PROSPECTUS DATED 21 JUNE 2019

SIENA PMI 2016 S.R.L.

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

€519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060

Issue Price: 100 per cent

€813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060

Issue Price: 100 per cent

€225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060

Issue Price: 100 per cent

€271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060

Issue Price: 100 per cent

€248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060

Issue Price: 100 per cent

Application has been made to the *Commission de surveillance du secteur financier* ("**CSSF**"), which is the competent authority in the Grand Duchy of Luxembourg for the purposes of Directive 2003/71/EC (as subsequently amended or superseded, the "**Prospectus Directive**") and relevant implementing measures in the Grand Duchy of Luxembourg, for approval of this Prospectus in relation to the issue by Siena PMI 2016 S.r.l. (the "**Issuer**"), a *società a responsabilità limitata* organised under the laws of the Republic of Italy, of the €519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060, the €813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060 (together, the "**Senior Notes**"), the €225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060, the €271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060 and the €248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 (together, the "**Mezzanine Notes**" and, together with the Senior Notes, the "**Rated Notes**"). This document constitutes a "*prospectus*" for the purpose of article 5.3 of the Prospectus Directive and article 8 of the Luxembourg law on prospectuses for securities of 10 July 2005 (as amended and supplemented from time to time, the "**Luxembourg Law on Prospectus for Securities**") implementing the Prospectus Directive in the Grand Duchy of Luxembourg, and a "*prospetto informativo*" for the purposes of article 2, sub-section 3 of Italian law number 130 of 30 April 1999 (as amended and supplemented from time to time, the "**Securitisation Law**"). Application has been made to the *Luxembourg stock exchange* (the "**Luxembourg Stock Exchange**") for the Rated Notes to be admitted to the official list of the Luxembourg Stock Exchange and to trading on the Regulated Market "*Bourse de Luxembourg*" which is a regulated market for the purposes of the Market in Financial Instruments Directive 2014/65/EU. In connection with the issue of the Rated Notes, the Issuer will also issue the €180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**"). No application has been made or will be made to list any of the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus, nor will this Prospectus be approved by the CSSF in relation to the Junior Notes. By approving this Prospectus, the CSSF does not give any undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer, consistently with the provisions of article 7, sub-section 7, of the Luxembourg Law on Prospectus for Securities. The Notes will be issued on 25 June 2019 (the "**Issue Date**").

The principal source of payment of interest and Variable Return and of repayment of principal on the Notes will be the collections and recoveries made in respect of monetary claims and connected rights arising out of mortgage loan and unsecured loan agreements entered into by the Originator and certain Debtors, and purchased by the Issuer from the Originator pursuant to the Transfer Agreement. The Issuer has purchased the Portfolio on 24 April 2019.

By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio and the other Segregated Assets and to any sums collected therefrom will be 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) will 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 the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation, in priority to the Issuer's obligations to any other creditors.

Interest on the Rated Notes will be payable by reference to successive Interest Periods. Interest on the Rated Notes will accrue on a daily basis and, prior to the delivery of a Trigger Notice to the Issuer, will be payable quarterly in arrear in Euro on 20 August 2019 and thereafter on the 20th day of February, May, August and November in each year (or, if any such day is not a Business Day, on the immediately following Business Day). The Rated Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date.

The rate of interest applicable to the Rated Notes for each Interest Period, as determined in accordance with Condition 7 (*Interest and Variable Return*), shall be (so long as no Trigger Notice has been served and save that, for the Initial Interest Period, the rate will be obtained upon linear interpolation of Euribor for one and three month deposits in Euro) the Euribor plus the following margins: (a) Class A1 Notes: a margin of 0.50 per cent per annum; (b) Class A2 Notes: a margin of 0.75 per cent per annum; (c) Class B Notes: a margin of 1.25 per cent per annum; (d) Class C Notes: a margin of 2.60 per cent per annum; and (e) Class D Notes: a margin of 3.80 per cent per annum. The applicable Euribor in respect of any Interest Period may be a negative rate. However, in the event that in respect of any Interest Period the algebraic sum of the applicable Euribor and the Relevant Margin results in a negative rate, the applicable Rate of Interest shall be zero. A Variable Return, if any, will be payable on the Junior Notes on each Payment Date in accordance with the Conditions. The Variable Return payable on the Junior Notes on each Payment Date 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 Priority of Payments.

The Class A1 Notes are expected, on issue, to be rated, respectively, "AAA (sf)" by DBRS Ratings GmbH and "AAsf" by Fitch Italia S.p.A. The Class A2 Notes are expected, on issue, to be rated, respectively, "AAA (sf)" by DBRS Ratings GmbH and "AAsf" by Fitch Italia S.p.A. The Class B Notes are expected, on issue, to be rated, respectively, "AA (low) (sf)" by DBRS Ratings GmbH and "AA-sf" by Fitch Italia S.p.A. The Class C Notes are expected, on issue, to be rated, respectively, "BB (high) (sf)" by DBRS Ratings GmbH and "BB+sf" by Fitch Italia S.p.A. The Class D Notes are expected, on issue, to be rated, respectively, "CC (sf)" by DBRS Ratings GmbH and "CCCsf" by Fitch Italia S.p.A. No rating will be assigned to the Junior Notes. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation.** As of the date hereof, each of DBRS Ratings GmbH and Fitch Italia S.p.A. is established in the European Union and is registered under Regulation (EC) number 1060/2009, as amended by Regulation (EC) number 513/2011 and Regulation (EC) number 462/2013 (the "**CRA Regulation**"), as it appears from the most updated list published by the European Securities and Markets Authority ("**ESMA**") on the webpage http://www.esma.europa.eu/page/List-registered-and-certified-CRAs.

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

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) of MiFID II; or (ii) a customer within the meaning of Directive (UE) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II. 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.

The Issuer will not be required to register as an "*investment company*" under the U.S. 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 the purposes of the Volcker Rule under the Dodd-Frank Act.

As at the date of this Prospectus, payments of interest, Variable Return 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 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.

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 Back-up Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Subordinated Loan Provider, the Cash Manager, the Principal Paying Agent, the Account Bank, the Underwriters, the Listing Agent, the Quotaholders or the Arrangers. 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 ultimate owners by Monte Titoli for the account of the relevant Monte Titoli Account Holders. If applicable, Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes will at all times be evidenced by book-entries in accordance with the provisions of article 83-*bis* of the Financial Laws Consolidation Act and the regulation issued jointly by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* on 13 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

Before 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 will start to amortise on the Payment Date falling on 20 August 2019, subject to there being sufficient Issuer Available Funds and in accordance with the applicable Priority of Payments.

The Securitisation described in this Prospectus is intended to meet the requirements for qualifying as an STS securitisation within the meaning of article 18 of the Regulation (EU) No. 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) 1060/2009 and (EU) 648/2012 (the "**Securitisation Regulation**"). Consequently, as at the date hereof, the Securitisation is intended to meet the requirements of articles 19 to 22 of the Securitisation Regulation and may be notified at any point in time by BMPS in order to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation. **No assurance can be provided that the notification to ESMA referred to in article 27 of the Securitisation Regulation will ever be made by the Originator nor that the Securitisation will qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future. Until the date on which the notification to ESMA referred to in article 27 of the Securitisation Regulation is made and such inclusion in the list referred to in article 27(5) of the Securitisation Regulation occurs, the securitisation may not be considered as an STS securitisation under the Securitisation Regulation, and neither the Issuer nor the Originator may use the designation 'STS' or 'simple, transparent and standardised', or a designation that refers directly or indirectly to those terms for this Securitisation. Should the 'STS' notification be made by the Originator in the future, the final 'STS' notification delivered to ESMA will be made available to the current and prospective Noteholders through, as the case may be, the Temporary Website (as defined below) or the Data Repository (as defined below).** None of the Issuer, the Arrangers, the Reporting Entity, the Originator, the Servicer, the Corporate Servicer, or any of the other transaction parties makes any representation or accepts any liability for the Securitisation to qualify as an STS securitisation under the Securitisation Regulation at any point in time. Banca Monte dei Paschi di Siena S.p.A., as Originator, has used the services of Prime Collateralised Securities (PCS) UK Limited ("**PCS**"), as a verification agent authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the Securitisation complies with articles 19 to 22 of the Securitisation Regulation (the "**STS Verification**"). It is expected that the STS Verification prepared by PCS will be available on the PCS website (https://www.pcsmarket.org/sts-verification-transactions/) on the Issue Date, together with a detailed explanation of its scope at https://www.pcsmarket.org/disclaimer. For the avoidance of doubt, PCS' website and the contents thereof do not form part of this Prospectus.

In the Intercreditor Agreement, BMPS, in its capacity as Originator, has undertaken that: (i) so long as the Notes are outstanding, it will retain on an on-going basis a material net economic interest in the Securitisation and such interest will comprise, in accordance with option 3(a) of article 6 of the Securitisation Regulation, a net economic interest of not less than 5% of the nominal value of each Class of Notes and in the Subordinated Loan; (ii) it shall not change the manner in which the net economic interest set out above is held until the Final Maturity Date, save as permitted by the Securitisation Regulation and the Commission Delegated Regulation EU No. 625/2014; (iii) it shall disclose that it continues to fulfil the obligation to maintain the material net economic interest in the Securitisation in accordance with option 3(a) of article 6 of the Securitisation Regulation and give information to the Noteholders and prospective investors in this respect on a quarterly basis through the Servicer's Report and the Investors Report; (iv) it shall ensure that Noteholders and prospective investors have readily available access to all information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil their monitoring and due diligence duties under article 5 of the Securitisation Regulation; and (v) it shall notify the Noteholders of any change to the manner in which the material net economic interest set out above is held.

The Notes may not be offered or sold, directly or indirectly, in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes see the section entitled "*Subscription, Sale and Selling Restrictions*" below.

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

The content of any website or webpage mentioned in this Prospectus does not form part of this Prospectus.

