one tenth of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes or, at any adjourned Meeting one or more persons being or representing Noteholders of that Class

or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.2 an Extraordinary Resolution, other than in respect of a Basic Terms Modification, relating to a Meeting of a particular Class or Classes of Notes, will be one or more persons holding or representing at least two thirds of the Principal Amount Outstanding of the Notes then outstanding in that Class or those Classes, or at an adjourned Meeting, one or more persons being or representing Noteholders of that Class or those Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such Class or Classes;

9.1.3 an Extraordinary Resolution, in respect of a Basic Terms Modification (which must be proposed separately to each Class of Noteholders), will be one or more persons holding or representing at least three quarters of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class, or at an adjourned Meeting, one or more persons holding or representing at least one half of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class.

9.2 A Resolution shall be deemed validly passed if voted by the following majorities:

9.2.1 in respect of an Ordinary Resolution, a majority of the votes cast; and

9.2.2 in respect of an Extraordinary Resolution, a majority of not less than three quarters of the votes cast.

## 10. ADJOURNMENT FOR WANT OF QUORUM

If a quorum is not present within 15 minutes after the time fixed for any Meeting:

10.1 if such Meeting was requested by Noteholders, the Meeting shall be dissolved; and

10.2 in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall, subject to Articles 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and not later than 42 days after the original date of such Meeting, and to such place (being in the European Union) as the Chairman determines with the approval of the Representative of the Noteholders provided that:

10.2.1 no Meeting may be adjourned more than once for want of a quorum; and

10.2.2 the Meeting shall be dissolved if the Issuer and the Representative of the Noteholders together so decide.

## 11. ADJOURNED MEETING

Except as provided in Article 10 (*Adjournment for want of quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another date (no earlier than 14 days and not later than 42 days after the original date of such Meeting) and place (being in the European Union). No business shall be transacted at any adjourned Meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## 12. NOTICE FOLLOWING ADJOURNMENT

12.1 **Notice required**

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

12.1.1 10-days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

## 12.2 **Notice not required**

It shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for want of quorum*).

## 13. **PARTICIPATION**

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;
- (b) the directors and the auditors of the Issuer;
- (c) representatives of the Issuer, the Servicer and the Representative of the Noteholders;
- (d) financial advisers to the Issuer and the Representative of the Noteholders;
- (e) legal advisers to the Issuer and the Representative of the Noteholders;
- (f) any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

## 14. **VOTING BY SHOW OF HANDS**

14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

## 15. **VOTING BY POLL**

### 15.1 **Demand for a poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-fiftieth of the Principal Amount Outstanding of the outstanding Notes conferring the right to vote at the Meeting. A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business.

### 15.2 **The Chairman and a poll**

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null. After voting ends, the votes shall be counted and after the counting the Chairman shall announce to the Meeting the outcome of the vote.

## 16. **VOTES**

### 16.1 **Voting**

Each Voter shall have:

16.1.1 on a show of hands, one vote; and

16.1.2 on a poll, one vote for each Euro 1,000 in aggregate nominal amount of outstanding Notes represented or held by the Voter.

### 16.2 **Block Voting Instruction**

Unless the terms of any Block Voting Instruction or Voting Certificate appointing a Proxy state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he/she exercises the same way.

### 16.3 **Voting tie**

In case of a voting tie, the Chairman shall have the casting vote.

## 17. **VOTING BY PROXY**

### 17.1 **Validity**

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or any instruction pursuant to which it has been given had been amended or revoked provided that none of the Issuer, the Representative of the Noteholders or the Chairman, has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

### 17.2 **Adjournment**

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a Meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such Meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

## 18. **ORDINARY RESOLUTIONS**

### 18.1 **Powers exercisable by Ordinary Resolution**

Subject to Article 19 (*Extraordinary Resolutions*), a Meeting shall have power exercisable by Ordinary Resolution, to:



- 18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and
- 18.1.2 to authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

## 18.2 Ordinary Resolution of a single Class

No Ordinary Resolution of the Junior Noteholders shall be effective unless it is sanctioned by an Ordinary Resolution of the Senior Noteholders.

## 19. EXTRAORDINARY RESOLUTIONS

19.1 A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

- 19.1.1 approve any Basic Terms Modification;
- 19.1.2 approve any modification, abrogation, variation or compromise of the provisions of these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Notes which, in any such case, is not a Basic Terms Modification and which shall be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- 19.1.3 authorise or instruct the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 12 (*Trigger Events*);
- 19.1.4 discharge or exonerate, including retrospectively, the Representative of the Noteholders from any liability in relation to any act or omission for which the Representative of the Noteholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- 19.1.5 grant any authorisation or approval, which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;
- 19.1.6 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 19.1.7 waive any breach or authorise any proposed breach by the Issuer or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Notes or any other Transaction Document or any act or omission which might otherwise constitute a Trigger Event under the Notes or which shall be proposed by the Issuer and/or the Representative of the Noteholders;
- 19.1.8 appoint any persons as a committee to represent the interests of the Noteholders and confer on any such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution;
- 19.1.9 authorise the Representative of the Noteholders (subject to its being indemnified and/or secured to its satisfaction) and/or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

- 19.1.10 terminate the appointment of the Originator in its capacity as Sub-Servicer;
- 19.1.11 terminate the appointment of Zenith in its capacity as Servicer;
- 19.1.12 direct the disposal of the Portfolio after the delivery of a Trigger Notice upon occurrence of a Trigger Event;
- 19.1.13 the exercise of an optional redemption pursuant to Condition 8.3 or the exercise of an optional redemption for taxation reasons pursuant to Condition 8.4 and the subsequent disposal of the Portfolio.

## 19.2 **Basic Terms Modification**

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of the other Classes of Notes then outstanding.

## 19.3 **Extraordinary Resolution of a single Class**

No Extraordinary Resolution of the Junior Noteholders to approve any matter (other than a Basic Terms Modification) shall be effective unless it is sanctioned by an Extraordinary Resolution of the Senior Noteholders.

## 20. **EFFECT OF RESOLUTIONS**

### 20.1 **Binding Nature**

Subject to Articles 18.2 (*Ordinary Resolution of a single Class*), 19.2 (*Basic Terms Modification*) and 19.3 (*Extraordinary Resolution of a single Class*) which take priority over the following, any resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and any resolution passed at a Meeting of the Senior Noteholders duly convened and held as aforesaid shall also be binding upon all the Junior Noteholders and all of the relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof.

### 20.2 **Notice of Voting Results**

Notice of the results of every vote on a Resolution duly considered by Noteholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Paying Agent (with a copy to the Issuer and the Representative of the Noteholders within 14 days of the conclusion of each Meeting).

## 21. **CHALLENGE TO RESOLUTIONS**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of the Rules.

## 22. **MINUTES**

Minutes shall be made of all resolutions and proceedings of each Meeting. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been

signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted at such Meeting shall be regarded as having been duly passed and transacted. The Minutes shall be recorded in the minute book of Meetings of Noteholders maintained by the Issuer (or the Corporate Services Provider on behalf of the Issuer).

23. **WRITTEN RESOLUTION**

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

24. **JOINT MEETINGS**

Subject to the provisions of the Rules and the Conditions, joint Meetings of the Senior Noteholders and the Junior Noteholders may be held to consider the same Ordinary Resolution or Extraordinary Resolution and the provisions of the Rules shall apply *mutatis mutandis* thereto.

25. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

25.1.1 business which, in the sole opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

25.1.2 business which, in the sole opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and

25.1.3 business which, in the sole opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

26. **INDIVIDUAL ACTIONS AND REMEDIES**

26.1 Each Noteholder has accepted and is bound by the provisions of Condition 9 (*Limited recourse and non petition*) and, accordingly, if any Noteholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Notes, any such action or remedy shall be subject to a Meeting not passing an Extraordinary Resolution objecting to such individual action or other remedy on the grounds that it is not consistent with such Condition. In this respect, the following provisions shall apply:

26.1.1 the Noteholder intending to enforce his/her rights under the Notes will notify the Representative of the Noteholders of his/her intention;

26.1.2 the Representative of the Noteholders will, without delay, call a Meeting in accordance with the Rules;

- 26.1.3 if the Meeting passes an Extraordinary Resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- 26.1.4 if the Meeting of Noteholders does not object to an individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.
- 26.2 No Noteholder will be allowed to take any individual action or remedy to enforce his/her rights under the Notes unless a Meeting of the holders of the Most Senior Class of Notes has been held to resolve on such action or remedy in accordance with the provisions of this Article.
- 26.3 The provisions of this Article 26 (*Individual actions and remedies*) shall not prejudice the right if any Noteholder, under Condition 9.1, to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party.

## 27. **FURTHER REGULATIONS**

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

### TITLE III

#### THE REPRESENTATIVE OF THE NOTEHOLDERS

## 28. **APPOINTMENT, REMOVAL AND REMUNERATION**

### 28.1 **Appointment**

Except for the appointment of the first Representative of the Noteholders which will be Zenith Service S.p.A., the appointment of the Representative of the Noteholders in accordance with the provisions of this Article 28 (*Appointment, removal and remuneration*) shall be approved by an Extraordinary Resolution of the Noteholders of each Class of Notes.

### 28.2 **Identity of Representative of the Noteholders**

The Representative of the Noteholders shall be:

- 28.2.1 a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 28.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act; or
- 28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian Civil Code cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

### 28.3 **Duration of appointment**

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders pursuant to Article 19 (*Extraordinary Resolutions*) or resigns pursuant to Article 29 (*Resignation of the Representative of the Noteholders*), it shall remain in office until full repayment or cancellation of all the Notes.

#### **28.4 After termination**

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Noteholders, which shall be an entity specified in Article 28.2 (*Identity of Representative of the Noteholders*), accepts its appointment, and the powers and authority of the Representative of the Noteholders the appointment of which has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Notes.

#### **28.5 Remuneration**

The Issuer shall pay to the Representative of the Noteholders an annual fee for its services as Representative of the Noteholders from the Issue Date, as agreed either in the initial agreement(s) for the issue and subscription of the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Order of Priority up to (and including) the date when the Notes shall have been repaid in full or cancelled in accordance with the Conditions.

### **29. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed in accordance with Article 28.1 (*Appointment*) and such new Representative of the Noteholders has accepted its appointment and adhered to the Intercreditor Agreement and the other relevant Transaction Documents, provided that if Noteholders fail to select a new Representative of the Noteholders within three calendar months from the written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 28.2 (*Identity of Representative of the Noteholders*).

### **30. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

#### **30.1 Representative of the Noteholders is legal representative**

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

#### **30.2 Meetings and Resolutions**

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

#### **30.3 Delegation**

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

30.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Noteholders;

30.3.2 whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any delegation pursuant to Article 30.3.2 may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Noteholders may think fit in the interest of the Noteholders. The Representative of the Noteholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

#### 30.4 **Judicial Proceedings**

The Representative of the Noteholders is authorised to initiate and to represent the Organisation of the Noteholders in any judicial proceedings including Insolvency Proceedings.

#### 30.5 **Consents given by Representative of Noteholders**

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to (i) for so long as the Senior Notes have a rating by the Rating Agencies, a prior written notice being given to the Rating Agencies and (ii) such conditions (if any) as the Representative of the Noteholders deems appropriate and notwithstanding anything to the contrary contained in these Rules or in the Transaction Documents such consent or approval may be given retrospectively.

#### 30.6 **Discretions**

The Representative of the Noteholders, save as expressly otherwise provided herein or in any other Transaction Document, shall have absolute and unfettered discretion as to the exercise, or non-exercise, of any right, power and discretion vested in the Representative of the Noteholders by these Rules, the Notes, any Transaction Document or by operation of law and the Representative of the Noteholders shall not be responsible for any loss, costs, damages, expenses or other liabilities that may result from the exercise or non-exercise thereof except insofar as the same are incurred as a result of its gross negligence (*colpa grave*) or wilful misconduct (*dolo*).