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

Arrangers

BANCA MONTE DEI PASCHI DI SIENA S.P.A. **J.P. MORGAN SECURITIES PLC**

Underwriters

BANCA MONTE DEI PASCHI DI SIENA S.P.A. **EUROPEAN INVESTMENT BANK**

None of the Issuer, the Arrangers, the Underwriters or any other party to the Transaction Documents other than the Originator has undertaken or will undertake any investigation, searches or other actions (including legal due diligence) to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of the Issuer, the Arrangers, the Underwriters or any other party to the Transaction Documents (other than the Originator) undertaken, nor will they undertake, any investigations, searches, or other actions (including legal due diligence) to establish the existence of the Receivables or the creditworthiness of any Debtor. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia*, the Receivables, the Loan Agreements 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), the 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. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of the Notes, that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading.

Banca Monte dei Paschi di Siena S.p.A. has provided the information included in this prospectus in the sections entitled "Regulatory Disclosure, Retention Undertaking and STS Compliance", "The Portfolio", "The Originator, the Servicer, the Subordinated Loan Provider and the Cash Manager", "Credit and Collection Policy" *and any other information contained in this Prospectus relating to itself, the Receivables and the Loan Agreements and the STS compliance requirements under the Securitisation Regulation and, together with the Issuer, accepts responsibility for those information. To the best of the knowledge and belief of Banca Monte dei Paschi di Siena 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. Banca Monte dei Paschi di Siena S.p.A. accepts responsibility for the sections of this Prospectus specified above, but does not accept responsibility for any other part of this Prospectus.*

Securitisation Services S.p.A. has provided the information included in this Prospectus in the section entitled "The Representative of the Noteholders, the Calculation Agent, the Back-up Servicer and the Corporate Servicer" *and, together with the Issuer, accepts responsibility for those information. To the best of the knowledge and belief of Securitisation Services 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. Securitisation Services S.p.A. accepts responsibility for the section of this Prospectus specified above, but does not accept responsibility for any other part of this Prospectus.*

BNP Paribas Securities Services, Milan branch has provided the information included in this Prospectus in the section entitled "The Account Bank and the Principal Paying Agent" *and, together with the Issuer, accepts responsibility for those information. To the best of the knowledge and belief of BNP Paribas Securities Services, Milan 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. BNP Paribas Securities Services, Milan Branch accepts responsibility the section of this Prospectus specified above, but does not accept responsibility for any other part of this Prospectus.*

J.P. Morgan has not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by J.P. Morgan as to (i) the accuracy or completeness of the information set forth in this Prospectus or any other information provided by the Issuer, the Originator or any other party (including, without limitation, any STS notification within the meaning of article 27 of the Securitisation Regulation) or (ii) compliance of the securitisation transaction described in this Prospectus with the requirements of the Securitisation Regulation. Neither J.P. Morgan nor any of its affiliates accept any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by any of them, or on any of their behalf, in

connection with the Issuer or the Notes. J.P. Morgan and its affiliates accordingly disclaim all and any liability - whether arising in tort, contract, or otherwise - which they might otherwise have in respect of any such document or any such statement. No representation or warranty express or implied, is made by J.P. Morgan or its affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in this document. J.P. Morgan is acting exclusively for the Originator and no one else in connection with the Securitisation. J.P. Morgan and its affiliates will not regard any other person (whether or not a recipient of this document) as its client in relation to the Securitisation and will not be responsible to anyone other than the Originator for providing the protections afforded to its clients nor for giving advice in relation to the Securitisation or any transaction or arrangement referred to herein.

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 Arrangers, the Underwriters, the Representative of the Noteholders, the Issuer, the Quotaholders, the Originator (in any capacity), or any other party to the Transaction Documents. None of the foregoing parties will assume any liability of any kind resulting from such information or representation given by an unauthorised person. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering 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.

The Notes constitute direct limited recourse obligations of the Issuer. By operation of Italian law, the Issuer's right, title and interest in and to the Portfolio and the other Segregated Assets will be segregated from all other assets of the Issuer and amounts deriving therefrom will only be available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the holders of the Notes and to pay any costs, fees and expenses payable to the Originator, the Servicer, the Back-up Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Subordinated Loan Provider, the Principal Paying Agent, the Account Bank, the Underwriters, the Listing Agent or the Quotaholders and to any third party creditor in respect of any costs, fees or expenses incurred by the Issuer to such third party creditors in relation to the Securitisation. Amounts deriving from the Portfolio and the other Segregated Assets will not be available to any other creditor of the Issuer. The Noteholders agree that the Issuer Available Funds will be applied by the Issuer in accordance with the relevant priority of payments as set out in Condition 6 (Priority of Payments).

*Amounts payable under the 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 does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that EMMI is not currently required to obtain authorisation or registration. The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update this Prospectus to reflect any change in the registration status of the administrator.*

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 and the Underwriters 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.

*The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended, the "**Securities Act**"), or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the*

Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

*The transaction is not intended to involve the retention by a sponsor for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), in reliance on an exemption provided for in Rule 20 of the U.S. Risk Retention Rules regarding non U.S. transactions. Accordingly, and notwithstanding the foregoing, the Notes may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. See the section entitled "*Risk Factors - U.S. Risk Retention Requirements*". No assurance can be given as to the availability of the foreign "safe harbour" under the U.S. Risk Retention Rules and investors should consult their own legal and regulatory advisors with respect to such matters.*

*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 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU ("**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 Prospectus Directive. Consequently no key information document required by Regulation (EU) number 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.*

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

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

*All references in this Prospectus to "**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 at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing*

the European Community, as amended. 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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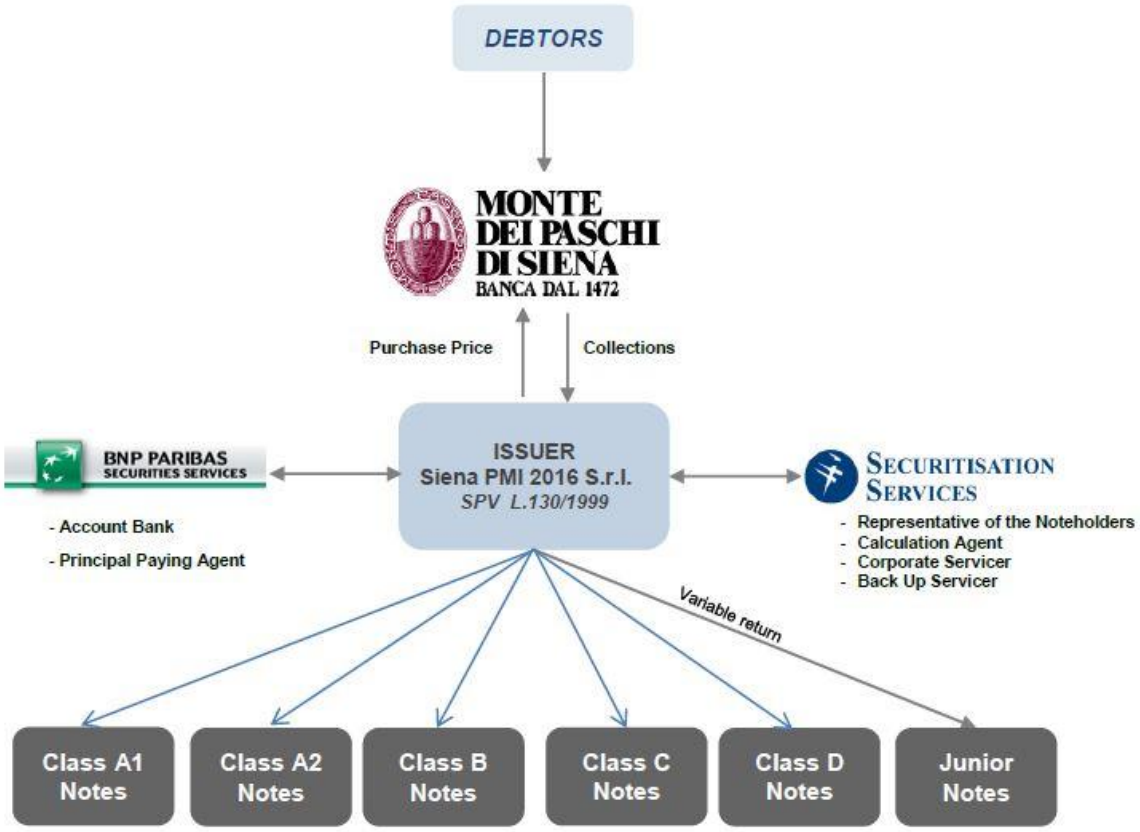
TRANSACTION DIAGRAM

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 the transactions and assets underlying the Notes and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Prospectus and 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 document.

1 THE PRINCIPAL PARTIES

Issuer	**SIENA PMI 2016 S.R.L.**, a company incorporated under the laws of the Republic of Italy as a *società a responsabilità limitata*, having its registered office at Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, with a quota capital of Euro 10,000.00 (fully paid up), fiscal code and enrolment with the companies register of Treviso-Belluno number 04831330263, enrolled 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 number 35293.0, subject to the activity of direction and coordination (*attività di direzione e coordinamento*) of Banca Monte dei Paschi di Siena S.p.A. and having as its sole corporate object the performance of securitisation transactions under the Securitisation Law. The legal entity identifier ("**LEI**") code of the Issuer is 815600F84F96D5CEB844.
Originator	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.**, a bank incorporated under the laws of the Republic of Italy as a *società per azioni*, having its registered office at Piazza Salimbeni, 3, 53100 Siena, Italy, share capital of Euro 10,328,618,260.14 fully paid up, VAT Group "*GRUPPO IVA MPS*" – VAT number 01483500524, fiscal code and enrolment with the companies register of Arezzo-Siena number 00884060526, enrolled under number 5274 in the register of banks and under number 1030.6 in the register of banking groups held by the Bank of Italy pursuant to, respectively, articles 13 and 64 of the Consolidated Banking Act.
Servicer	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.** The Servicer will act as such pursuant to the Servicing Agreement.
Subordinated Loan Provider	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.** The Subordinated Loan Provider will act as such pursuant to the Subordinated Loan Agreement.
Representative of the Noteholders	**SECURITISATION SERVICES S.P.A.**, a *società per azioni* with sole shareholder whose registered office is at Conegliano (TV), Via Alfieri, 1, share capital of €2,000,000.00, fully paid-up, fiscal code and enrolment in the companies register of Treviso–Belluno 03546510268, VAT Group "Gruppo IVA FININT S.p.A." – VAT number 04977190265, currently enrolled under number 50 in the register of the *Intermediari Finanziari* held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the "*Gruppo Banca Finanziaria Internazionale*",

	subject to direction and coordination (*soggetta all'attività di direzione e coordinamento*) by Banca Finanziaria Internazionale S.p.A. The Representative of the Noteholders will act as such pursuant to the Subscription Agreement, the Intercreditor Agreement and the Mandate Agreement.
Account Bank	**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**, a bank incorporated under the laws of the Republic of France, having its registered office at 3, Rue d'Antin, 75002 Paris, France, acting through its Milan branch with offices at Piazza Lina Bo Bardi, 3, 20124 Milan, Italy, fiscal code and enrolment with the companies register of Milano–Monza–Brianza-Lodi number 13449250151, enrolled under number 5483 in the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act. The Account Bank will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Principal Paying Agent	**BNP PARIBAS SECURITIES SERVICES, MILAN BRANCH**. The Principal Paying Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Cash Manager	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.** The Cash Manager will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Back-up Servicer	**SECURITISATION SERVICES S.P.A.** The Back-up Servicer will act as such pursuant to the Servicing Agreement.
Calculation Agent	**SECURITISATION SERVICES S.P.A.** The Calculation Agent will act as such pursuant to the Cash Allocation, Management and Payments Agreement.
Corporate Servicer	**SECURITISATION SERVICES S.P.A.** The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
Quotaholders	**SVM SECURITISATION VEHICLES MANAGEMENT S.R.L.**, a limited liability company (*società a responsabilità limitata*), incorporated under the laws of Italy, whose registered office is at Via V. Alfieri, 1, Conegliano (TV), Italy, fiscal code and registration with the companies register of Treviso-Belluno under number 03546650262, as holder of 90% of the quota capital of the Issuer. **BANCA MONTE DEI PASCHI DI SIENA S.P.A.**, as holder of 10% of the quota capital of the Issuer.
Arrangers	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.** **J.P. MORGAN**
Reporting Entity	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.**

Listing Agent	**BNP PARIBAS SECURITIES SERVICES**, a company incorporated under the laws of the Republic of France as a *société en commandite par actions*, having its registered office at 3, Rue D'Antin, 75002 Paris, France, acting through its Luxembourg branch with offices at 60 Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.
Underwriters	**BANCA MONTE DEI PASCHI DI SIENA S.P.A.** **EUROPEAN INVESTMENT BANK**, having its registered office at 100, Boulevard Konrad Adenauer, L-2950 Luxembourg, Grand Duchy of Luxembourg, fiscal code number 80231030588 ("**EIB**"), as underwriter of a portion of the Class A2 Notes equal to €400,000,000.

2 THE PRINCIPAL FEATURES OF THE NOTES

The Notes

The Notes will be issued by the Issuer on the Issue Date in the following Classes:

Senior Notes	€519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060 (ISIN Code IT0005372948)
	€813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060 (ISIN Code IT0005372955)
Mezzanine Notes	€225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060 (ISIN Code IT0005372963)
	€271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060 (ISIN Code IT0005372971)
	€248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 (ISIN Code IT0005372989)
Junior Notes	€180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 (ISIN Code IT0005372997)

Issue price

The Notes will be issued at the following percentages of their principal amount upon issue:

Class	*Issue Price*
Series 2 Class A1 Notes	100 per cent.
Series 2 Class A2 Notes	100 per cent.
Series 2 Class B Notes	100 per cent.
Series 2 Class C Notes	100 per cent.
Series 2 Class D Notes	100 per cent.
Series 2 Class J Notes	100 per cent.

Interest on the Senior Notes and the Mezzanine Notes

The Senior Notes and the Mezzanine Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the higher of:

(i) zero; and

(ii) the Euribor for three months deposits in Euro (so long as no Trigger Notice has been served and except in respect of the Initial Interest Period, where an interpolated interest rate based on one and three month deposits in Euro will be substituted for three month Euribor), plus the following margins:

Class	*Margin*
Series 2 Class A1 Notes	0.50 per cent. per annum
Series 2 Class A2 Notes	0.75 per cent. per annum
Series 2 Class B Notes	1.25 per cent. per annum
Series 2 Class C Notes	2.60 per cent. per annum
Series 2 Class D Notes	3.80 per cent. per annum

The Euribor applicable to the Senior Notes and the Mezzanine Notes for each Interest Period will be determined on the date falling two Target2 Days prior to the Payment Date at the beginning of such Interest Period (except in respect of the Initial Interest Period, where the applicable Euribor will be determined two Target2 Days prior to the Issue Date).

Interest in respect of the Senior Notes and the Mezzanine Notes will accrue on a daily basis and will be payable in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The first payment of interest in respect of the Senior Notes and the Mezzanine Notes will be due on the Payment Date falling in August 2019 in respect of the period from (and including) the Issue Date to (but excluding) such date.

For the avoidance of doubt, the applicable Euribor in respect of any Interest Period may be a negative rate. However, in the event that in respect of any Interest Period the algebraic sum of the applicable Euribor and the Relevant Margin results in a negative rate, the applicable Rate of Interest shall be deemed to be zero.

If a Benchmark Disruption Event occurs (even if the rate continues to be published), when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to Euribor, then the following provisions shall apply:

(a) the Representative of the Noteholders, acting on behalf of the Issuer, shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant

component part thereof) applicable to the Rated Notes;

(b) if the Representative of the Noteholders is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Representative of the Noteholders shall instruct the Calculation Agent (which shall act in good faith and in a commercially reasonable manner) in order to determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

(c) if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the reference rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in Condition 7.6.4); provided, however, that if paragraph (b) applies and the Calculation Agent is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Rated Notes of each Class in respect of the preceding Interest Period (subject to the subsequent operation of, and to adjustment as provided in Condition 7.6.4); for the avoidance of doubt, the provision in this sub-paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in the Condition 7.6.4);

(d) if the Independent Adviser or the Calculation Agent determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Conditions may be amended without Noteholders' consent in order to follow the prevailing market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Calculation Agent (as applicable) is unable to determine the quantum of, or a formula or methodology for

determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread; and

(e) the Issuer, acting through the Representative of the Noteholders, shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give written notice thereof to the Principal Paying Agent and the Noteholders specifying (i) which of the Benchmark Disruption Event occurred, (ii) the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and (iii) any consequential changes made to the Conditions, provided that a prior written notice has been sent to the Rating Agencies within an appropriate period of time.

Variable Return on the Junior Notes

A Variable Return, if any, may be payable on the Junior Notes on each Payment Date in accordance with the Conditions. The Variable Return payable on the Junior Notes on each Payment Date 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 Priority of Payments.

Form and denomination

The Notes of each Class are issued in the denomination of €100,000 plus integral multiples of €1,000 in addition to the said sum of €100,000.

The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of article 83-*bis* of the Financial Laws Consolidation Act and the Joint Regulation, 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

In respect of the obligation of the Issuer to pay interest and/or Variable Return (as applicable) on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice:

(i) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Mezzanine Notes and the Variable Return on the Junior Notes, and the repayment of principal due on the Senior Notes, the Mezzanine Notes and the Junior Notes;

(ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Class C Notes and the Class D Notes and the Variable Return on the Junior Notes and repayment of principal due and payable on the Class B Notes, the Class C

Notes, the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event Three, repayment of principal due and payable on the Senior Notes, and subordinated to payments of interest due on the Senior Notes and, following the occurrence of a Priority Event Three, repayment of principal due and payable on the Senior Notes;

(iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Class D Notes and the Variable Return on the Junior Notes and repayment of principal due and payable on the Class C Notes, the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event Two, repayment of principal due and payable on the Senior Notes and the Class B Notes, and subordinated to payments of interest on the Senior Notes and the Class B Notes and, following the occurrence of a Priority Event Two, repayment of principal due and payable on the Senior Notes and the Class B Notes;

(iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payment of the Variable Return on the Junior Notes and repayment of principal due and payable on the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event One, repayment of principal due and payable on the Senior Notes, the Class B Notes and the Class C Notes, and subordinated to payments of interest on the Senior Notes, the Class B Notes and the Class C Notes and, following the occurrence of a Priority Event One, repayment of principal due and payable on the Senior Notes, the Class B Notes and the Class C Notes; and

(v) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the Junior Notes Retained Amount and subordinated to payments of interest and repayment of principal due and payable on the Rated Notes and on the Junior Notes.

In respect of the obligation of the Issuer to repay principal due and payable on the Notes, the Conditions provide that, prior to the delivery of a Trigger Notice:

(i) the Class A1 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes and, prior to the occurrence of a Priority Event One, interest on the Class B Notes, the Class C Notes and the Class D Notes, prior to the occurrence of a Priority Event Two, interest on the Class B Notes and C Notes and, prior to the occurrence of a Priority Event Three, interest on the Class B Notes, but in priority to payments of Variable Return

on the Junior Notes and repayment of principal due and payable on the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, the Class A1 Notes rank in priority to payments of interest on the Class D Notes, following the occurrence of a Priority Event Two, in priority to payments of interest on the Class C Notes and the Class D Notes, and following the occurrence of a Priority Event Three, in priority to payments of interest on the Class B Notes, Class C Notes and the Class D Notes;

(ii) the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes and, prior to the occurrence of a Priority Event One, interest on the Class B Notes, the Class C Notes and the Class D Notes, prior to the occurrence of a Priority Event Two, interest on the Class B Notes and C Notes and, prior to the occurrence of a Priority Event Three, interest on the Class B Notes, repayment of principal due and payable on the Class A1 Notes but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, the Class A2 Notes rank in priority to payments of interest on the Class D Notes, following the occurrence of a Priority Event Two, in priority to payments of interest on the Class C Notes and the Class D Notes, and following the occurrence of a Priority Event Three, in priority to payments of interest on the Class B Notes, Class C Notes and the Class D Notes;

(iii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, and, prior to the occurrence of a Priority Event Two, the Class C Notes, and, prior to the occurrence of a Priority Event One, the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, Class B Notes rank in priority to payments of interest on the Class D Notes and, following the occurrence of a Priority Event Two, Class B Notes rank in priority to payments of interest on the Class C Notes and the Class D Notes;

(iv) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, the

Class C Notes, and, prior to the occurrence of a Priority Event One, the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, Class C Notes rank in priority of payments of interest on the Class D Notes;

(v) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, the Class C Notes and the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal and payable due on the Junior Notes;

(vi) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due and payable on the Senior Notes and the Mezzanine Notes and in priority to the Variable Return for an amount up to the Junior Notes Retained Amount and subordinated to the Variable Return for an amount equal to the Junior Notes Retained Amount.