#### 30.7 **Obtaining instructions**

In connection with matters in respect of which the Representative of the Noteholders is entitled to exercise its discretion hereunder, the Representative of the Noteholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Noteholders' instructions

as to how it should act. Prior to undertaking any action, the Representative of the Noteholders shall be entitled to request that the Noteholders indemnify it and/or provide it with security as specified in Article 31.2 (*Specific limitations*).

### **30.8 Trigger Events**

The Representative of the Noteholders may certify whether or not a Trigger Event is in its sole opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

### **30.9 Remedy**

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of the Rules, the Notes or any other Transaction Documents may be remedied, and if the Representative of the Noteholders certifies that any such default is, in its sole opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Securitisation.

### **30.10 Hedging Counterparty Entrenched Rights**

Notwithstanding any other provision of the Conditions or any other Transaction Documents, no Ordinary Resolution or Extraordinary Resolution involving any Hedging Counterparty Entrenched Right (as determined by the Hedging Counterparty acting in a reasonable manner) may be authorised or passed, unless the Representative of the Noteholders has received the consent of the Hedging Counterparty in relation to it.

## **31. EXONERATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS**

### **31.1 Limited obligations**

The Representative of the Noteholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

### **31.2 Specific limitations**

Without limiting the generality of Article 31.1, the Representative of the Noteholders:

31.2.1 shall not be under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document, has occurred and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event or such other event, condition or act has occurred;

31.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Noteholders shall be entitled to assume that the Issuer and each other party to the Transaction Documents are duly observing and performing all their respective obligations;

- 31.2.3 except as expressly required in the Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 31.2.4 unless and to the extent ordered to do so by a court of competent jurisdiction, shall not be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other person any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these rules, the Notes or any other Transaction Document, and none of the Noteholders, Other Issuer Creditors nor any other person shall be entitled to take any action to obtain from the Representative of the Noteholders any such information, it being understood that in the event that the Representative of the Noteholders discloses any of such information, such information shall have to be disclosed to all the Noteholders and Other Issuer Creditors at the same time;
- 31.2.5 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (c) the nature, status, creditworthiness or solvency of the Issuer;
  - (d) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Notes or the Portfolio;
  - (e) the suitability, adequacy or sufficiency of any collection procedure operated by the Sub-Servicer or compliance therewith;
  - (f) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the purchase or administration of the Portfolio; and
  - (g) any accounts, books, records or files maintained by the Issuer, the Servicer, the Sub-Servicer and the Paying Agent or any other person in respect of the Portfolio;
- 31.2.6 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Notes or the distribution of any of such proceeds to the persons entitled thereto;
- 31.2.7 shall have no responsibility for procuring or maintaining any rating or listing of the Notes (where applicable) by any credit or rating agency or any other person;
- 31.2.8 shall not be responsible for or for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or produced by any Party to the Transaction Documents or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;



- 31.2.9 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 31.2.10 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Issuer in relation to the Portfolio or any part thereof, whether such defect or failure was known to the Representative of the Noteholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 31.2.11 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.12 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.13 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Portfolio or any part thereof;
- 31.2.14 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Notes, the Portfolio or any Transaction Document;
- 31.2.15 shall not be under any obligation to insure the Portfolio or any part thereof;
- 31.2.16 shall not have any liability for any loss, liability, damage, claim or expense directly or indirectly suffered or incurred by the Issuer, any Noteholder, any Other Issuer Creditor or any other person as a result of the delivery by the Representative of the Noteholders of a Trigger Notice pursuant to Condition 12.3.

### 31.3 Specific Permissions

- 31.3.1 When in the Rules or any Transaction Document the Representative of the Noteholders is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Noteholders, the Representative of the Noteholders shall have regard to the interests of the Noteholders as a Class and shall not be obliged to have regarded to the consequences of such exercise for any individual Noteholder resulting from his or its being for any purpose domiciled, resident in or otherwise connected with or subject to the jurisdiction of any particular territory or taxing authority.
- 31.3.2 The Representative of the Noteholders shall, as regards the exercise and performance of the powers, authorities, duties and discretions vested in it by the Transaction Documents, except where expressly provided otherwise herein or therein, have regard to the interests of both the Noteholders and the Other Issuer Creditors but if in the sole opinion of the Representative of the Noteholders there is a conflict between their interests, the Representative of the Noteholders will have regard solely to the interest of the Noteholders.
- 31.3.3 Subject to Articles 18.2 (*Ordinary Resolution of a single Class*), 19.2 (*Basic Terms Modification*) and 19.3 (*Extraordinary Resolution of a single Class*), where the Representative of the Noteholders is required to consider the interests of the Noteholders and, in its sole opinion, there is a conflict between the interests of the

Holders of different Classes of Notes, the Representative of the Noteholders will consider only the interests of the Holders of the Most Senior Class of Notes.

31.3.4 The Representative of the Noteholders may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all costs, charges, damages, expenses and liabilities which may be suffered, incurred or sustained by it as a result. Nothing contained in the Rules or any of the other Transaction Documents shall require the Representative of the Noteholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

#### 31.4 **Notes held by Issuer**

The Representative of the Noteholders may assume without enquiry that no Notes are, at any given time, held by or for the benefit of the Issuer.

#### 31.5 **Illegality**

No provision of the Rules shall require the Representative of the Noteholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Noteholders may refrain from taking any action which would or might, in its sole opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its sole opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

### 32. **RELIANCE ON INFORMATION**

#### 32.1 **Advice**

The Representative of the Noteholders may act on the advice of, a certificate or opinion of or any written information obtained from any lawyer, accountant, banker, broker or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise and shall not, in the absence of gross negligence (*colpa grave*) or wilful misconduct (*dolo*) on the part of the Representative of the Noteholders, be responsible for any loss incurred by so acting.

#### 32.2 **Transmission of Advice**

Any opinion, advice, certificate or information referred to in Article 32.1 (*Advice*) may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Noteholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic.

#### 32.3 **Certificates of Issuer**

The Representative of the Noteholders may call for, and shall be at liberty to accept as sufficient evidence:

- 32.3.1 as to any fact or matter *prima facie* within the Issuer's knowledge, a certificate duly signed by an authorised representative of the Issuer on its behalf;
- 32.3.2 that such is the case, a certificate of an authorised representative of the Issuer on its behalf to the effect that any particular dealing, transaction, step or thing is expedient; and
- 32.3.3 as sufficient evidence that such is the case, a certificate signed by an authorised representative of the Issuer on its behalf to the effect that the Issuer has sufficient funds to make an optional redemption under the Conditions.

and the Representative of the Noteholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

#### **32.4 Resolution or direction of Noteholders**

The Representative of the Noteholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Noteholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Noteholders.

#### **32.5 Certificates of Euronext Securities Milan Account Holders**

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Euronext Securities Milan Account Holder in accordance with the Joint Regulation, which certificates are to be conclusive proof of the matters certified therein.

#### **32.6 Clearing Systems**

The Representative of the Noteholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Noteholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Notes.

#### **32.7 Rating Agencies**

The Representative of the Noteholder shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders or, as the case may be, the Most Senior Class of Noteholders if, along with other factors, it has accessed the view of, and, in any case, with prior written notice to, the Rating Agencies, and has ground to believe that the then current rating of the Senior Notes would not be adversely affected by such exercise. If the

Representative of the Noteholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Senior Notes or any Class thereof, the Representative of the Noteholders shall inform the Issuer, which will have to obtain the valuation at its expense on behalf of the Representative of the Noteholders unless the Representative of the Noteholders which to seek and obtain such valuation itself at the cost of the Issuer.

### 32.8 Certificates of Parties to Transaction Document

The Representative of the Noteholders shall have the right to call for or require the Issuer to call for and to rely on written certificates issued by any Transaction Party (other than the Issuer) to the Intercreditor Agreement or any other Transaction Document,

32.8.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

32.8.2 as any matter or fact *prima facie* within the knowledge of such Transaction Party; or

32.8.3 as to such Transaction Party's opinion with respect to any issue

and the Representative of the Noteholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any loss, liability, cost, damage, expense, or charge incurred as a result of having failed to do so unless any of its officers responsible for the administration of the Securitisation shall have actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

### 32.9 Auditors

The Representative of the Noteholders shall not be responsible for reviewing or investigating any Auditors' report or certificate and may rely on the contents of any such report or certificate.

## 33. MODIFICATIONS

### 33.1 Modification

Subject to article 30.10. (Hedging Counterparty Entrenched Rights), the Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders or, as the case may be of the Hedging Counterparty, concur with the Issuer and any other relevant parties in making:

33.1.1 any modification to these Rules, the Notes or to any of the Transaction Documents in relation to which its consent is required if, in the sole opinion of the Representative of the Noteholders, such modification is of a formal, minor, administrative or technical nature, is made to comply with mandatory provisions of law or is made to correct a manifest error;

33.1.2 any modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) in relation to which its consent is required which, in the sole opinion the Representative of the Noteholders, is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes then outstanding or does not otherwise relates to any Hedging Counterparty Entrenched Rights; and

33.1.3 any modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of the Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 5.11 (*Further securitisations*) and which, in the sole opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Noteholders or does not otherwise relate to any Hedging Counterparty Entrenched Rights and the fact that the execution of the relevant amendment or modification would not adversely affect the then current ratings of the Senior Notes shall be conclusive evidence that the requested amendment or modification is not materially prejudicial to the interests of the Holders of the Most Senior Class of Notes.

### 33.2 Additional modifications and waivers

Notwithstanding the provisions of Article 33.1 (*Modification*), the Representative of the Noteholders shall be obliged, without any consent or sanction of the Noteholders, to concur with the Issuer or any other relevant parties in making any modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Document that the Issuer considers necessary:

- (a) for the purposes of complying with the EU Securitisation Regulation and/or the UK Securitisation Regulation, provided that the Servicer, on behalf of the Issuer, certifies to the Representative of the Noteholders in writing that such modification has been advised by a reputable international law firm or, with respect to STS rules, by a firm providing verification services in relation to the Securitisation pursuant to article 28 of the EU Securitisation Regulation, is required solely for such purpose and has been drafted solely to such effect; or
- (b) in order to enable the Issuer and/or the Hedging Counterparty to comply with any obligation which applies to it under EMIR, provided that the Issuer or the Hedging Counterparty, as appropriate, certifies to the Representative of the Noteholders in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (c) for so long as the Senior Notes are intended to be held in a manner which will allow for Eurosystem eligibility (the criteria in respect of which are currently set out in the ECB Guideline (EU) 2015/510, as amended), for the purposes of maintaining such eligibility, provided that the Issuer certifies to the Representative of the Noteholders in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificates to be provided pursuant to paragraphs (a), (b) and (c) above being a “**Modification Certificate**”).