Following the delivery of a Trigger Notice, in respect of the obligation of the Issuer to pay interest and/or Variable Return and to repay principal on the Notes, the Conditions provide that:

(i) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Mezzanine Notes and the Junior Notes;

(ii) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes, the Class D notes and the Junior Notes and subordinated to the Senior Notes;

(iii) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and the Junior Notes and subordinated to the Senior Notes and the Class B Notes;

(iv) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Junior Notes and subordinated to the Senior Notes, the Class B Notes and the Class C Notes; and

(v) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but subordinated to the Senior Notes and the Mezzanine 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 Priority of Payments. The Conditions and the Intercreditor Agreement set out the order of priority of application of the Issuer Available Funds.
Priority Event One	A Priority Event One occurs if, on any Calculation Date prior to the full redemption of the Class C Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 9% of the Outstanding Principal of the Portfolio as at the Valuation Date.
Priority Event Two	A Priority Event Two occurs if, on any Calculation Date prior to the full redemption of the Class B Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 19% of the Outstanding Principal of the Portfolio as at the Valuation Date.
Priority Event Three	A Priority Event Three occurs if, on any Calculation Date prior to the full redemption of the Senior Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 33% of the Outstanding Principal of the Portfolio as at the Valuation Date.
Withholding on the Notes	As at the date of this Prospectus, payments of interest, Variable Return and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian tax, in accordance with Decree 239 as amended and supplemented. 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 the Notes. For further details see section headed "*Taxation*".
Mandatory redemption	The Notes of each Class will be subject to mandatory redemption on each Payment Date in full (or in part *pro rata*) in accordance with the Conditions, in each case if on such dates there are sufficient Issuer Available Funds which may be applied for this purpose in accordance with the applicable Priority of Payments.
Optional redemption	Provided that no Trigger Notice has been served on the Issuer, on any Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Post

Trigger Notice Priority of Payments, subject to the Issuer:

(i) giving not more than 60 days and not less than 30 days' notice to the Representative of the Noteholders, to the Noteholders and to the Rating Agencies of its intention to redeem the Notes; and

(ii) delivering, prior to the notice referred to in paragraph (i) above being given, to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and any other payment in priority to, or *pari passu* with, the Rated Notes in accordance with the Post Trigger Notice Priority of Payments and all its outstanding liabilities in respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any other payment ranking higher or *pari passu* therewith in accordance with the Post Trigger Notice Priority of Payments.

The Issuer may obtain the funds necessary to finance the early redemption of the Notes through the sale of the Portfolio to the Originator. Pursuant to the Transfer Agreement, the Issuer has granted to the Originator, in accordance with article 1331 of the Italian civil code, an option right pursuant to which the Originator may repurchase, without recourse, from the Issuer the outstanding Portfolio, in accordance with the provisions of article 58 of the Consolidated Banking Act and subject to the conditions set out in the Transfer Agreement, at a purchase price which (together with the other Issuer Available Funds) shall be sufficient to pay at least (i) the Rated Notes at their Principal Amount Outstanding, (ii) the Junior Notes at their Principal Amount Outstanding or any other lower amount determined by the Meeting of the Junior Noteholders, (iii) the accrued and unpaid interest on the Rated Notes and (iv) any other payment in priority to or *pari passu* with any payment due under paragraphs from (i) to (iii) above in accordance with the Post Trigger Notice Priority of Payments. The Issuer has undertaken, in the Transfer Agreement, to apply the purchase price received by the Originator following the exercise by the latter of the option referred to above in performing the optional redemption of the Notes in accordance with the Post Trigger Notice Priority of Payments.

Optional redemption in whole 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 but irrespective of whether such Tax Deduction arises or may arise

from any change in the tax law of Italy or any change in the official interpretation of the tax law of Italy); or

(ii) any changes in the Tax law of Italy (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 has provided to the Representative of the Noteholders:

(a) 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 and lawfully available to the Issuer and not prejudicial to its interests as a whole; and

(b) a certificate signed by the Issuer confirming that the Issuer will, on the relevant Payment Date, have the funds to discharge all of its outstanding liabilities in respect of the Rated Notes and any other payment in priority to or *pari passu* with the Rated Notes in accordance with the Post Trigger Notice Priority of Payments and all its outstanding liabilities in respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any other payment ranking higher or *pari passu* therewith in accordance with the Post Trigger Notice Priority of Payments,

the Issuer may, subject as provided in the Conditions, redeem in whole (but not in part) the Rated Notes and in whole (or in part) the Junior Notes at their Principal Amount Outstanding together with accrued and unpaid interest up to and including the relevant Payment Date in accordance with the Post Trigger Notice Priority of Payments.

Final Maturity Date

Unless previously redeemed in full, the Notes are due to be repaid in full at their Principal Amount Outstanding on the Final Maturity Date.

Segregation of Issuer's Rights

The Notes have the benefit of the provisions of article 3 of the Securitisation Law, pursuant to which (i) the Portfolio, (ii) the Collections (to the extent that they are clearly identifiable as the Issuer's collections under the Receivables), (iii) any monetary claims accrued by the Issuer in the context of the Securitisation, as well as (iv) any financial asset (including those constituting Eligible Investments) from time to time owned by the Issuer in the context of the Securitisation (points (i) to (iv), together, the "**Segregated Assets**") are segregated by operation

of law from the Issuer's other assets (including, for the avoidance of doubt and without limitation, the Previous Portfolio). Both before and after a winding up of the Issuer, amounts deriving from the Portfolio and the other Segregated Assets will be exclusively available for the purpose of satisfying the obligations of the Issuer to the Noteholders and to the Other Issuer Creditors or to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. See for further details the section headed: "*Selected Aspects of Italian Law – Ring-fencing of the assets*".

The Portfolio and the other Segregated Assets may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation thereof. 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 exercise its rights under the Transaction Documents, to exercise all the Issuer's non-monetary rights, powers and discretion under certain Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's Rights. Italian law governs the delegation of such powers.

Trigger Events

If any of the following events occurs:

(i) *Non-payment:*

the Issuer defaults in (a) the repayment of any amount of principal (as resulting from the relevant Payments Report) due and payable on the Most Senior Class of Notes, and such default is not remedied within a period of five Business Days from the due date thereof; or (b) the payment of the Interest Payment Amount due and payable on the Most Senior Class of Notes (excluding the Class C Notes, the Class D Notes and the Junior Notes) on any Payment Date, and such default is not remedied within a period of five Business Days from the due date thereof; or

(ii) *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 or repayment of principal on the Most Senior Class of Notes pursuant to (i) above) (including, for avoidance of doubt, any breach of the representations and warranties given by the Issuer

under any of the Transaction Documents) 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 and certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the holders of the Most Senior Class of Notes; or

(iii) *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

(iv) *Failure to take action:*

any action, condition or thing at any time required to be taken, fulfilled or done in order to:

(A) enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Transaction Documents to which the Issuer is party; or

(B) to ensure that those obligations are legal, valid, binding and enforceable,

is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Most Senior Class of Noteholders and requiring the same to be remedied; or

(v) *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,

then the Representative of the Noteholders may, in its absolute discretion, or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and if the conditions set out in Condition 12.3.1 are met, shall, serve a Trigger Notice on the Issuer declaring the Notes to be due and repayable, whereupon they shall become so due and repayable, following which all payments of principal, interest, Variable Return and other amounts due in respect of the Notes shall be made according to the order of priority set out in Condition 6.2 and described under "*Post Trigger Notice Priority of Payments*" below and on such dates as the Representative of the Noteholders may determine. In addition, following the delivery of a

Trigger Notice the Representative of the Noteholders shall direct the Issuer to sell the Portfolio or a substantial part thereof 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.

Non petition

Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations. In particular:

(i) no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer, provided however that this provision shall not prevent any Noteholder from taking any steps against the Issuer which do not amount to the commencement or to the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an administrative receiver for, or to making an administration order against, or to the winding up or liquidation of, the Issuer;

(ii) until the date falling on the later of (i) one year and one day (or, in the event of prepayment or early cancellation of the Notes, two years and one day) after the date on which the Notes have been redeemed in full or cancelled in accordance with the Conditions and (ii) one year and one day (or in the event of prepayment or early cancellation of the notes, two years and one day) after the date on which the Previous 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, unless a Trigger Notice has been served or an Insolvency Event has occurred and the Representative of the Noteholders, having become bound so to do, fails to take such actions as the Representative of the Noteholders is entitled to take under the Transaction Documents within a reasonable period of time and such failure is continuing

(provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholders may then only proceed subject to the provisions of the Conditions and the Rules, and provided further that this provision shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party; and

(iii) no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

Limited recourse obligations of Issuer

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

(i) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the Priority of Payments 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 Priority of Payments in priority to or *pari passu* with sums payable to such Noteholder; and

(iii) if the Servicer has given evidence to the Representative of the Noteholders and the Representative of the Noteholders is satisfied in that respect that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and/or the other Segregated (whether arising from judicial enforcement proceedings, enforcement of the ring fencing under the Securitisation Law or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 16 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and/or the other Segregated (whether arising from judicial enforcement proceedings, enforcement of the ring fencing under the Securitisation Law or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, 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 deemed to be discharged in full.

The Organisation of the Noteholders and the Representative of the Noteholders

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

Pursuant to the Rules of the Organisation of the Noteholders (attached to the Conditions as an Exhibit), 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 issue of the Notes, which is appointed by the Underwriters in the Subscription Agreement. Each Noteholder is deemed to accept such appointment.