The Representative of the Noteholders is only obliged to concur with the Issuer in making any modification for the purposes referred to in paragraphs (a), (b) and (c) above if the following conditions have been satisfied (the “**Modification Conditions**”):

- (i) at least 30 (thirty) days’ prior written notice of any such proposed modification has been given to the Representative of the Noteholders;

- (ii) the Modification Certificate in relation to such modification shall be provided to the Representative of the Noteholders both at the time the Representative of the Noteholders is notified of the proposed modification and on the date that such modification takes effect;
- (iii) the Issuer provides the Representative of the Noteholders with such legal opinions as the Representative of the Noteholders considers necessary in connection with the implementation of such modifications;
- (iv) the consent of each Other Issuer Creditor which is party to the relevant Transaction Document and any Other Issuer Creditor which has a right to consent to such modification pursuant to the provisions of the Transaction Documents has been obtained;
- (v) the person who proposes such modification pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Representative of the Noteholders in connection with such modification;
- (vi) the Issuer, and/or the Servicer on its behalf, certifies to the Representative of the Noteholders (which certification may be in the Modification Certificate) that the proposed modification is not, in the reasonable opinion of the Issuer and/or the Servicer (as applicable) formed on the basis of due consideration, a modification in respect of a Basic Terms Modification;
- (vii) either:
  - (A) the Issuer obtains from each of the Rating Agencies written confirmation that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to the Senior Notes by such Rating Agency and would not result in any Rating Agency placing the Senior Notes on rating watch negative (or equivalent) and delivers a copy of such confirmation to the Issuer and the Representative of the Noteholders; or
  - (B) the Servicer, on behalf of the Issuer, certifies in the Modification Certificate that it has notified each of the Rating Agencies of the proposed modification and in its opinion, formed on the basis of due consideration and consultation with the Rating Agencies, such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Senior Notes by any Rating Agency or (y) any Rating Agency placing the Senior Notes on rating watch negative or equivalent); and
- (viii) (I) the Issuer (or the Servicer on its behalf) certifies in writing to the Representative of the Noteholders (which certification may be in the Modification Certificate) that, in relation to such modification, the Issuer (or the Paying Agent on its behalf) has provided at least 30 (thirty) days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 16 (*Notices*) specifying the date and time by which Noteholders must respond and has made available, at the time of publication, the modification documents for inspection at the registered office of the Representative of the Noteholders for the time being during normal business hours and (II) Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer and the Paying Agent in accordance with the then current practice of the clearing system through which such Notes may be held

notifying them by the time specified in such notice that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes have notified the Issuer and the Paying Agent, in accordance with the notice and the then current practice of any applicable clearing system through which such Notes may be held, by the time specified in such notice that they do not consent to the modifications set out in paragraphs (a) and (b) above, then such modification will not be made unless an Extraordinary Resolution of the holders of the Most Senior Class of Notes is passed in favour of such modification in accordance with the Rules of the Organisation of the Noteholders.

Objections made in writing other than through the clearing systems must be accompanied by evidence to the Representative of the Noteholders' satisfaction (having regard to the prevailing market practices) of the relevant Noteholder's holding of the Notes.

Any modification made in accordance with this Article 33.2 shall be binding on all Noteholders and shall be notified by the Issuer (or the Paying Agent on its behalf) without undue delay to, so long as any of the Senior Notes remains outstanding, each Rating Agency and, in any event, the Other Issuer Creditors and the Noteholders in accordance with Condition 16 (*Notices*).

The Representative of the Noteholders shall not be obliged to agree to any modification which, in the sole opinion of the Representative of the Noteholders, would have the effect of (i) exposing the Representative of the Noteholders to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Representative of the Noteholders in the Transaction Documents and/or the Conditions.

### **33.3 Representative of the Noteholders consideration of other interests**

When implementing any modification pursuant to Article 33.2 (*Additional modifications and waivers*) (save to the extent that the proposed matter is a Basic Terms Modification), the Representative of the Noteholders shall not consider the interests of the Noteholders, any Other Issuer Creditors or any other person and shall act and rely solely without further investigation on any certificate (including any Modification Certificate) or evidence provided to it by the Issuer (or the Servicer on its behalf), as the case may be, pursuant to Article 33.2 (*Additional modifications and waivers*) and shall not be liable to the Noteholders, any Other Issuer Creditors or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

### **33.4 Binding Notice**

Any such modification referred to in Article 33.1 (*Modification*) shall be binding on the Noteholders and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter in accordance with provisions of the Conditions relating to notices of Noteholders and the relevant Transaction Documents.

### **33.5 Modifications requested by the Noteholders**

Subject to article 30.10 (*Hedging Counterparty Entrenched Rights*), the Representative of the Noteholders shall be bound to concur with the Issuer and any other party in making any modifications if it is directed to do so by an Extraordinary Resolution of the Most Senior Class of

Noteholders or, in the case of any modification which constitutes Basic Terms Modification, of the holders of each Class of Notes but only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

34. **WAIVER**

34.1 **Waiver of Breach**

Subject to article 30.10 (*Hedging Counterparty Entrenched Rights*), the Representative of the Noteholders may at any time and from time to time in its sole direction, without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Holders of the Most Senior Class of Notes then outstanding shall not be materially prejudiced thereby:

34.1.1 authorise or waive, on such terms and subject to such conditions (if any) as it may decide, any proposed breach or breach of any of the covenants or provisions contained in the Notes or any of the Transaction Documents; or

34.1.2 determine that any Trigger Event shall not be treated as such for the purposes of the Transaction Documents,

without any consent or sanction of the Noteholders.

34.2 **Binding Nature**

Any authorisation, waiver or determination referred in Article 34.1 (*Waiver of Breach*) shall be binding on the Noteholders.

34.3 **Restriction on powers**

The Representative of the Noteholders shall not exercise any powers conferred upon it by this Article 34 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding but so that no such direction or request:

34.3.1 shall affect any authorisation, waiver or determination previously given or made; or

34.3.2 shall authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless each Class of Notes has, by Extraordinary Resolution, so authorised its exercise.

34.4 **Notice of waiver**

Unless the Representative of the Noteholders agrees otherwise, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Noteholders and the Other Issuer Creditors, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to notices and the relevant Transaction Documents.

35. **INDEMNITY**

Pursuant to the Subscription Agreements, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders and without any obligation to first make



demand upon the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Noteholders or any entity to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the Rules and the Transaction Documents, including but not limited to all reasonable legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under the Rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful misconduct (*dolo*) of the Representative of the Noteholders.

36. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

**TITLE IV**

**THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE**

37. **POWERS**

It is hereby acknowledged that, upon service of a Trigger Notice or prior to the service of a Trigger Notice, following the failure of the Issuer to exercise any right to which it is entitled, pursuant to the Mandate Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Issuer and as *mandatario in rem propriam* of the Issuer, any and all of the Issuer's Rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

**TITLE V**

**GOVERNING LAW AND JURISDICTION**

38. **GOVERNING LAW**

The Rules and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. **JURISDICTION**

The Courts of Rome will have jurisdiction to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Rules and any non-contractual obligations arising out thereof or in connection therewith.

## ESTIMATED MATURITY AND WEIGHTED AVERAGE LIFE OF THE SENIOR NOTES

The estimated weighted average life of the Senior Notes (the "**Estimated Weighted Average Life**") refers to the estimated average amount of time that will elapse from the Issue Date to the date of distribution to the investor of each Euro in reduction of the principal amount of each Senior Note. The Estimated Weighted Average Life of a given Senior Note shall be affected, among other things, by the available funds allocated to redeem such Note and other factors. Therefore, the Estimated Weighted Average Life of the Senior Notes cannot be predicted as the actual rate at which the Receivables will be repaid and a number of other relevant factors are unknown. Calculated estimates as to the estimated average life of the Senior Notes can only be made based on certain assumptions. These estimates have certain inherent limitations. No representations are made that such estimates are accurate, or that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised. The model used for the purpose of calculating estimates presented below employs an assumed constant principal payment rate (hereinafter "**CPPR**"). The CPPR is an assumed constant rate of payment of principal, which, when applied monthly, changes the monthly expected outstanding principal amount of the Portfolio and allows for calculation of the monthly principal payment of the Senior Notes. The CPPR showed in the tables below is an annualised figure.

The information included in the tables below assumes, among other things:

- (a) there are no delinquencies or default on the Receivables, and principal payments on the Receivables will be timely received, if any, at the respective CPPR set forth in the tables below;
- (b) no Receivables are repurchased by the Originator;
- (c) no Receivables are subject to renegotiations or rescheduling of the amortization plan pursuant to clause 3.2 of the Servicing Agreement;
- (d) the Payment Date is assumed to be the 26<sup>th</sup> calendar day of each month (or, in the event such day is not a Business Day, the next following Business Day) and the first Payment Date is 26 April 2023;
- (e) the optional redemption pursuant to Condition 8.3 (Optional Redemption) is exercised in one scenario as set forth in the tables below;
- (f) the Pass-Through Condition does not occur;
- (g) no Trigger Event occurs;
- (h) the CPPR shown in the tables below is an annualised figure. The range of scenarios have been defined based on historic information shared by the Originator;
- (i) the calculation of the weighted average life (in years) is calculated on an Actual/360 basis
- (j) the original outstanding balance of the Class A Notes is EUR 470,000,000;

- (k) no hedging event of default or termination event occurs and no hedging payments are due to the Hedging Counterparty other than the payments due under item *Fourth* of the Pre-Enforcement Order of Priority;
- (l) the first Collection Period begins on 19 February 2023 and ends on 31 March 2023;
- (m) the Issuer will not exercise the redemption for taxation reasons pursuant to Condition 8.4 (*Optional redemption for taxation reasons*);
- (n) the Receivables fully amortise according to their amortisation plan.

The actual characteristics and performance of the Receivables will differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and provided only to give a general sense of how the principal cash flows might behave under varying monthly rates of principal prepayment scenarios. For example, it is unlikely that the Receivables will pay at a constant monthly rate of principal payment until maturity. Any difference between such assumptions and the actual characteristics and performance of the Receivables, or actual monthly rate of principal prepayment, will affect the estimated weighted average life of the Senior Notes. Subject to the foregoing discussion and assumptions, the following tables indicate the Estimated Weighted Average Life of the Senior Notes assuming the CPPR shown and under two scenarios: (i) exercise by the Issuer of its option to redeem the Senior Notes pursuant to Condition 8.3 (*Optional Redemption*) (the date on which such option will be exercised, the “**Clean-Up Option Date**”); (ii) the principal of the Senior Notes is repaid according to the relevant Order of Priority up to the Final Maturity Date.

**WAL to Clean-Up Option Date**

CPPR	0%	2%	4%	6%	8%	10%	12%
Class A	1.91	1.83	1.75	1.67	1.60	1.54	1.48

**WAL to Final Maturity Date**

CPPR	0%	2%	4%	6%	8%	10%	12%
Class A	1.92	1.83	1.75	1.68	1.61	1.54	1.48

*The Estimated Weighted Average Lives of the Senior Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.*

## SELECTED ASPECTS OF ITALIAN LAW

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

### **The Securitisation Law**

The Securitisation Law was enacted on 30 April 1999 and subsequently amended and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies, *inter alia*, to securitisation transactions involving a “true” sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the assigned debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under the notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction. It should be noted that Law Decree No. 145 of 23 December 2013 (“*Interventi urgenti di avvio del piano “Destinazione Italia”, per il contenimento delle tariffe elettriche e del gas, per la riduzione dei premi RC-auto, per l’internazionalizzazione, lo sviluppo e la digitalizzazione delle imprese, nonché misure per la realizzazione di opere pubbliche ed EXPO 2015*”) converted with amendments into Law No. 9 of 21 February 2014 (“**Law 9/2014**”) and Italian Law Decree No. 91 of 24 June 2014 (“*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l’efficientamento energetico dell’edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea*”) converted with amendments into Law No. 116 of 11 August 2014, (“**Law 116/2014**”) introduced certain amendments to the Securitisation Law for the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law.

In particular, the following main changes have been introduced by such laws in respect of the Securitisation Law:

1. the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned claims and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law (“*data certa*”) on which the relevant purchase price (even if partial) has been paid;
2. payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 164, first paragraph of the Insolvency Code;
3. the assignment of receivables owed by public entities made under the Securitisation Law will now be subject only to the formalities contemplated by the Securitisation Law (*i.e.*, the publication of the notice of assignment in the Official Gazette and the registration of the

assignment in the register of companies where the assignee is enrolled) and no other formalities shall apply; and

4. where the Notes issued by the special purpose vehicle are subscribed by qualified investors, the underwriter can also be a sole investor.
5. if the servicer, the sub-servicer or the depositary bank, with which the accounts for the deposit of the collections received from the assigned debtors of securitisation transactions have been opened, becomes subject to insolvency proceedings, the amounts credited on such accounts will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan;
6. securitisation companies established under the Securitisation Law are allowed to grant direct financings to entities which are not individuals or so-called micro-companies, subject to certain conditions;
7. certain consequential changes are made to the Securitisation Law to reflect such new possibility;
8. the segregation principle set out in the second paragraph of article 3 of the Securitisation Law is widened to include any right arising in favour of the securitisation company in the context of the relevant securitisation transaction, the relevant collections and the financial assets acquired with such collections.