Ratings

The Senior Notes and the Mezzanine Notes are expected to be assigned the following ratings on the Issue Date:

Class	*DBRS*	*Fitch*
Series 2 Class A1 Notes	AAA (sf)	AAsf
Series 2 Class A2 Notes	AAA (sf)	AAsf
Series 2 Class B Notes	AA (low) (sf)	AA-sf
Series 2 Class C Notes	BB (high) (sf)	BB+sf
Series 2 Class D Notes	CC (sf)	CCCsf

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

As of the date hereof, DBRS Ratings GmbH and Fitch Italia S.p.A. are established in the European Union and are registered under Regulation (EC) No. 1060/2009, as amended by Regulation (EC) No. 513/2011 and Regulation (EC) No. 462/2013 (the "**CRA Regulation**"), as it appears from the most updated list published by European Securities and Markets Authority (ESMA) on the ESMA website.

Listing and admission to trading

Application has been made to list the Rated Notes on the official list of the Luxembourg Stock Exchange and to admit the Rated Notes to trading on the regulated market of the Luxembourg Stock Exchange.

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

Selling restrictions

There will be restrictions on the sale of the Notes and on the distribution of information in respect thereof. See for further details the section headed "*Subscription, Sale and Selling Restrictions*".

Governing Law The Notes and any non-contractual obligation arising out thereof will be governed by Italian Law.

3 ISSUER AVAILABLE FUNDS AND PRIORITIES OF PAYMENTS

Issuer Available Funds The Issuer Available Funds, calculated on each Calculation Date and by reference to the immediately following Payment Date, are constituted by the aggregate of:

(i) all Collections and Recoveries collected by the Issuer (also through the Servicer) in respect of the Receivables (excluding Collections and Recoveries collected by the Servicer in respect of the Receivables in relation to which a limited recourse loan has been disbursed by the Originator in accordance with the provisions of clause 4.1 of the Warranty and Indemnity Agreement) during the immediately preceding Collection Period and credited to the Transaction Account;

(ii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Transaction Account during the immediately preceding Collection Period;

(iii) all amounts in respect of principal repaid on Eligible Investments up to the Eligible Investments Maturity Date and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date, to the extent not already accounted for in other paragraphs above or below;

(iv) all positive amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Collection Period;

(v) all the proceeds deriving from the sale, if any, of the Portfolio or of Individual Receivables in accordance with the provisions of the Transaction Documents;

(vi) 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 any proceeds deriving from the enforcement of the Issuer's Rights);

(vii) the Cash Reserve Available Amount and any Cash Reserve Excess Amount in respect of such Payment Date standing to the credit of the Cash Reserve Account on the Calculation Date immediately preceding such Payment Date;

(viii) on the Calculation Date immediately preceding the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes will be repaid in full, the amounts standing to the credit of the Cash Reserve Account;

(ix) the amounts standing to the credit of the Expenses Account upon its closure in accordance with the Cash Allocation, Management and Payments Agreement,

but excluding, for the avoidance of any doubt any Limited Recourse Loan Receivable Collections.

For the avoidance of doubts, following the delivery of a Trigger Notice, the Issuer Available Funds, in respect of any Payment Date, shall also comprise any other amount standing to the credit of the Accounts as at the immediately preceding Calculation Date.

Principal Equivalent Amount

On each Calculation Date, the Calculation Agent will calculate the Principal Equivalent Amount in respect of each Class of Notes for the immediately following Payment Date, being the lesser of:

(i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Principal Equivalent Amount in respect of the relevant Class of Notes;

(ii) the greater of (a) zero, and (b) the Expected Amortisation Amount, minus (if any) the Principal Equivalent Amount in respect of any Class of Notes outstanding ranking in priority to the relevant Class of Notes; and

(iii) the Principal Amount Outstanding of the relevant Class of Notes on such Payment Date (prior to any payment being made on such Payment Date in accordance with the applicable Priority of Payments).

The Expected Amortisation Amount, on each Calculation Date, is an amount equal to the positive difference between: (i) the aggregate Principal Amount Outstanding of the Notes on such Calculation Date; and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

Pre Trigger Notice Priority of Payments

Prior to the delivery of a Trigger Notice or redemption of the Notes pursuant to Conditions 8.1 (*Redemption, Purchase and Cancellation – Final redemption*), 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*) and 8.4 (*Redemption, Purchase and Cancellation – Optional redemption in whole for taxation reasons*), the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

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

(ii) *Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

(iii) *Third*, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Paying Agents, the Calculation Agent, the Back-up Servicer, the Cash Manager, the Corporate Servicer and the Servicer;

(v) *Fifth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes (which, for these purposes, will be considered as one Class) on such Payment Date;

(vi) *Sixth*, subject to no Priority Event Three having occurred prior to such Payment Date, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

(vii) *Seventh*, subject to no Priority Event Two having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

(viii) *Eighth*, for so long as there are Senior Notes, Class B Notes and Class C Notes outstanding, to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

(ix) *Ninth*, subject to no Priority Event One having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

(x) *Tenth*, on any Payment Date, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class A1 Notes up to the Principal Equivalent Amount in respect of the Class A1 Notes on

such Payment Date;

(xi) *Eleventh*, on any Payment Date after the Class A1 Notes have been repaid in full, to pay, *pari passu* and *pro rata* amounts in respect of principal on the Class A2 Notes up to the Principal Equivalent Amount in respect of the Class A2 Notes on such Payment Date;

(xii) *Twelfth*, following the occurrence of a Priority Event Three, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

(xiii) *Thirteenth*, on any Payment Date after the Senior Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class B Notes up to the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date;

(xiv) *Fourteenth*, following the occurrence of a Priority Event Two, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

(xv) *Fifteenth*, on any Payment Date after the Senior Notes and the Class B Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class C Notes up to the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date;

(xvi) *Sixteenth*, following the occurrence of a Priority Event One, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

(xvii) *Seventeenth*, on any Payment Date after the Senior Notes, the Class B Notes and the Class C Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class D Notes up to the Principal Equivalent Amount in respect of the Class D Notes on such Payment Date;

(xviii) *Eighteenth*, to pay all amounts of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(xix) *Nineteenth*, to repay principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement up to but not in excess of the Cash Reserve Excess Amount;

(xx) *Twentieth*, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3.2 of the Transfer Agreement;

(xxi) *Twenty-first*, to pay to any Transaction Party any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of

Payments;

(xxii) *Twenty-second*, on any Payment Date after the Rated Notes have been repaid in full to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Junior Notes up to the Principal Equivalent Amount in respect of the Junior Notes on such Payment Date until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – the Principal Amount Outstanding of the Junior Notes is equal to the Junior Notes Retained Amount;

(xxiii) *Twenty-third*, to pay, *pari passu* and *pro rata*, the Variable Return on the Junior Notes; and

(xxiv) *Twenty-fourth*, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date, or (ii) the date on which there are no longer outstanding Receivables, or (iii) the date on which the Junior Notes are to be redeemed in full or cancelled, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Junior Notes Retained Amount on the Junior Notes.

Post Trigger Notice Priority of Payments

On each Payment Date following the delivery of a Trigger Notice and upon redemption of the Notes pursuant to Conditions 8.1 (*Redemption, Purchase and Cancellation – Final redemption*), 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*) and 8.4 (*Redemption, Purchase and Cancellation – Optional redemption in whole for taxation reasons*), the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

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

(ii) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

(iii) *Third*, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

(iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of

remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agents, the Corporate Servicer, the Back-up Servicer and the Servicer;

(v) *Fifth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes (which, for these purposes, will be considered as one Class) on such Payment Date;

(vi) *Sixth*, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Senior Notes, (which, for these purposes, will be considered as one Class);

(vii) *Seventh*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

(viii) *Eighth*, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class B Notes;

(ix) *Ninth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

(x) *Tenth*, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class C Notes;

(xi) *Eleventh*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

(xii) *Twelfth*, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class D Notes;

(xiii) *Thirteenth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(xiv) *Fourteenth*, to repay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

(xv) *Fifteenth*, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3.2 of the Transfer Agreement;

(xvi) *Sixteenth*, to pay to any Transaction Party any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

(xvii) *Seventeenth*, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Junior Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Junior Notes

Retained Amount;

(xviii) *Eighteenth*, to pay, *pari passu* and *pro rata*, the Variable Return on the Junior Notes; and

(xix) *Nineteenth*, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date, or (ii) the date on which there are no longer outstanding Receivables, or (iii) the date on which the Junior Notes are to be redeemed in full or cancelled, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Junior Notes Retained Amount on the Junior Notes.

4 TRANSFER OF THE PORTFOLIO

The Portfolio

The principal source of payment of interest on the Rated Notes and/or Variable Return on the Junior Notes and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolio.

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 Debtors to pay amounts due under the relevant Loan Agreements, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

The Purchase Price in respect of the Portfolio, equal to the sum of all Individual Purchase Prices of the Receivables, will be paid on the Issue Date using part of the proceeds of the issue of the Notes subject to:

(a) publication of a notice of assignment of the relevant Receivables in the *Gazzetta Ufficiale della Repubblica Italiana*; and

(b) registration of such assignment with the competent Companies' Register.

See for further details the sections headed: "*The Portfolio*" and "*Description of the Transaction Documents – The Transfer Agreement*".

Servicing of the Portfolio

On 24 April 2019, the Servicer, the Back-up Servicer and the Issuer entered into the Servicing Agreement, pursuant to which (i) the Servicer has agreed to collect the Receivables and to administer and service the Portfolio on behalf of the Issuer in compliance with the Securitisation Law and (ii) the Back-up Servicer has undertaken to act as substitute servicer in case of termination of the appointment of BMPS as Servicer.

The Servicer has undertaken to prepare and submit to, amongst others, the Issuer and the Calculation Agent, on a quarterly basis, a Servicer's Report, containing, *inter alia*, information relating to the Collections and the Recoveries made in respect of the Portfolio during the relevant Collection Period, including, without limitation, a description of the

Portfolio, information relating to any Defaulted Receivables and the Collections during the preceding Collection Period and a performance analysis.

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

Warranties and indemnities

On 24 April 2019, the Originator and the Issuer entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has made certain representations and warranties to the Issuer in relation to, *inter alia*, the Receivables and has agreed to indemnify the Issuer in respect of certain liabilities incurred by the Issuer as a result of the breach of such representations and warranties.