*Amendments to the Securitisation Law introduced by 2019 Budget Law*

Law No. 145 of 30 December 2018 (the “**2019 Budget Law**”), as published in the Official Gazette No. 302 of 31 December 2018, provided, *inter alia*, for certain amendments to the Securitisation Law applicable as of 1 January 2019.

In particular, 2019 Budget Law introduced new measures to the Securitisation Law aiming at:

- (i) further favouring the realization of securitisations through the purchase or subscription by the SPV of, *inter alia*, bonds or debt securities, by providing that where the notes issued in the context of the securitisation are to be purchased by qualified investors pursuant to article 100 of the Consolidated Financial Act, certain restrictions do not apply;
- (ii) allowing SPVs to grant financings also in conjunction with and in addition to the transactions provided for under article 1, paragraphs 1 and 1-bis of the Securitisation Law;
- (iii) clarifying certain aspects of article 7, paragraph 1(a) of the Securitisation Law, on lending operations carried out by the SPV *vis-à-vis* the transferor;
- (iv) extending the application of the Securitisation Law to securitisation transactions concerning the securitisation of proceeds deriving from the ownership or other rights on real estates, registered movable properties; and
- (v) introducing new measures allowing the borrowers of the SPV to segregate the claims and assets representing the guarantee for the financings received and/or to constitute a pledge over such claims and assets.

Further amendments to the Securitisation Law have been made by (i) Law Decree No. 34 of 30 April 2019 (*Misure urgenti di crescita economica e per la risoluzione di specifiche situazioni di crisi*), converted into law with amendments by Law No. 58 of 28 June 2019 (the “**Decreto Crescita**”) and (ii) Law Decree No. 162 of 30 December 2019 (*Misure urgenti in materia di proroga di termini legislativi, di organizzazione delle pubbliche amministrazioni, nonché di innovazione tecnologica*) converted into law with amendments by Law No. 8 of 28 February 2020 (the “**Decreto Milleproroghe**”).

*Amendments to the Securitisation Law introduced by 2021 Budget Law*

Law No. 178 of 30 December 2020, published in the Official Journal No. 322, Ordinary Supplement No. 46, of 30 December 2020 (the “**2021 Budget Law**”), has introduced, *inter alia*, certain amendments to the Italian Securitisation Law.

In particular, the following main changes have been introduced:

- (i) the SPVs may finance the acquisition of receivables by borrowing from third parties instead of issuing securities. This amendment significantly broadens the ways in which SPVs can raise finance in line with what is provided for in other European jurisdictions, where the relevant securitisation’s laws provide that the SPVs can also raise finance through other bank debt instruments, such as loans. Should be a securitisation transaction set up thereby, references in the Securitisation Law to securities should be to financings and references to security holders should be to creditors of payments due by the funded entity under such financings;
- (ii) the provisions regarding the segregation which has been extended to all sums paid by the assigned debtor(s) or “however received in satisfaction of the assigned receivables”: so, the rule provides that all such sums have to be used exclusively, by the SPVs to satisfy the rights incorporated in the securities issued, by the same or by another company, or deriving from financing granted to the same by entities authorised to the activity of granting financing, to finance the purchase of such credits, as well as to pay the costs of the operation. Moreover, the aside mentioned above (“the sums ... however received in satisfaction of the assigned claims”) aims to overcome the limitation imposed by the literal wording of Securitisation Law in referring only to the sums paid by the debtor(s).
- (iii) a clarification to the interpretation of the rules set forth in article 7.1, paragraph 4, first sentence, of Securitisation Law regarding the securitisation of non-performing loans confirming the possibility for securitisation special purpose vehicles to acquire assets and contractual relationships also in the context of corporate transactions has been provided. Paragraph 4 of Article 7.1 recognises the possibility of establishing special purpose vehicles (the so-called ReoCos or LeaseCos) to directly acquire real estate and other (registered) assets securing the relevant receivables, including property financed by leasing contracts, regardless of whether such contracts have been terminated, together with the related contractual rights. In such respect, the 2021 Budget Law clarifies that this provision is to be interpreted in the sense that the acquisition by the ReoCos or LeaseCos does not necessarily have to take place through sale and purchase transactions, but may also be carried out through demergers or other aggregation transactions.

Further amendments to the Securitisation Law have been made by Legislative Decree No. 190 of 5

November 2021 (*Disposizioni per l'attuazione della direttiva (UE) 2019/2162 relativa all'emissione di obbligazioni garantite e alla vigilanza pubblica delle obbligazioni garantite e che modifica la direttiva 2009/65/CE e la direttiva 2014/59/UE, e per l'adeguamento della normativa nazionale alle disposizioni del regolamento (UE) 2019/2160, che modifica il regolamento (UE) n. 575/2013, per quanto riguarda le esposizioni sotto forma di obbligazioni garantite. Modifiche alla legge 30 aprile 1999, n. 130*), published in the Official Journal No. 285 of 30 November 2021.

### **Ring-fencing of the assets**

Under the terms of article 3 of the Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including, for the avoidance of doubt, any other receivables purchased by the Issuer pursuant to the Securitisation Law). Prior to and on a winding up of such a company, such assets (for so long as such amounts are credited to one of the Issuer's Accounts under the Securitisation and not commingled with other sums) will only be available to holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant receivables. In addition, the receivables relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

The segregation principle set out in the second paragraph of article 3 of the Securitisation Law has been extended by Law Decree number 91 of 24 June 2014, as converted into law by Law number 116 of 11 August 2014 ("**Law 116/2014**") in order to include not only the relevant receivables but also (i) any monetary right arising, in the context of the relevant securitisation transaction, in favour of the company incorporated under the Securitisation Law, (ii) the cash-flows deriving from the relevant receivables and such monetary rights and (iii) the financial instruments acquired in the context of the relevant securitisation transaction with such cash-flows.

In addition, Law 116/2014 has introduced the new paragraphs 2-bis and 2-ter to article 3 of the Securitisation Law, pursuant to which the segregation principle of amounts standing to the credit of the accounts opened in the context of securitisation transactions has been strengthened and the commingling risk in respect of collections collected, on behalf of the relevant company incorporated under the Securitisation Law, by the servicers and/or sub-servicers of the relevant securitisation transaction has been limited. In particular, in accordance with the new paragraphs 2-bis and 2-ter to article 3 of the Securitisation Law:

- (i) the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to article 3 of the Securitisation Law with the servicers or with the depositary bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited, may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation and to pay the expenses

to be borne in connection with the securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and

- (ii) in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors may be credited, the creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to file any petition in the relevant insolvency proceeding and outside any distribution plan.

Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

### **The assignment**

The assignment of the receivables is governed by the Securitisation Law.

According to article 4, first paragraph, of the Securitisation Law, article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act is applicable to the assignment of receivables made pursuant to the Securitisation Law. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the originator of the relevant receivables, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice of sale in the Official Gazette and, in the case of the debtors, registration of the transfer in the companies register for the place where the Issuer has its registered office, so avoiding the need for individual notification to be served on each debtor.

However, please note that in the presence of a contractual undertaking of the seller to notify the borrowers of the assignment of the receivables, enforceability of the assignment *vis-à-vis* the borrowers may be obtained only upon notification.

Pursuant to article 4, first paragraph, of the Securitisation Law, the notice of sale in the Official Gazette of the assignment of those receivables which have the characteristics set out under article 1 of the Italian Law number 52 of 21 February 1991 (i.e. receivables arising out of contracts executed by the originator in the ordinary course of its business) may be simplified by including only information regarding the originator, the assignee and the date of assignment. As an alternative, the perfection of the assignment of such receivables may be governed by article 5, paragraph 1, 1-*bis* and 2 of Italian Law number 52 of 21 February 1991, according to which the enforceability of the assignment against third parties is obtained by having the payment of the relevant purchase price with date certain at law.



According to article 4, second paragraph, of the Securitisation Law, as from the date of the publication of the notice in the Official Gazette or the date certain at law of payment (in whole or in part) of the purchase price for the assigned receivables:

- 1) no legal action may be brought in respect of the assigned receivables or the sums derived therefrom, other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction;
- 2) notwithstanding any provision of law providing otherwise, no set-off may be exercised by the debtors among the assigned receivables and any debtors' claims towards the originator arising after such date;
- 3) the assignment becomes enforceable against:
  - (a) any other assignee of the originator who has failed to render its purchase of receivables enforceable against any third party prior to such date;
  - (b) any creditors of the originator who have not obtained, prior to the date of the publication of the notice in the Official Gazette, an attachment order (*pignoramento*) in respect of any of the receivables and then only to the extent of the receivables already attached.

Assignments executed under the Securitisation Law may be clawed back under article 166 of the Insolvency Code but only in the event that the relevant party was insolvent when the assignment was entered into and the petition for admission to judicial liquidation (*liquidazione giudiziale*) of the relevant party is filed within three months or, in cases where paragraph 1 of article 166 applies (*e.g.*, if the adjudication of judicial liquidation of the relevant originator is made within 6 months from the purchase of the relevant portfolio of receivables, provided that the value of the receivables exceeds the sale price of the receivables for more than 25 per cent. and the issuer is not able to demonstrate that it was not aware of the insolvency of such originator), within six months of the securitisation transaction (under the Securitisation Law the 1 year and 6 months suspect periods provided by article 166 of the Insolvency Code are reduced to 6 months and 3 months respectively).

According to article 4, third paragraph, of the Securitisation Law, payments made by an assigned debtor to a securitisation company are not subject to any clawback action according to article 166 of the Insolvency Code. Furthermore, pursuant to the same provision, payments made by assigned debtors in relation to the relevant receivables assigned in the context of a securitisation transaction carried out pursuant to the Securitisation Law will not be subject to declaration of ineffectiveness pursuant to article 164, first paragraph of the Insolvency Code.

Notice of the sale of the Receivables comprised in the Portfolio pursuant to the Receivables Purchase Agreement by the Originator to the Issuer was published on the Official Gazette No. 23, Part 2, on 23 February 2023 and has been deposited for registration in the companies register of Milan–Monza–Brianza–Lodi on 21 February 2023.

The enforceability of the transfer of the Receivables against the debtors is governed by the ordinary regime provided for by the Italian Civil Code. As a result, the transfer of the receivables from the assignor

to the assignee will become enforceable (*opponibile*) against the relevant debtors only at such time as a notice (in any form) of the relevant assignment from the assignor to the assignee has been given to the relevant debtors, or the relevant debtors have accepted such assignment, in each case in accordance with the provisions of article 1264 of the Italian Civil Code.

### **The Issuer**

Under the provisions of Article 5, paragraph 2, of the Securitisation Law, the standard limits and the other provisions related to the issue of securities prescribed for Italian companies (other than banks) under the Italian Civil Code (Articles from 2410 to 2420) are inapplicable to the Issuer. According to the Securitisation Law, the Issuer shall be a *società di capitali*.

### **Subrogation**

Legislative Decree 141 has introduced in the Consolidated Banking Act article 120-*quater*, which provides for certain measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. Legislative Decree 141 repealed article 8 (except for paragraphs 4-*bis*, 4-*ter* and 4-*quater*) of the Bersani Decree, replicating though, with some additions, such repealed provisions. The purpose of article 120-*quater* of the Consolidated Banking Act is to facilitate the exercise by the borrowers of their right of subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian Civil Code (the "**Subrogation**"), providing in particular that, in case of a loan, overdraft facility or any other financing granted by a bank, the relevant borrower can exercise the Subrogation, even if the borrower's debt towards the lending bank is not due and payable or a term for repayment has been agreed for the benefit of the creditor. If the Subrogation is exercised by the borrower, a new lender will succeed to the former lender also as beneficiary of all existing ancillary security interests and guarantees. Any provision of the relevant agreement which may prevent the borrower from exercising such Subrogation or render the exercise of such right more cumbersome for the borrower is void. The borrower shall not bear any notarial or administrative cost connected to the Subrogation.

Furthermore, paragraph 7 of article 120-*quater* of the Consolidated Banking Act provides that, in case the Subrogation is not perfected within 30 days from the date on which the original lender has been requested to cooperate for the conclusion of the Subrogation, the original lender shall indemnify the borrower for an amount equal to 1% of the loan or facility granted, for each month or fraction of month of delay. The original lender has the right to ask for indemnification from the subrogating lender, in case the latter is to be held liable for the delay in the conclusion of the Subrogation.