See for further details the section headed: "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*".

5 CREDIT STRUCTURE

Intercreditor Agreement

Under the terms of the Intercreditor Agreement, the Representative of the Noteholders shall be entitled, *inter alia*, following the service of a Trigger Notice and until the Notes have been repaid in full or cancelled in accordance with the Conditions, to pay or cause to be paid on behalf of the Issuer and using the Issuer Available Funds all sums due and payable by the Issuer to the Noteholders, the Other Issuer Creditors and any third party creditors in respect of costs and expenses incurred by the Issuer in the context of the Securitisation in accordance with the terms of the Post Trigger Notice Priority of Payments.

Under the terms of the Intercreditor Agreement, the Issuer and the Originator have agreed to the designation of the Originator as Reporting Entity in accordance with article 7, paragraph 2 of the Securitisation Regulation in order to comply with the information requirements pursuant to letters (a), (b), (d), (e), (f) and (g) of paragraph 1 of article 7 of the Securitisation Regulation.

See for further details the section headed: "*Description of the Transaction Documents – The Intercreditor Agreement*".

Cash Allocation, Management and Payments Agreement

Under the terms of the Cash Allocation, Management and Payments Agreement, the Account Bank, the Calculation Agent, the Servicer, the Corporate Servicer, the Back-up Servicer, the Cash Manager and the Principal Paying Agent have agreed to provide the Issuer with certain calculation, notification and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Accounts and the Expenses Account and with certain agency services.

The Calculation Agent has agreed to prepare (i) on or prior to each

Calculation Date, the Payments Report containing, *inter alia*, details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments; and (ii) not later than the relevant Investors Report Date, the Investors Report. On each Payment Date, the Principal Paying Agent shall apply amounts transferred to it out of the Payments Account in making payments to the Noteholders in accordance with the Priority of Payments, as set out in the Payments Report.

See for further details the section headed: "*Description of the Transaction Documents – The Cash Allocation, Management and Payments Agreement*".

Mandate Agreement

Under the terms of 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.

See for further details the section headed: "*Description of the Transaction Documents – The Mandate Agreement*".

Corporate Services Agreement

Under the terms of the Corporate Services Agreement, the Corporate Servicer has agreed to provide certain corporate administrative services to the Issuer.

See for further details the section headed: "*Description of the Transaction Documents The Corporate Services Agreement*".

Retention

Under the terms of the Intercreditor Agreement, the Originator has undertaken to the Issuer and the Representative of the Noteholders that it will retain, on an ongoing basis and in accordance with option (3)(a) of article 6 of the Securitisation Regulation, a material net economic interest of not less than 5% in the Securitisation. Accordingly, as at the Issue Date, such interest will be comprised of a net economic interest of not less than 5% of the nominal value of each Class of Notes.

For further information, please see section "*Regulatory Disclosure, Retention Undertakings and STS Compliance*" below.

Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has agreed to advance to the Issuer a subordinated loan, in an aggregate amount of €44,243,540.74 on the Issue Date (the "**Subordinated Loan**"). A portion of the proceeds from the utilisation of the Subordinated Loan being €37,929,000.00, will be applied by the Issuer on the Issue Date as follows:

(a) €36,584,000.00 will be credited to the Cash Reserve Account on

the Issue Date; and

(b) €1,345,000.00, being an amount equal to the aggregate of the Retention Amount and the amount required to pay certain initial up front expenses of the Issuer, will be credited to the Expenses Account on the Issue Date.

The remaining portion of the proceeds from the utilisation of the Subordinated Loan, being €6,314,540.74, will be applied by way of set off to discharge *pro tanto* the obligation of the Issuer to pay to the Originator on the Issue Date the consideration for the purchase of the Portfolio pursuant to the Transfer Agreement.

The Subordinated Loan will be repaid in accordance with the applicable Priority of Payments.

Cash Reserve

The Issuer will establish a cash reserve in the Cash Reserve Account on the Issue Date, in an initial amount equal to €36,584,000.00, by using part of the proceeds of the Subordinated Loan under the Subordinated Loan Agreement.

The Cash Reserve Available Amount will, on each Payment Date, form part of the Issuer Available Funds, available for making the payments under items from *First* to *Seventh* of the Pre Trigger Notice Priority of Payments, to the extent that the Issuer Available Funds (excluding the Cash Reserve Available Amount) are not sufficient to make such payments in full on such Payment Date.

On each Payment Date prior to the delivery of a Trigger Notice and if the Cash Reserve has been used and to the extent there are Issuer Available Funds to this purpose, the Cash Reserve Account will be replenished up to the then applicable Target Cash Reserve Amount in accordance with the Pre Trigger Notice Priority of Payments.

Furthermore, on each Payment Date prior to the delivery of a Trigger Notice, the Cash Reserve Excess Amount (if any) will form part of the Issuer Available Funds and will be applied for making payments in accordance with the Pre Trigger Notice Priority of Payments.

On the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes are repaid in full, any amount then standing to the credit of the Cash Reserve Account shall form part of the Issuer Available Funds and be applied in accordance with the applicable Priority of Payments.

Loan by Loan Report

Under the Servicing Agreement, BMPS has undertaken to prepare and deliver, within 30 calendar days from each Payment Date, to the Issuer, the Representative of the Noteholders, the Calculation Agent, the Back-up Servicer and the Rating Agencies a loan by loan report (the "**Loan by Loan Report**"), and make such report available to the current and

prospective Noteholders through, as the case may be, the Temporary Website (as defined below) or the Data Repository (as defined below), in accordance with articles 7(1)(a) and 22(5) of the Securitisation Regulation and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority. With regard to the delivery of each Loan by Loan Report to the Noteholders, the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request, to potential investors in the Notes pursuant to article 7(1) of the Securitisation Regulation, please refer to section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory Disclosure and Retention Undertaking*".

Investors Report

Under the Cash Allocation Management and Payments Agreement, not later than the relevant Investors Report Date, the Calculation Agent has undertaken to prepare and deliver an investors report (substantially in the form attached as Schedule 4 to the Cash Allocation Management and Payments Agreement or in such other form as may be agreed from time to time by the Parties thereto) (the "**Investors Report**") referring to the immediately preceding Collection Period and Interest Period to the Issuer, the Representative of the Noteholders, the Originator, the Servicer, the Back-up Servicer, the Underwriters, the Corporate Servicer, the Principal Paying Agent, the Account Bank and the Rating Agencies. Each Investors Report will be based on the data contained in the relevant Servicer's Report and Payments Report and will include information on the performance of the Portfolio and of the Notes. In particular, each Investors Report will contain information, *inter alia*, on (i) the Issuer Available Funds (and their application) on the immediately preceding Payment Date, (ii) the Principal Amount Outstanding of the Notes before and after the immediately preceding Payment Date, (iii) the amount of interest accrued and actually paid on the Notes in respect of the immediately preceding Payment Date, (iv) details on the collections and unpaid amounts on the Portfolio during the immediately preceding Collection Period and all materially relevant data on the credit quality and performance of the Receivables, (v) details on the occurrence of any event which may trigger a change in the applicable Priority of Payments (*e.g.* the occurrence of a Priority Event One, Priority Event Two or Priority Event Three) or the replacement of any Other Issuer Creditor in accordance with the provisions of article 7(1), subparagraph (e), of the Securitisation Regulation, and (vi) also any other relevant data or information on the cash flows generated by the Receivables and by the Notes and other liabilities of the Securitisation. The Calculation Agent is authorised to make available each Investors Report to the Noteholders on a quarterly basis via the Calculation Agent's internet website, currently being: *www.securitisation-services.com*. The Investor Report will be made available to the current and prospective Noteholders through, as the case may be, the Temporary Website (as defined below) or the Data Repository (as defined below), in accordance with articles 7(1)(e)

of the Securitisation Regulation and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority. See also the section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory Disclosure and Retention Undertaking*".

Material Information Disclosure

Under the Servicing Agreement, the Servicer has undertaken to report without delay the information referred to in point (f) of article 7(1) of the Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority), of which the Servicer is aware, to the Issuer, the Representative of the Noteholders, the Arrangers and the Calculation Agent. Furthermore, under the Intercreditor Agreement and in addition to any obligation under applicable laws and regulations, (i) the Servicer (and any substitute thereof), without prejudice to the provisions of the Servicing Agreement, has undertaken to report without delay the information referred to under items (f) and (g) of article 7(1) of the Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority), of which the Servicer is aware, to the Representative of the Noteholders and the Reporting Entity, and (ii) the Issuer has undertaken to report without delay the information referred to under items (f) and (g) of article 7(1) of the Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority), of which the Issuer is aware, to the Representative of the Noteholders and the Reporting Entity. The above mentioned reporting obligations relating to inside information and significant event information are jointly referred to in this Prospectus as the "**Material Information Disclosure**" and the relevant inside information or significant event information to be made available thereunder, as the "**Material Information**". The **Material** Information will be made available to the current and prospective Noteholders through, as the case may be, the Temporary Website (as defined below) or the Data Repository (as defined below), in accordance with articles 7(1)(f) of the Securitisation Regulation and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority. See also the section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory Disclosure and Retention Undertaking*".

6 THE ACCOUNTS

Collection Account

Pursuant to the Servicing Agreement, the Servicer shall (i) credit to the Collection Account all the amounts received or recovered in respect of the Portfolio during each Collection Period within the Business Day immediately following the day of receipt and (ii) on a daily basis, transfer the funds received or recovered and deposited on the Collection Account to the Transaction Account.

Transaction Account

The Issuer has established with the Account Bank the Transaction Account in order to deposit any amounts received under any Transaction Document and not allocated to any other Account, such as the proceeds deriving from the sale, if any, of the Portfolio or of individual Receivables in accordance with the provisions of the Transfer Agreement and any amount paid by the Originator in accordance with the provisions of the Warranty and Indemnity Agreement. In the Transaction Account the Servicer will transfer on a daily basis the funds received or recovered in respect of the Portfolio and previously credited into the Collection Account.

The Transaction Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Payments Account

All amounts payable by the Issuer on each Payment Date will, two Business Days prior to such Payment Date, be paid by the Account Bank into the Payments Account established in the name of the Issuer with the Principal Paying Agent.