### **Consumer credit provisions**

#### *Consumer credit provisions and enactment of Legislative Decree 141*

The Portfolio comprises Receivables deriving from Loans qualifying as "auto loans" (i.e. loans granted to, *inter alios*, Debtors which, as at the date of signing of the relevant Loan Agreement, were individuals resident in Italy). The Receivables arise from consumer loans granted to individuals (the "*consumers*") acting outside the scope of their entrepreneurial, commercial, craft or professional activities. Such consumer loans fall within the category of "*consumer loans*" which, in Italy, is regulated by, amongst

others: (i) articles 121 to 126 of the Consolidated Banking Act and (ii) some provisions of the Consumer Code. Consumer protection legislation has been subject to a full revision by the enactment of legislative decree 13 August 2010 No. 141 (as subsequently amended, the “**Legislative Decree 141**”) which transposed in the Italian legal system EC Directive 2008/48 on credit agreements for consumers. Legislative Decree 141 has become enforceable on 19 September 2010 (the “**Directive**”).

#### *Legislative Decree 141 and existing credit consumer agreements*

Even if Legislative Decree 141 does not provide anything on the matter, on the basis of both article 30 of the Directive and the implementing measures of Legislative Decree 141, it can be stated that the provisions set by Legislative Decree 141 do not apply to agreements existing on the date on which latter entered into force, except for some provisions, applicable to open-end credit agreements only.

#### *Scope of application*

Prior to the entry into force of Legislative Decree 141, consumer loans were only those granted for amounts respectively lower and higher than the maximum and minimum levels set by the *Comitato Interministeriale per il Credito e il Risparmio* (CICR) (the inter-ministerial committee for credit and savings), such levels being fixed at €30,987.41 and €154.94 respectively. Currently article 122 of the Consolidated Banking Act rules that provisions concerning consumer loans apply to loans granted for amounts from €200 (included) to €75,000 (included); moreover, the same article 122 sets a list of other deeds and agreement which shall not be considered as consumer loans.

#### *Right of withdrawal*

Pursuant to article 125-*ter* of the Consolidated Banking Act, consumers have a period of 14 calendar days in which to withdraw from the credit agreement without giving any reason. That period of withdrawal shall begin (i) either from the day of the conclusion of the credit agreement, or (ii) from the day on which the consumer receives the contractual terms and conditions and information to be provided to it pursuant to paragraph 1 of article 125-*bis* of the Consolidated Banking Act, if that day is later than the date referred to under point (i). In case the consumer enforces its right of withdrawal, within thirty days following the date of enforcement the consumer shall pay to the lender any amount outstanding under the relevant consumer loan, plus matured interest and non recoverable expenses paid by the lender to the public administration in connection with the granting of the relevant consumer loan. If the credit agreement has been negotiated by distance marketing, withdrawal periods as calculated under article 67-*duodecies* of the Consumer Code will apply. Pursuant to article 125-*quater* of the Consolidated Banking Act, a consumer may always withdraw from an open-end credit agreement without paying any penalty or expense to the lender. Before the enactment of Legislative Decree 141, rights of withdrawal in favour of consumers under consumer loan agreements were limited to specific cases, such as in case of consumer credit agreement concluded to finance acquisition of goods or services pursuant to a distance contract.

#### *Set-off*

Pursuant to article 125-*septies*, paragraph 1, of the Consolidated Banking Act, debtors are entitled to exercise, against the assignee of a lender under a consumer loan contract, any defence (including set-

off) which they had against the original lender, in derogation of the provisions of article 1248 of the Italian Civil Code (that is even if the borrower has accepted the assignment or has been notified thereof). It is debated whether article 125-septies, paragraph 1, of the Consolidated Banking Act allows the assigned consumer to set-off against the assignee only claims that had arisen vis-à-vis the assignor before the assignment or also those claims arising after the assignment, regardless of any notification/acceptance of the same. In this respect it should be noted that the Securitisation Law (as amended by Italian Law no. 9 of 21 February 2014) provides, *inter alia*, that, in derogation of any other provision, with effect from the date of publication of the notice of transfer in the Official Gazette or the payment of the purchase price (even partial) of the relevant receivables bearing data certain at law (*data certa*), the relevant assigned debtors are not entitled to set-off any claim vis-à-vis the assignor arising after such date against any payment owed to the issuer.

### **Recoveries under the Loans**

Following default by a Debtor under a Loan, the Sub-Servicer will be required to take steps to recover the sums due under such Loan in accordance with its Credit and Collection Policies and the Servicing Agreement.

The Sub-Servicer may take steps to recover the deficiency from the relevant Debtor. Such steps could include an out-of-court settlement; however, legal proceedings may be taken against the relevant Debtor if the Sub-Servicer is of the view that the potential recovery would exceed the costs of the enforcement measures. In such event, due to the complexity of and the time involved in carrying out legal or insolvency proceedings against the Debtor and the possibility for challenges, defences and appeals by the Debtor, there can be no assurance that any such proceedings would result in the payment in full of outstanding amounts under the relevant Loan.

In the Republic of Italy, a lender which has received a judgment against a debtor in default may enforce the judgment through a forced sale of the debtor's (or guarantor's) goods, claims or real estate assets, if the lender has previously been granted a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

Attachment proceedings may be commenced also on due and payable claims of a borrower (such as bank accounts, salary etc.) or on a borrower's moveable property which is located on a third party's premises.

Forced sale proceedings are directed against the debtor's properties following notification of an *atto di precetto* to the relevant debtor together with a *titolo esecutivo*, i.e. an instrument evidencing the nature of the claim and its enforceability at law.

The average length of time for a forced sale of a debtor's goods, from the court order or injunction of payment to the final sharing-out, is about three years. The average length of time for a forced sale of a debtor's real estate asset, from the court order or injunction of payment to the final sharing-out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in southern Italy the duration of the procedure can significantly exceed the average.

Estimates of the cost for the enforcement of security interests have to be made on a case by case basis.

The creditor is required to pay, in advance, the expenses of the judicial enforcement proceeding (including the fees of the expert appointed by the court to appraise the assets subject to enforcement).

A judicial enforcement proceeding is initiated through a formal payment request served upon the debtor and the third party who granted the security interest (if different from the debtor) by a competent court, giving at least 10 days to pay the debt (*atto di precetto*).

Once the above term of payment expires, the subsequent steps of judicial enforcement proceeding vary depending on the type of security interest to be enforced (e.g. mortgages, pledges over shares or other movable assets etc).

Under Article 1247 of the Italian Civil Code, the third party, who granted the security interest (a mortgage or a pledge) in favour of the debtor, has the right to set-off debts which the creditor owes to the debtor against those claims the creditor has against the debtor.

Generally, the enforcement of the security interest is carried out by a sale that is controlled by the competent court. When an enforcement proceeding has been commenced by one creditor, other creditors may intervene. The proceeds of the sale are allocated to (i) reimburse the expenses of the enforcement proceeding and (ii) pay the secured creditor who initiated the proceeding and any other creditor who intervened in the enforcement proceeding (the secured creditors have precedence over unsecured creditors). Any residual amount is returned to the debtor (or to the third party who granted the security interest).

Generally, the enforcement of a mortgage is time consuming considering that it may take several years.

Enforcement procedures are regulated by the ordinary enforcement rules of the Italian Civil Procedure Code (ICPC), applicable to both individual/natural persons and corporations.

### **Insolvency proceedings**

The Italian insolvency laws and regulations have recently been replaced by a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (the Insolvency Code). More specifically, the Italian government approved on January 12, 2019 the Legislative Decree No. 14 of January 12, 2019 implementing the guidelines contained in Law No. 155 dated October 19, 2017 contending the scheme of a new comprehensive legal framework in order to regulate, *inter alia*, insolvency matters (the “**Legislative Decree**”), which enacts the Insolvency Code. The Legislative Decree was published in the Gazzetta Ufficiale on February 14, 2019 no. 38—Suppl. Ordinario no. 6.

The main innovations introduced by the Insolvency Code include: (i) the elimination of the term “bankrupt” (*fallito*) due to its negative connotation and the replacement of bankruptcy proceedings (*fallimento*) with a judicial liquidation (*liquidazione giudiziale*); (ii) a new definition of “state of crisis”; (iii) the adoption of the same procedural framework in order to ascertain such state of crisis and to access the different judicial insolvency proceedings provided for by the same Insolvency Code; (iv) the adoption of definition of debtor’s “centre of main interest” as provided in the new set of rules concerning group restructurings; (v) restrictions to the use of the pre-bankruptcy composition with creditors (*concordato preventivo*) in order to favour going concern proceedings; (vi) the introduction of provisions dedicated

to the group of companies; (vii) jurisdiction of specialized courts over proceedings involving large debtors; (viii) the introductions of specific provisions in relation to the adoption of the measures and arrangements aimed at the early detection of business crisis; and (ix) amendments to certain provisions of the Italian Civil Code aimed at ensuring the general effectiveness of the reform. The Insolvency Code has been amended and supplemented, *inter alia*, by Legislative Decree No. 147 of October 26, 2020, providing the first corrective intervention to the Insolvency Code.

Except for minor changes in some provisions of the Italian Civil Code, which entered into force on March 16, 2019, in response to Covid-19 pandemic, the main provisions set out in the Insolvency Code were expected to come into force 18 months after its publication in the Gazzetta Ufficiale (*i.e.*, on August 15, 2020); the entry into force of Insolvency Code has been originally postponed to September 1, 2021, according to Article 5 of the Law Decree No. 23 of April 8, 2020 as converted by Law No. 40 of June 5, 2020 (the “**Liquidity Decree**”), then, pursuant to the Law Decree No. 118 dated August 24, 2021, published in the Gazzetta Ufficiale No. 2021 of August 24, 2021, as converted into law pursuant to L. n. 147 of October 21, 2021, published in the Gazzetta Ufficiale N. 253 of October 23, 2021 (the “**Decree 118/2021**”) to May 16, 2022, and is now is effective from July 15, 2022.

Furthermore, Decree 118/2021, *inter alia*, has introduced a new negotiated crisis composition procedure (*composizione negoziata per la crisi di impresa*); and (b) the simplified composition with creditors proceeding (*concordato semplificato per la liquidazione del patrimonio*) for the liquidation of the assets.

In addition, the Council of Minister has approved the Legislative Decree scheme on further amendments to the Insolvency Code aimed at implementing the UE Directive 2019/1023 of the European Parliament and of the Council of June 20, 2019, on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132 (*Directive on restructuring and insolvency*), taking into account the opinions expressed by the *Consiglio di Stato* and the relevant parliamentary committees.

On 15 July 2022, the Insolvency Code, as amended and supplemented from time to time, came – entirely – into force, without prejudice to the transitory rules provided under Article 390 for the applications and insolvency proceedings already pending/opened pursuant to Bankruptcy Law (*i.e.* the Royal Decree no. 267 of 16 March 1942, as amended from time to time) as of that date.

In this respect, it shall be noted that, all the insolvency proceedings started before / pending as of 15 July 2022 (*i.e.* the date of the entry into force of Insolvency Code) will continue to be governed by the provisions of the Italian laws (including Bankruptcy Law).

***Debt restructuring arrangements or a court-supervised liquidation in accordance with the Insolvency Code***

The Insolvency Code, which came – entirely – into force on 15 July 2022, provides for special procedures for the settlement of the situation of over-indebtedness (*procedure di composizione della crisi da sovraindebitamento*) and for the compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*).

Considering the above, the following analysis will only cover the following procedures: (a) debt-restructuring arrangement of the consumer (*ristrutturazione dei debiti del consumatore*) under articles 67–73 of the Insolvency Code; (b) compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*).