The Payments Account will be maintained with the Principal Paying Agent for as long as the Principal Paying Agent is an Eligible Institution.

Cash Reserve Account

The Issuer has established with the Account Bank the Cash Reserve Account into which the Issuer will be required to deposit, *inter alia*, (i) on the Issue date, €36,584,000.00, being a portion of the amount drawn down by the Issuer under the Subordinated Loan Agreement and (ii) on each Payment Date, in accordance with the Pre Trigger Notice Priority of Payments and subject to the availability of sufficient Issuer Available Funds, the amount necessary (if any) to replenish it so that the balance of the Cash Reserve Account equals the Target Cash Reserve Amount.

The Cash Reserve Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

The Cash Reserve Account shall be closed once the Senior Notes, the Class B Notes and the Class C Notes are repaid in full or otherwise cancelled in accordance with the Conditions.

Securities Account

The Issuer has established with the Account Bank the Securities Account in which shall be deposited or recorded any Eligible Investments represented by securities.

The Securities Account will be maintained with the Account Bank for as long as the Account Bank is an Eligible Institution.

Expenses Account

The Issuer has established the Expenses Account with Banca Monte dei Paschi di Siena S.p.A., into which, on the Issue Date, part of the proceeds of the Subordinated Loan under the Subordinated Loan Agreement in an amount equal to €1,345,000.00, being the aggregate of the Retention Amount and the amount required to pay certain initial up front expenses of the Issuer, will be credited, and, if necessary, on every Payment Date in accordance with the Priority of Payments, a pre-determined amount will be credited up to the Retained Amount and will be used by the Issuer to pay any Expenses.

REGULATORY DISCLOSURE, RETENTION UNDERTAKING AND STS COMPLIANCE

Regulatory disclosure and retention undertaking

In the Intercreditor Agreement, in accordance with Regulation (EU) No. 2402/2017 (the "**Securitisation Regulation**"), the Commission Delegated Regulation (EU No. 625/2014) and the other applicable implementing measures, BMPS, pursuant to article 6 of the Securitisation Regulation ("**Article 6**") has represented, warranted and undertaken to the other parties thereto and the Representative of the Noteholders that:

(a) so long as the Notes are outstanding, it will retain on an on-going basis a material net economic interest in the Securitisation and such interest will comprise, in accordance with option 3(a) of Article 6, a net economic interest of not less than 5% of the nominal value of each Class of Notes and in the Subordinated Loan;

(b) it shall not change the manner in which the net economic interest set out above is held until the Final Maturity Date, save as permitted by the Securitisation Regulation and the Commission Delegated Regulation EU No. 625/2014;

(c) it shall disclose that it continues to fulfil the obligation to maintain the material net economic interest in the Securitisation in accordance with option 3(a) of Article 6 and give the relevant information to the Noteholders and prospective investors in this respect on a quarterly basis through the Investors Report;

(d) it shall ensure that Noteholders and prospective investors have readily available access to all information as it would be necessary to conduct comprehensive and well informed stress tests and to fulfil their monitoring and due diligence duties under article 5 of the Securitisation Regulation; and

(e) it shall notify the Noteholders of any change to the manner in which the material net economic interest set out above is held.

In particular, in accordance with the Intercreditor Agreement, BMPS, without prejudice to its obligations above:

(i) has represented that the information referred to in clause 12 of the Intercreditor Agreement, as at the Issue Date, has been included in this section "*Regulatory Disclosure, Retention Undertaking and STS Compliance*"; and

(ii) has confirmed that, pursuant to article 7 of the Securitisation Regulation, it has ensured readily available access to all materially relevant data on the credit quality and performance of the Portfolio and by providing all available data to the Issuer.

BMPS has further represented, warranted and undertaken that the material net economic interest retained by it in compliance with option 3(a) of Article 6 shall not be subject to any credit risk mitigation or any short position or any other hedge, as and to extent required by Article 6.

Under the Intercreditor Agreement, the Originator and the Issuer have designated among themselves the Originator as the reporting entity pursuant to article 7, paragraph 2, of the Securitisation Regulation. The Originator, in its capacity as Reporting Entity, has expressly accepted to act as such in the context of the Securitisation and has fulfilled before pricing and/or shall fulfil after the Issue Date, as the case may be, the information requirements pursuant to items (a), (b), (d), (e), (f) and (g) of the first subparagraph of article 7(1) of the Securitisation Regulation by making available the relevant information through, as the case may be, the

Temporary Website (as defined below) or the Data Repository (as defined below). The Reporting Entity has undertaken, as soon as reasonably practicable upon a data repository pursuant to article 10 of the Securitisation Regulation having been authorised by ESMA and enrolled within the relevant register, to appoint an authorised data repository (the entity so appointed, the "**Data Repository**") and make available through the Data Repository, in accordance with article 7 of the Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority), the information required to be disclosed to Noteholders, potential investors in the Notes and competent authorities referred to in article 29 of the Securitisation Regulation. The Reporting Entity has also undertaken, for so long no Data Repository is registered in accordance with article 10 of the Securitisation Regulation, to make available, in accordance with article 7 of the Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority), the information required to be disclosed to Noteholders, potential investors in the Notes and competent authorities referred to in article 29 of the Securitisation Regulation on the website located at www.eurodw.eu (the "**Temporary Website**"), managed by European DataWarehouse. According to a press release dispatched by European DataWarehouse, the Temporary Website complies with the requirements set forth under items from (a) to (e) of article 7(2) of the Securitisation Regulation.

The Reporting Entity has confirmed that the information under item (a) of article 7(1) of the Securitisation Regulation has been made available upon request before pricing and the information under items (b) and (d) of article 7(1) of the Securitisation Regulation has been published before pricing on the Temporary Website in draft or, where available, in final form. In addition, the Originator has confirmed that it has made available before pricing, through the Temporary Website, 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 years pursuant to article 22(1), of the Securitisation Regulation and the STS Guidelines Non-ABCP Securitisations, and a liability cash flow model which precisely describes the contractual relationship between the Receivables and the payments flowing between the Originator, BMPS (as sole investor in the Notes as at the Issue Date), other third parties and the Issuer pursuant to article 22(3), of the Securitisation Regulation and the STS Guidelines Non-ABCP Securitisations. The Originator has further confirmed in the Intercreditor Agreement that, in compliance with the provisions set forth under article 20(10) of the Securitisation Regulation, it has made available the underwriting standards in accordance to which the Receivables were originated by publication on the Temporary Website.

As to the information to be provided following the Issue Date on an ongoing basis, the Reporting Entity has undertaken that it will provide without delay the information under items (a), (e), (f) and (g) of article 7(1) of the Securitisation Regulation and it will make available the information provided for under items (a) and (e) of article 7(1) of the Securitisation Regulation simultaneously each quarter, at the latest, one month after the relevant Payment Date. In addition, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows: (i) the Servicer shall prepare the Loan by Loan Report and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Loan by Loan Report (simultaneously with the Investors Report and any Material Information of which it has become aware from the immediately previous Investors Report Date) to the Noteholders on the immediately following Investors Report Date and, in any event, by no later than 30 calendar days following each Payment Date; (ii) the Servicer shall report any relevant Material Information to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Material Information to the Noteholders without delay (and, in any case, on the immediately following Investors Report Date, together with the Loan by Loan Report and the Investors Report); (iii) the Calculation Agent shall prepare and deliver the Investors Report (which, *inter alia*,

shall include information on (1) the Issuer Available Funds (and their application) on the immediately preceding Payment Date, (2) the Principal Amount Outstanding of the Notes before and after the immediately preceding Payment Date, (3) the amount of interest accrued and actually paid on the Notes in respect of the immediately preceding Payment Date, (4) details on the collections and unpaid amounts on the Portfolio during the immediately preceding Collection Period, (5) details on the occurrence of any event which may trigger a change in the applicable Priority of Payments (*e.g.* the occurrence of a Priority Event One, Priority Event Two or Priority Event Three) or the replacement of any Other Issuer Creditor in accordance with the provisions of article 7(1), subparagraph (e), of the Securitisation Regulation, and (6) also any other relevant data or information on the cash flows generated by the Receivables and by the Notes and other liabilities of the Securitisation) to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Investors Report (simultaneously with the Loan by Loan Report and any Material Information acknowledged from the immediately previous Investors Report Date) to the Noteholders on the immediately following Investors Report Date and, in any event, by no later than 30 calendar days following each Payment Date; (iv) the Issuer shall deliver to the Reporting Entity (A) a copy of the final Prospectus and the other final Transaction Documents in a timely manner in order for the Reporting Entity to make available such documents to the Noteholders by no later than 15 calendar days following the Issue Date, and (B) any other document or information that may be required to be disclosed to the Noteholders or potential investors in the Notes pursuant to the Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties), in each case in accordance with the requirements provided by the Securitisation Regulation and the applicable Regulatory Technical Standards; and (v) the Issuer shall report any relevant Material Information to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Material Information to the Noteholders without delay (and, in any case, on the immediately following Investors Report Date, together with the Loan by Loan Report and the Investors Report). In addition, pursuant to the Intercreditor Agreement the Originator has undertaken to make available to the Noteholders on an ongoing basis and to potential investors in the Notes upon request through, as the case may be, the Temporary Website or the Data Repository, a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the Noteholders, other third parties and the Issuer.