In particular, pursuant to article 2, letter (c) of the Insolvency Code, “over-indebtedness” (*sovraindebitamento*) occurs either in a situation of crisis or in a situation of insolvency concerning consumers (*consumatori*), professionals (*professionisti*), minor enterprises (*imprenditori minori*), agricultural enterprises (*imprenditori agricoli*) and innovative start-ups (start-up innovative) pursuant to Law Decree no. 179 of 18 October, 2012, converted, with amendments, into Law no. 221 of 17 December, 2012 who/which are in a situation of crisis or insolvency, as well as to any other debtor which cannot be subject to judicial liquidation (*liquidazione giudiziale*) or compulsory administrative liquidation (*liquidazione coatta amministrativa*) or other liquidation procedures (*procedure liquidatorie*) provided under the Civil Code or special laws for the case of crisis or insolvency.

The Insolvency Code introduced a specific concept of crisis, which is defined, under Article 2, letter (a) of the Insolvency Code, as the state of the debtor such that it is likely that insolvency will follow, which is manifested by the inadequacy of prospective cash flows to meet obligations in the following 12 months.

Insolvency is defined under Article 2, letter (b) of the Insolvency Code as the inability of the debtor to regularly meet its obligations as they become due, evidenced by defaults and/or other external elements.

Under the Insolvency Code, the “consumer” (*consumatore*) is a natural person acting for purposes that are not related to any entrepreneurial, commercial, artisan or professional activity carried on, even if as a shareholder of a company belonging to one of the types regulated in chapters III, IV and VI of title V of the fifth book of the Civil Code, for debts that are not related to corporate debts (*debiti estranei a quelli sociali*).

Pursuant to article 65 of the Insolvency Code, the debtors indicated under article 2, letter (c) of the Insolvency Code (*i.e.* consumers, professionals, minor enterprises, agricultural enterprises, innovative start-ups and the other debtors which cannot be subject to judicial liquidation, compulsory administrative liquidation or other liquidation procedures provided under the Civil Code or special laws for the case of crisis or insolvency) may propose solutions to the over-indebtedness crisis (*soluzioni della crisi da sovraindebitamento*) according to the provisions of the chapter II or title V, chapter IX of the Insolvency Code.

In light of the above, please find below a brief summary of the following procedures: (a) debt-restructuring arrangement of the consumer (*ristrutturazione dei debiti del consumatore*); (b) simplified court-supervised composition with creditors (*concordato minore*); and (c) compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*).

*Debt-restructuring arrangement of the consumer (ristrutturazione dei debiti del consumatore) under articles 67-73 of the Insolvency Code*

Pursuant to articles 67 and followings of the Insolvency Code, if certain requirements are met, the over-indebted consumer may propose to its creditors a plan for the restructuring of the indebtedness which shall provide for the timing and the modalities for the overcome of the over-indebtedness crisis. Under this procedure, the over-indebted consumer shall be supported by the competent body for the composition of the over-indebtedness (*organismo di composizione della crisi da sovraindebitamento*) (the “OCC”).

The over-indebted consumer may propose a partial recovery of its debts. Secured creditors shall receive an amount not lower than the liquidation value of the relevant encumbered asset, as assessed by the OCC.

The related petition shall be filed before the competent court together with, *inter alia*, a report drafted by the OCC including: (a) the indication of the causes of the indebtedness and the diligence of the debtor in assuming the obligations; (b) the indication of the reasons for the debtor's inability to fulfil the obligations undertaken; (c) an assessment of the completeness and reliability of the documentation filed in support of the petition; and (d) the indication of the costs of the procedure, as well as other documents to be prepared by the debtor.

If the court deems that the proposal and the plan are admissible, it orders that they are published in a specific website of the court or the Ministry of Justice and notified to the creditors. Upon the over-indebted consumer's request, the court may also order the suspension of the enforcement proceedings that could jeopardize the feasibility of the plan, and the prohibition of enforcement and precautionary actions on the consumer's assets as well as other appropriate measures to preserve the integrity of the assets until the conclusion of the proceedings, including the prohibition of extraordinary administration acts unless previously authorized by the debtor.

Within 20 days from the court's notice, creditors may submit to the OCC their remarks. Within the subsequent 10 days, the OCC, after having consulted the debtor, shall refer to the court and propose any amendments to the plan that it deems necessary.

The court verifies whether the plan is compliant with the requirement provided under the law and feasible, and, if so, after having decided on the challenges, if any, will homologate it. If a creditor or any other interested party, by means of the abovementioned remarks, challenges the convenience of the proposal, the court will homologate the plan if deems that, in any case, the claim of such



creditor/interested party can be satisfied under the plan to an extent not less than the liquidation alternative. The decision of the Court can be challenged.

The OCC supervises the execution/implementation of the plan, and any sale and/or dismissal shall be carried out through a competitive procedure. Once the plan is fully executed, the OCC delivers a final report.

The court, also upon request from a creditor, revokes the homologation of the consumer's debt restructuring arrangement if, *inter alia*, for the relevant debtor becomes impossible to fulfil the obligations set out in the plan or if the relevant debtor attempts to fraud its creditors. The revocation cannot be requested by creditors nor pursued by the court after 6 (six) months from the delivery of the OCC's final report. In the event of the revocation of the homologation, the judge, upon the debtor's request, can provide for the conversion into the compulsory liquidation (*liquidazione controllata*).

#### Compulsory liquidation of an overindebted enterprise (liquidazione controllata del sovraindebitato)

In the event of the revocation of the homologation of a debt-restructuring arrangement of the consumer (*ristrutturazione dei debiti del consumatore*) or a simplified court-supervised composition with creditors (*concordato minore*) or, in any event, upon the own request of an overindebted debtor, the competent court may declare the opening of the procedure of compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*). If the over-indebted debtor is in a situation of insolvency, the compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*) may be commenced also upon request of a creditor in the context of an individual enforcement proceeding. Under this procedure, if the relevant petition is filed by the debtor, it shall be supported by the competent OCC. The related petition shall be filed before the competent court together with, *inter alia*, a report of OCC including the assessment on the completeness and the reliability of the documentation filed by the debtor and outlining the economic, patrimonial and financial situation of the debtor.

If the court deems that the relevant requirements are met (including if the petition has been filed by a creditor, that the amount of debts due and unpaid is higher than Euro 50,000), declares the opening of the compulsory liquidation of an overindebted enterprise (*liquidazione controllata del sovraindebitato*) and, *inter alia*, (i) appoints the delegated judge, (ii) appoints a liquidator (confirming the OCC, in the event of the petition filed by the debtor); and (iii) assigns to creditors a term of maximum 60 (sixty) days to file their proof of claim.

Upon the opening of the overindebted enterprise (*liquidazione controllata del sovraindebitato*), *inter alia*, individual enforcement and interim actions of creditors are stayed, and claims are recovered in accordance with statutory priorities and the principle of equal treatment among creditors.

Pending contracts are suspended, and the liquidator decides whether to terminate them or take them over.

**No severe clawback**

The Italian insolvency laws do not contain severe clawback provisions within the meaning of articles 20(2) and 20(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

## TAXATION IN THE REPUBLIC OF ITALY

*The following is a general description of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Senior Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Senior Notes and does not purport to deal with the tax consequences applicable to all categories of prospective beneficial owners of the Senior Notes, some of which may be subject to special rules. The following description does not discuss the treatment of the Senior Notes that are held in connection with a permanent establishment or fixed base through which a non-Italian resident beneficial owner carries on business or performs professional services in Italy.*

This description is based upon tax laws and practice of Italy in effect on the date of this Prospectus which are 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.

### 1. INCOME TAX

Under the current legislation, pursuant to the combined provision of Article 6, paragraph 1, of the Securitisation Law and Articles 1 and 2 of Legislative Decree No. 239 of 1 April 1996, as amended and restated ("**Decree number 239**"), payments of interest and other proceeds in respect of the Senior Notes:

- (i) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as final tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities as their exclusive or principal purpose (including the Italian State and public entities); and (iv) Italian resident entities exempt from corporate income tax.

Payments of interest and other proceeds in respect of the Senior Notes will not be included in the general taxable base of the above mentioned individuals, partnerships and entities.

The *imposta sostitutiva* will be levied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Senior Notes or in the transfer of the Senior Notes;

- (ii) will be subject to *imposta sostitutiva* at the rate of 26 per cent. in the Republic of Italy levied as provisional tax if made to beneficial owners who are: (i) individuals resident in the Republic of Italy for tax purposes; (ii) Italian resident non-commercial partnerships; and (iii) Italian resident public and private entities, other than companies; any of them engaged in an entrepreneurial activity –

to the extent permitted by law – to which the Senior Notes are connected; as a consequence, interest and other proceeds in respect of Senior Notes will be subject to ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the taxation on income due.

- (iii) will not be subject to the *imposta sostitutiva* if made to beneficial owners who are: (i) Italian resident corporations, commercial partnerships or permanent establishments in Italy of non resident corporations to which the Senior Notes are effectively connected; (ii) Italian resident collective investment funds, SICAVs, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993, as further superseded by Legislative Decree 5 December 2005, No. 252 and Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of February 24, 1998 and Article 14-*bis* of law No. 86 of January 25, 1994; (iii) Italian resident individuals who have entrusted the management of their financial assets, including the Senior Notes, to an Italian authorised financial intermediary and have opted for the so-called “*risparmio gestito regime*” according to Article 7 of Legislative Decree No. 461 of 21 November 1997 – the “Asset Management Option” and (iv), non Italian resident with no permanent establishment in Italy to which Senior Notes are effectively connected, provided that:
- (a) they are (i) resident of a country which allows an adequate exchange of information with Italy, which are those countries listed in the Ministerial Decree of 4 September 1996, as subsequently amended (pursuant to Article 1-*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), or, in the case of qualifying institutional investors not subject to tax, they are established in such a country, (ii) supranational entities set up in accordance with an international treaty executed by Italy, or (iii) central banks of foreign countries, or other entities also managing the official reserves of such countries; and
- (b) the Senior Notes are deposited directly or indirectly: (i) with a bank or an Italian securities dealing firm (“**SIM**”) resident in Italy; (ii) with the Italian permanent establishment of a non-resident bank or brokerage company which is electronically connected with the Italian Ministry of Economy and Finance; or (iii) with a non-resident entity or company which has an account with a centralised clearance and settlement system which has a direct relationship with the Italian Ministry of Economy and Finance; and
- (c) as for recipients characterizing under category (a)(i) above, the banks or brokers mentioned in (b) above receive a self-declaration from the beneficial owner of the interest which states that the beneficial owner is a resident of that country. The self-declaration must be in conformity with the model approved by the Ministry of Economy and Finance (approved with Decree of the Ministry of Economy and Finance 12 December 2001, published on the Ordinary Supplement No. 287 to the Official Journal No. 301 of 29 December 2001) and is valid until revoked by the investor. A self statement does not have to be filed if an equivalent self-declaration (including Form 116/IMP) has already been submitted to the same intermediary for the same or different purposes; in the case of institutional investors not

subject to tax, the institutional investor shall be regarded as the beneficial owner and the relevant self-declaration shall be produced by the management company; and

- (d) the banks or brokers mentioned in (b) and (c) above receive all necessary information to identify the non-resident beneficial owner of the deposited Senior Notes and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive.

Non-resident holders are subject to the 26 per cent. tax (*imposta sostitutiva*) on interest and other proceeds on the Senior Notes if any or all of the above conditions (a), (b), (c) and (d) are not satisfied. In this case, *imposta sostitutiva* may be reduced under double taxation treaties, where applicable.

Italian resident individuals holding Senior Notes not in connection with an entrepreneurial activity who have opted for the Asset Management Option are subject to an annual substitute tax levied at the rate of 26 per cent. (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Senior Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Senior Notes if the such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Interest and other proceeds accrued on the Senior Notes held by Italian resident corporations, commercial partnerships, individual entrepreneurs as well as Italian resident public and private entities, other than companies, holding Senior Notes in connection with entrepreneurial activities or permanent establishments in Italy of non-resident corporations to which the Senior Notes are effectively connected, are included in the taxable base for the purposes of: (i) corporate income tax (*imposta sul reddito delle società*, "IRES"); or (ii) individual income tax (*imposta sul reddito delle persone fisiche*, "IRPEF") plus local surtaxes, if applicable; under certain circumstances, such interest is included in the taxable basis of the regional tax on productive activities (*imposta regionale sulle attività produttive*, "IRAP").

If the investor is resident in Italy and is an open-ended or closed investment fund, a SICAF or a SICAV ("*Società di investimento a capitale variabile*") established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the relevant Senior Notes are held by an authorised intermediary, interest and other proceeds accrued during the holding period on the Senior Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Italian resident pension funds are subject to 20 per cent. annual substitute tax (the "**Pension Fund Tax**")

on the increase in value of the managed assets accrued at the end of each tax year. Subject to certain conditions (including minimum holding period requirement) and limitations, interest relating to the Senior Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Senior Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

## 2. CAPITAL GAINS

Any capital gain realised upon the sale for consideration or redemption of Senior Notes would be treated for the purpose of corporate income tax and of individual income tax as part of the taxable business income of the holders of the Senior Notes (and, in certain cases, depending on the status of the holders of the Senior Notes, may also be included in the taxable basis of IRAP), and therefore subject to tax in Italy according to the relevant tax provisions, if derived by the holders of the Senior Notes who are:

- (a) Italian resident corporations;
- (b) Italian resident commercial partnerships;
- (c) permanent establishments in Italy of foreign corporations to which the Senior Notes are effectively connected; or
- (d) Italian resident individuals carrying out a commercial activity, as to any capital gains realised within the scope of their commercial activity.

Pursuant to Legislative Decree No. 461 of 21 November 1997, any capital gain realised by Italian resident individuals holding the Senior Notes not in connection with an entrepreneurial activity and by certain other persons upon the sale for consideration or redemption of the Senior Notes would be subject to an *imposta sostitutiva* at the rate of 26 per cent.

Under the tax declaration regime, which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity, *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by Italian resident individual noteholders holding Senior Notes not in connection with an entrepreneurial activity pursuant to all disposals on Senior Notes carried out during any given fiscal year. These individuals must report the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax declaration to be filed with the Italian tax authority for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual noteholders holding Senior Notes not in connection with an entrepreneurial activity may elect to pay *imposta sostitutiva* separately on the capital gains realised upon each sale or redemption of the Senior Notes (the “*Risparmio Amministrato*” regime). Such separate taxation of capital gains is permitted subject to: (i) the Senior Notes being deposited with Italian banks, società di intermediazione mobiliare (SIM) or certain authorised financial intermediaries; and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant noteholder. The financial intermediary accounts for *imposta sostitutiva*

in respect of capital gains realised on each sale or redemption of Senior Notes, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authority on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the noteholder. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Senior Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the noteholder is not required to report capital gains in its annual tax declaration.

Any capital gains realised by Italian resident individuals holding the Senior Notes not in connection with an entrepreneurial activity who have elected for the Asset Management Option will be included in the calculation of the annual increase in net value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at year end may be carried forward against an increase in the net value of the managed assets accrued in any of the four succeeding tax years. Under the Asset Management Option, the noteholder is not required to report capital gains realised in its annual tax declaration.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Senior Notes if the such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Any capital gains realised by a holder of the Senior Notes which is a Fund (as defined above) will be included in the results of the relevant portfolio accrued at the end of the tax period. The Fund will not be subject to taxation on such result, but the Collective Investment Fund Tax, up to 26 per cent., will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Any capital gains realised by the holders of the Senior Notes who are Italian resident pension funds will be included in the calculation of the taxable basis of Pension Fund Tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Senior Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Senior Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

The 26 per cent. *imposta sostitutiva* may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of the Senior Notes by non Italian resident persons or entities without a permanent establishment in Italy to which the Senior Notes are effectively connected, if the Senior Notes are held in Italy.

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 Senior Notes are effectively connected, through the sale for consideration or redemption of the Senior Notes are

exempt from taxation in Italy to the extent that the Senior Notes are listed on a regulated market in Italy or abroad and in certain cases subject to filing of required documentation, even if the Senior 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 purposes.

In case the Senior Notes are not listed on a regulated market in Italy or abroad:

- (1) non Italian resident beneficial owners of the Senior Notes with no permanent establishment in Italy to which the Senior Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Senior Notes if they are resident, for tax purposes, in a country which allows an adequate exchange of information with Italy, which are those countries listed in the Ministerial Decree of 4 September 1996, as subsequently amended (pursuant to Article 1–*bis* of such Ministerial Decree, the Ministry of Economy and Finance holds the right to test the actual compliance of each country included in the list with exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative countries), or, in the case of qualifying institutional investors not subject to tax, they are established in such a country (see Article 5, paragraph 5, letter a) of Italian Legislative Decree No. 461 of 21 November 1997); in this case, if non Italian residents without a permanent establishment in Italy to which the Senior Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon condition that they file in due course with the authorised financial intermediary an appropriate self–declaration (*autocertificazione*) stating that they meet the requirements indicated above; and
- (2) in any event, non Italian resident persons or entities without a permanent establishment in Italy to which the Senior 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 the Senior Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Senior Notes; in this case, if non Italian residents without a permanent establishment in Italy to which the Senior Notes are effectively connected have opted for the *Risparmio Amministrato* regime or the Asset Management Option, exemption from Italian capital gains tax will apply upon the condition that they file in due course with the authorised financial intermediary appropriate documents which include, *inter alia*, a statement issued by the competent tax authorities of the country of residence of the non Italian residents.

### **3. INHERITANCE AND GIFT TAXES**

Transfers of any valuable asset (including the Notes) as a result of death or donation are taxed as follows:

- (i) when the beneficiary is the spouse or a relative in direct lineage, the value of the Notes transferred to each beneficiary exceeding Euro 1,000,000 is subject to a 4 per cent. rate;
- (ii) when the beneficiary is a brother or sister, the value of the Notes exceeding Euro 100,000 for each beneficiary is subject to a 6 per cent. rate;



- (iii) when the beneficiary is a relative within the fourth degree or is a relative-in-law in direct and collateral lineage within the third degree, the value of the Notes transferred to each beneficiary is subject to a 6 per cent. rate;
- (iv) in any other case, the value of the Notes transferred to each beneficiary is subject to an 8 per cent. rate.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (i), (ii), (iii) and (iv) on the value exceeding, for each beneficiary, €1,500,000.

The transfer of financial instruments (including the Notes) as a result of death is exempt from inheritance tax when such financial instruments are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

#### **4. TAX MONITORING**

Pursuant to Law Decree No. 167 of 28 June, 1990, converted by Law No. 227 of 4 August, 1990, as amended, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes who, during the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). This obligation is also provided for those individuals who are not direct holders (*possessori diretti*) of foreign investments or foreign financial activities but who are the beneficial owners (*titolari effettivi*) of such investments or financial activities.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management 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.

#### **5. STAMP DUTY**

Article 13, paragraph 2-*ter*, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (**Stamp Duty Law**), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, and by Law No. 147 of 27 December 2013 introduced a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to the clients as of 1 January 2012 (**Stamp Duty**). The statement is deemed to be sent to the clients once a year, irrespective of any legal or contractual obligation to do so. The Stamp Duty is levied at the rate of 0.2 per cent. and 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 Senior Notes held (but in any case not exceeding Euro 14,000.00. This cap is not applied to individuals). The relevant taxable basis shall be

determined as of the sending of each periodic statement and, therefore, shall be liquidated taking into account the period of the relevant statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

The Italian Ministerial Decree dated May 24, 2012 stated that the Stamp Duty has to be applied by the financial intermediary which has the relationship with the clients (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) and qualified it as an “ente gestore” (managing entity). Such “ente gestore”, according to the law, is the financial intermediary that has direct or indirect contact with the clients for the purposes of periodical reports relating to the relationship in place and the statement made in any form.

## **6. WEALTH TAX ON SECURITIES DEPOSITED ABROAD**

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with article 5 of Presidential Decree No. 917 of 22 December 1986), holding the Senior Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. The wealth tax cannot exceed € 14,000 for taxpayers different from individuals. In this case the above mentioned Stamp Duty provided for by Article 13 of the tariff attached to the Stamp Duty Law does not apply.

This tax is calculated on the market value of the Senior Notes at the end of the relevant year or – if no market value is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to 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 13 of the tariff attached to the Stamp Duty Law does apply.

## SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Originator, the Arranger, the Lead Manager and the Representative of the Noteholders, the Lead Manager has agreed to subscribe and pay the Issuer for the Class A Notes at their Issue Price.

Pursuant to the Junior Notes Subscription Agreement entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders and the Originator, the Originator has agreed to subscribe and pay the Issuer for the Class J Notes at their Issue Price.

The Subscription Agreements are subject to a number of conditions precedent and may be terminated in certain circumstances prior to the payment of the Issue Price to the Issuer.

### UNITED STATES OF AMERICA

Each of the Issuer, Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has understood and agreed that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state or other jurisdiction of the United States and may not be offered, or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. The Issuer has not been and will not be registered under the Investment Company Act.

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has understood and agreed that the Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, have represented and agreed that they have not offered or sold the Notes, and will not offer or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons (i) as part of its distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all Notes except in accordance with Rule 903 of the Regulation S promulgated under the U.S. Securities Act. None of the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes) or its respective Affiliates or any persons acting respectively on behalf of the underwriter of the Notes or on behalf of its respective Affiliates will not engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the U.S. Securities Act. At or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during

the distribution compliance period a confirmation or notice to substantially the following effect:

*The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the completion of the distribution of Securities as determined and certified by the Lead Manager and the Originator, except in either case in accordance with Regulation S under the U.S. Securities Act.*

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act.

Terms used in this paragraph have the meaning given to them by Regulation S under the U.S. Securities Act.

## REPUBLIC OF ITALY

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, have represented and agreed that:

*No offer to public*

the offering of the Notes has not been registered with *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) (the Italian securities and exchange commission) pursuant to Italian securities legislation and, accordingly, no Notes have been or may be offered, sold or delivered, nor may copies of the Prospectuses or any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) (“**Qualified Investors**”), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree no. 58 of 24 February 1998 (the “**Consolidated Financial Act**”) and Article 34-*ter*, paragraph 1, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation 11971**”) and Article 100 of the Consolidated Financial Act, all as amended from time to time; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 1 of the Prospectus Regulation and Article 34-*ter*, first paragraph, of Regulation 11971, as amended from time to time, and the applicable Italian laws.

*provided that*, in any case, the offer or sale of the Notes in the Republic of Italy shall be effected in accordance with all relevant Italian securities, tax and other applicable laws and regulations;

*Offer to professional investors*

any offer, sale or delivery of the Notes in the Republic of Italy or distribution of copies of the Prospectuses or any other document relating to the Notes in the Republic of Italy under paragraphs (a) and (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, CONSOB Regulation No. 20307 of 15 February 2018 and the Consolidated Banking Act, as amended from time to time;
- (ii) in compliance with article 129 of the Consolidated Banking Act and with the implementing instructions of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request post-offering information on the offering or issue of securities in the Republic of Italy; and
- (iii) in accordance with any other applicable laws and regulations, including all relevant Italian securities, tax and exchange controls, laws and regulations and any limitations which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

In any case the Notes may not be offered to individuals or entities not being professional investors in accordance with the Securitisation Law. Additionally, the Notes may not be offered to any investor qualifying as "*cliente al dettaglio*" pursuant to CONSOB Regulation No. 20307 of 15 February 2018.

## FRANCE

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented and agreed that this Prospectus has not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the "AMF") and therefore has not been approved by, or registered or filed with the AMF. Consequently, neither this Prospectus nor any other offering material relating to the Notes has been and will be released, issued or distributed or caused to be released, issued or distributed to the public in France or used in connection with any offer for subscription or sale of Notes to the public in France.

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented and agreed, in connection with the initial distribution of the Notes, that:

- (i) there has been and there will be no offer or sale, directly or indirectly, of the Notes to the public in the Republic of France (*an offre au public as defined in Article L. 411-1 of the French Code monétaire et financier*);
- (ii) offers and sales of Notes in the Republic of France will be made in compliance with applicable laws and regulations and only to (i) qualified investors (*investisseurs qualifiés*) as defined in

Articles L. 411-2 and D. 411-1 to D. 411-3 of the *French Code monétaire et financier*, or (ii) a restricted circle of investors (*cercle restreint d'investisseurs*) as defined in Article L. 411-2 acting for their own account; or (iii) providers of investment services relating to portfolio management for the account of third parties as mentioned in Article L. 411-2, L. 533-16 and L. 533-20 of the *Code monétaire et financier* (together the "Investors").

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented and agreed that offers and sales of the Notes in the Republic of France will be made on the condition that (i) this Prospectus shall not be circulated or reproduced (in whole or in part) by the Investors and (ii) the Investors undertake not to transfer the Notes, directly or indirectly, to the public in France, other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the *Code monétaire et financier*).

For the purposes of this provision, the expression EU Prospectus Regulation means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

#### UNITED KINGDOM

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented, warranted and undertaken that:

- (i) general compliance and financial promotion: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the **FSMA**) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; (ii) any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) no offer to UK retail investors: it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom.

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

- (ii) a customer within the meaning of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; and
  - (iii) not a qualified investor as defined in article 2 of the UK Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented, warranted and agreed that it has not made and will not make an offer of Notes to the public in the UK except that it may make an offer of such Notes to the public in the UK:

1. at any time to any legal entity which is a qualified investor as defined in article 2 of the UK Prospectus Regulation;
2. at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in article 2 of the UK Prospectus Regulation); or
3. at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in 1. to 3. above shall require the Issuer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- (i) the expression an offer of Notes to the public in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- (ii) the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

## **GENERAL RESTRICTIONS**

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has undertaken to comply with all applicable laws and regulations in each jurisdiction in or which it may offer or sell Notes. Furthermore, there will not be, directly or indirectly, offer, sell or deliver any Notes or distribution or publication of

any prospectus, form of application, offering circular (including this Prospectus), advertisement or other offering material in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Unless otherwise herein provided, no action will be taken to obtain permission for public offering of the Notes in any country where action would be required for such purpose.

#### **PROHIBITION OF SALES TO EEA RETAIL INVESTORS**

Each of the Issuer, the Lead Manager (in respect to the Class A Notes) and the Originator (in respect to the Class J Notes), under the relevant Notes Subscription Agreement, has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area ("EEA").

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instrument (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the article 2 of EU Prospectus Regulation; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

In relation to each Member State of the European Economic Area (each, a "**Relevant State**"), there has not been and there will not be an offer of the Notes to the public in that Relevant State other than on the basis of an approved prospectus in conformity with the EU Prospectus Regulation except that it may make an offer of such Notes to the public in that Member State or:

1. *Qualified investor*: at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;
2. *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation), as permitted under the EU Prospectus Regulation; or



3. *Other exempt offers:* at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation.

*provided that* no such offer of Notes referred to in 1. to 3. above shall require the Issuer to publish a prospectus pursuant to article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to article 23 of the EU Prospectus Regulation.

For the purposes of this provision:

- (i) the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- (ii) the expression EU Prospectus Regulation means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

## GENERAL INFORMATION

- (1) The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a resolution of the sole quotaholder of the Issuer passed on 17 February 2023.
- (2) The Issuer has filed with Borsa Italiana S.p.A. a request for the Senior Notes to be admitted to trading on the professional segment ExtraMOT PRO of the multilateral trading facility ExtraMOT. The Issuer does not have any intention to file any request for the listing or admission to trading of the Notes or any other market or multilateral trading facility, other than the ExtraMOT.
- (3) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, significant effects on the financial position or profitability of the Issuer.
- (4) There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), general affairs or prospects of the Issuer since the date of its incorporation that is material in the context of the issue of the Notes.
- (5) Save as disclosed in section entitled “*The Issuer*” above, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
- (6) Since 24 May 2022 (being the date of its incorporation), the Issuer has not commenced operations (other than the activities related to the purchasing of the Portfolio, authorising the issue of the Notes and the entering into the documents referred to in this Prospectus and matters which are incidental or ancillary to the foregoing). The Issuer will produce proper accounts (*ordinaria contabilità interna*) and audited financial statements in respect of each financial year and will not produce interim financial statements. Copies of these documents will be promptly deposited after their approval at the registered office of the Issuer and the Representative of the Noteholders, where such documents will be available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.
- (7) As of the Issue Date, the Notes will be held in dematerialised form on behalf of the ultimate owners by Euronext Securities Milan for the account of the relevant Euronext Securities Milan Account Holders. Euronext Securities Milan shall act as depository for Euroclear and Clearstream. The Notes have been accepted for clearance through Euronext Securities Milan, Euroclear and Clearstream as follows:

	<i>ISIN code</i>	<i>Common Code</i>
Class A Notes	IT0005532939	259182352
Class J Notes	IT0005532947	N/A

- (8) The Issuer’s LEI number is 81560083FAFE62C1AD53.

- (9) Under the Intercreditor Agreement (a) the Originator and the Issuer have designated among themselves the Issuer as the reporting entity pursuant to article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation (the “**Reporting Entity**”) and (b) the parties thereto had acknowledged that the Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation pursuant to the Transaction Documents.
- (10) Under the Intercreditor Agreement, the parties thereto have acknowledged that the Originator shall be responsible for compliance with article 7 of the EU Securitisation Regulation and of the UK Securitisation Regulation pursuant to the Transaction Documents.

**As to pre-pricing disclosure requirements** set out under articles 7 and 22 of the EU Securitisation Regulation and of the UK Securitisation Regulation, under the Intercreditor Agreement:

- (a) under article 7(1) letters (a), (b), (c) and (d), the Reporting Entity represented to the Representative of the Noteholders that, before pricing, the data on each Loan Agreement (including the available information related to the environmental performance of the assets financed by Vehicles to be provided by the Originator) and a draft of this Prospectus (which includes a transaction summary for the purposes of point (c) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation), the Transaction Documents and the STS Notification have been made available to the potential holders of a position in the Securitisation and competent supervisory authorities pursuant to article 29 of the EU Securitisation Regulation and of the UK Securitisation Regulation by means of publication through the Securitisation Repository;
- (b) under article 22 of the EU Securitisation Regulation, the Originator has made available (i) to the Reporting Entity, the available information related to the environmental performance of the assets financed by Vehicles, (ii) to the potential Noteholders, through this Prospectus and the Securitisation Repository: (x) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least 5 (five) years, pursuant to article 22(1) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, and (y) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to article 22(3) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

**As to post-closing disclosure requirements** set out under articles 7 and 22 of the EU Securitisation Regulation and of the UK Securitisation Regulation, under the Intercreditor Agreement, the relevant Parties have acknowledged and agreed as follows:

- (a) the Originator shall provide the Servicer with the information, if available, related to the environmental performance of the Vehicles pursuant to article 22(4) of the EU Securitisation Regulation;

- (b) pursuant to the Servicing Agreement, the Servicer, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Loan by Loan Report (which includes all the information required under point (a) above (including, *inter alia*, the information, if available, related to the environmental performance of the Vehicles as provided by the Originator pursuant to letter (a) above) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation) and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity (through the Corporate Services Provider) to make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, the Loan by Loan Report (simultaneously with the Investor Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;
- (c) pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, on behalf of the Issuer in its capacity as Reporting Entity, will prepare the Investor Report (which includes all the information required under point (e) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by way of publication through the Securitisation Repository, (simultaneously with the Loan by Loan Report and the Inside Information and Significant Event Report) by no later than one month after each Payment Date;
- (d) pursuant to the Cash Allocation, Management and Payments Agreement, the Reporting Entity (by way of delegation to the Calculation Agent) will prepare the Inside Information and Significant Event Report (which includes all the information required under point (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, including, *inter alia*, the events which trigger changes in the Orders of Priority) and make it available to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation by way of publication through the Securitisation Repository (simultaneously with the Loan by Loan Report and the Investor Report) by no later than one month after each Payment Date; it is agreed and understood that, in accordance with the Cash Allocation, Management and Payments Agreement, (x) in case any information provided under points (f) and (g) of the first subparagraph of article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation (including, *inter alia*, the occurrence of any events which trigger changes in the Orders of Priority) has been notified to the Reporting Entity or the Reporting Entity is in any case aware of any such information, the Reporting Entity (by way of delegation to the Calculation Agent) shall promptly prepare the Inside Information and Significant Event Report and make it available, without delay after the occurrence of the relevant event or awareness of the inside information, to the entities referred to under article 7(1) of the EU Securitisation Regulation and of the UK Securitisation Regulation, by publication through the Securitisation Repository;

- (e) pursuant to article 22 of the EU Securitisation Regulation, the Reporting Entity will make available, by means of publication through the Securitisation Repository, the STS Notification, the final Prospectus and the other final Transaction Documents to the investors in the Notes or potential investors in the Notes or the competent authorities, pursuant to the EU Securitisation Regulation, in a timely manner (to the extent not already in its possession) by no later than 15 (fifteen) days after the Issue Date.

in each case in accordance with the requirements provided by the EU Securitisation Regulation and the UK Securitisation Regulation and the applicable Regulatory Technical Standards (for further details, see the sections headed “*Description of the Transaction Documents – The Servicing Agreement*”, “*Description of the Transaction Documents – The Cash Allocation, Management and Payments Agreement*” and “*Description of the Transaction Documents – The Intercreditor Agreement*”).

- (11) As long as the Notes are outstanding, copies of the following documents may be inspected and obtained free of charge during usual business hours at any time after the date of this Prospectus at the registered office of: (i) the Issuer, being, as at the Issue Date, Corso Vittorio Emanuele II, 24–28 – 20122 Milan, Italy, (ii) the Representative of the Noteholders, being, as at the Issue Date, Corso Vittorio Emanuele II, 24–28 – 20122 Milan, Italy, and (iii) the Paying Agent, being, as at the Issue Date, Piazza Lina Bo Bardi, 3, 20124, Milan, Italy and also on the Securitisation Repository within 15 days from the Issue Date and at any time after the Issue Date:
- (i) the *statuto* and *atto costitutivo* of the Issuer;
  - (ii) the financial statements of the Issuer approved from time to time;
  - (iii) the following agreements:
    - the Receivables Purchase Agreement;
    - the Servicing Agreement;
    - the Warranty and Indemnity Agreement;
    - the Intercreditor Agreement;
    - the Cash Allocation, Management and Payments Agreement;
    - the Mandate Agreement;
    - the Quotaholder’s Agreement;
    - the Hedging Agreement;
    - the Corporate Services Agreement; and
    - this Prospectus;
  - (iv) any other information made available or to be made available on the Securitisation Repository pursuant to the section headed “*Regulatory Disclosure and Retention Undertaking – Transparency Requirements*”.

The documents listed under paragraph (iii) above constitute all the underlying documents that are essential for understanding the Securitisation and include, but not limited to, each of the documents referred to in point (b) of the first sub-paragraph of article 7(1) of the EU Securitisation Regulation.

- (12) The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately Euro 115,000 (excluding fees due to the Servicer, the Sub-Servicer and auditors appointed for the Issuer's balance sheet and Monthly Servicer's Report audit).
- (13) The total expenses payable in connection with the admission of the Senior Notes to trading on ExtraMOT PRO amount to approximately Euro 3,000 and will be borne by the Originator.
- (14) So far as the Issuer is aware, there are no interests, including conflicting ones, of any natural or legal persons involved in the issue of the Notes that are material to the issue of the Notes.
- (15) The Notes will be issued at the Issue Price of 100% of the aggregate principal amount of the Notes as at the Issue Date; consequently, the yield on the Notes will be represented by the interest accruing thereon as specified in Condition 7 (*Interest*).
- (16) Even though it is expected that the Securitisation will be, after the Issue Date, included in the list published by ESMA referred to in article 27, paragraph 5, of the EU Securitisation Regulation, the STS status of a transaction is not static and investors should verify the current status of the transaction on ESMA's website.

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