The Noteholders should be aware that:

(a) the Receivables transferred to the Issuer by the Originator pursuant to the Transfer Agreement could cause losses - calculated for the duration of the Securitisation, or for a maximum period of 4 years (in case the Securitisation lasts more than 4 years), higher than any losses which could have been caused, during the same period of time (the "**Relevant Period**"), by assets having characteristics comparable to the Receivables and held in the balance sheet of the Originator (the "**Comparable Assets**"). Even though the Originator has represented in the Warranty and Indemnity Agreement that the selection of the Receivables has been carried out by applying the Criteria and without any adverse selection of assets which were estimated to generate losses higher than any losses which could be generated by the Comparable Assets during the Relevant Period, it cannot be excluded that the Portfolio may record such higher losses;

(b) the Securitisation is intended to meet the requirements for qualifying as a STS securitisation within the meaning of article 18 of the Securitisation Regulation. Consequently, as at the date hereof, the Securitisation is intended to meet the requirements of articles 19 to 22 of the Securitisation Regulation and may be notified at any point in time by BMPS in order to be included in the list published by ESMA referred to in article 27(5) of the Securitisation Regulation; and

(c) as evidenced in the draft of the STS notification pursuant to article 27(1) of the Securitisation Regulation published on the Temporary Website (which as at the date of this Prospectus has not been notified by BMPS in final form to EMSA in accordance with article 27 of the Securitisation Regulation), in compliance with the provisions set forth under article 22(2) of the Securitisation Regulation and the STS Guidelines Non-ABCP Securitisations, a sample of the Receivables has been externally verified by an appropriate and independent party prior to the date of this Prospectus (see also section headed "*The Portfolio – Pool Audit*").

Subject to the limitations set out in the Conditions, the parties to the Intercreditor Agreement have undertaken to make any amendment to the Transaction Documents and to carry out any activity which is necessary or expedient or required in order to comply with the Securitisation Regulation, in each case as supplemented and implemented by the applicable Regulatory Technical Standards and delegated regulations, and the requirements provided thereunder, from time to time, for the purpose of recognising or designating the Securitisation as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation, or, at the option and upon request of the Originator, is necessary or expedient in order to ensure that the Securitisation complies with the Securitisation Regulation and continues to be recognisable or designable as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation following the Issue Date.

STS compliance

Pursuant to article 18 of the Securitisation Regulation a number of requirements must be met if the originator and the SSPE wish to use the designation "STS" or "simple, transparent and standardised" for securitisation transactions carried out by them. The Originator and the Issuer, on or after the Issue Date, may submit an STS notification to ESMA in accordance with article 27 of the Securitisation Regulation, pursuant to which compliance with the requirements of articles 19 to 22 of the Securitisation Regulation may be notified with the intention that the Securitisation is to be included in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation. However, as at the date of this Prospectus or upon notification to ESMA, none of the Issuer, the Originator (in its capacity as Originator, Servicer, Arranger, Underwriter and Reporting Entity), J.P. Morgan (in its capacity as Arranger), EIB (in its capacity as Underwriter) or the Corporate Servicer gives or will give any explicit or implied representation or warranty (i) that the notification to EMSA referred to in Article 27 of the Securitisation Regulation will ever be made by the Originator or as to the inclusion in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation, (ii) that the Securitisation does or continues to comply with the Securitisation Regulation, and (iii) that the Securitisation will qualify as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation.

Without prejudice to the above, the Originator and the Issuer confirm the following to the extent relating to it, which confirmations are made on the basis of the information available with respect to the Securitisation Regulation and related regulations and interpretations (including, without limitation, the EBA's Final Report Guidelines on the STS criteria for non-ABCP securitisation of 12 December 2018 (the "**STS Guidelines Non-ABCP Securitisations**")) and regulations and interpretations in draft form at the time of this Prospectus, and are subject to any changes made therein after the date of this Prospectus.

(a) For the purpose of compliance with article 20(1) of the Securitisation Regulation, the Originator and the Issuer confirm that pursuant to the Transfer Agreement the Issuer has purchased from the Originator the legal title to the Receivables on 24 April 2019. As of 4 May 2019 (which is the date of publication of the notice of transfer in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, the registration of such notice of transfer in the companies register of Treviso-Belluno having occurred on 2 May 2019),

such transfer has become enforceable against (i) the Originator, (ii) any other assignee of the originator who has failed to render its purchase of receivables enforceable against any third party prior to such date, (iii) 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 and (iv) the Debtors.

(b) For the purpose of compliance with articles 20(2) and 20(3) of the Securitisation Regulation, the Originator and the Issuer confirm that the Bankruptcy Law does not contain severe claw back provisions as referred to in articles 20(2) and 20(3) of the Securitisation Regulation, given that it does not include: (i) provisions which allow the liquidator of the Originator to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the Originator's insolvency, and (ii) provisions where the Issuer can only prevent the invalidation referred to in point (i) if it can prove that it was not aware of the insolvency of the Originator at the time of sale. In addition, the Originator has represented to the Issuer in the Warranty and Indemnity Agreement that (x) its centre of main interest is situated in Italy and (y) it is not subject to any insolvency and winding-up proceedings pursuant to Bankruptcy Law, nor any resolution of liquidation or dissolution has been adopted by the competent bodies of the Originator neither it will become insolvent because of its obligations under any of the Transaction Documents (see also section headed *Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraphs (a) and (b)).

(c) The Originator has represented to the Issuer in the Warranty and Indemnity Agreement that each Loan was originated by the Originator, or other banks subsequently merged by incorporation with the Originator. As shown in the section "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*": (i) 0.11% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Toscana S.p.A., merged by incorporation into the Originator with effects on 1 April 2004; (ii) 1.09% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Agricola Mantovana S.p.A., merged by incorporation into the Originator with effects on 1 April 2004; and (iii) 1.27% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Antonveneta S.p.A., merged by incorporation into the Originator with effects on 29 April 2013. Consequently, the requirement provided for under article 20(4) of the Securitisation Regulation is met (see also sections headed "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*" and "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (c)).

(d) With respect to article 20(5) of the Securitisation Regulation, the transfer of the Receivables has been rendered enforceable against any third party creditors of the Originator (including any insolvency receiver of the same) through the publication of a notice of transfer in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 52 of 4 May 2019; therefore, the requirements of article 20(5), of the Securitisation Regulation are not applicable.

(e) For the purpose of compliance with the relevant requirements, among other provisions, provided for under articles 20(6), 20(7), 20(8), 20(10), 20(11) and 20(12) of the Securitisation Regulation, the Originator and the Issuer confirm that only Receivables resulting from Loans which satisfy the Criteria have been purchased by the Issuer (see also sections headed "*The Portfolio – Criteria*" and "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*").

(f) For the purpose of compliance with the requirements provided for under article 20(6) of the Securitisation Regulation, the Originator has represented to the Issuer in the Warranty and Indemnity Agreement that, to the best of its knowledge, the Receivables included in the Portfolio are not

encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer of the Portfolio pursuant to the provisions of the Transfer Agreement (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (e)).

(g) For the purpose of compliance with the requirements provided for under article 20(7) of the Securitisation Regulation, the Issuer and the Originator are of the view that the Transaction Documents do not allow for active portfolio management of the Receivables on a discretionary basis (see section headed "*The Portfolio – No active portfolio management on a discretionary basis*").

(h) For the purpose of compliance with the requirements provided for under article 20(8) of the Securitisation Regulation, the Receivables are homogeneous in terms of asset type, taking into account the cash flows, credit risk and prepayment characteristics of the Receivables within the meaning of article 20(8) of the Securitisation Regulation and the Loans satisfy the homogeneity conditions of article 1(a), (b), (c) and (d) of the RTS Homogeneity (see also section headed "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*"). In addition, for the purpose of compliance with the relevant requirements provided for under article 20(8) of the Securitisation Regulation, reference is made to the representations and warranties set forth in section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*" (in particular, see subparagraphs (f) and (m), see also section headed "*The Portfolio – Criteria*"). Furthermore, for the purpose of compliance with the relevant requirement provided for under article 20(8) of the Securitisation Regulation, a transferable security, as defined in article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council would not meet the Criteria and as a result thereof the underlying exposures transferred to the Issuer may not and do not include such transferable securities (see also section headed "*The Portfolio – Criteria*").

(i) For the purpose of compliance with article 20(9) of the Securitisation Regulation, a securitisation position as defined in the Securitisation Regulation does not meet the Criteria and as a result thereof the underlying exposures transferred to the Issuer may not and do not include such securitisation positions (see also section headed "*The Portfolio – Criteria*").

(j) For the purpose of compliance with the requirements provided for under article 20(10) of the Securitisation Regulation, the Loans have been originated in accordance with the ordinary course of BMPS's origination business pursuant to underwriting standards that are no less stringent than those that the Originator applied at the time of origination to similar receivables that are not securitised by means of the Securitisation. In addition, for the purpose of compliance with the relevant requirements provided for under article 20(10) of the Securitisation Regulation: (i) the Receivables have been selected by the Originator from a larger pool of loans by applying the Criteria which are appropriate to the identification of the Receivables included in the Portfolio (see also section headed "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*"), (ii) the Originator has represented in the Warranty and Indemnity Agreement that the credit granting parameters have been no less stringent than those applied by the Originator (or, as the case may be, by the other banks subsequently merged into the Originator) to Comparable Assets at the time the Receivables came into existence (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (c)), (iii) the Originator has represented in the Warranty and Indemnity Agreement that in respect of each Loan, the assessment of the Debtor's creditworthiness was done in accordance with the Originator's granting criteria and meets the requirements set out in paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of article 18 of Directive 2014/17/EU or of article 8 of Directive 2008/48/EC (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraphs (h) and (p)), (iv) the Originator is of the opinion that it has the

required expertise in originating mortgage loans which are of a similar nature as the Loans within the meaning of article 20(10) of the Securitisation Regulation, as it has a license in accordance with the Consolidated Banking Act and a minimum of 5 years' experience in originating loans (see also section headed "*The Originator, the Servicer, the Subordinated Loan Provider and the Cash Manager*"), and (v) the Originator has disclosed to potential investors in the Notes the underwriting standards in accordance to which the Receivables were originated.

(k) For the purpose of compliance with the relevant requirements provided for under article 20(11) of the Securitisation Regulation, reference is made to the representations and warranties set forth in section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (i) and the Criteria set forth in section headed "*The Portfolio – Criteria*", subparagraphs (g) and (s). The Receivables forming part of the Portfolio do not include any exposures to Debtors which have been granted by the Originator a restructuring with regard to their non-performing exposures in the three years preceding the Valuation Date (see section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (i)).

(l) For the purpose of compliance with the requirements provided for under article 20(12) of the Securitisation Regulation, reference is made to the Criterion set forth in section headed "*The Portfolio – Criteria*", subparagraph (d) (see also sections headed "*The Portfolio – Introduction*" and "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (o)).

(m) For the purpose of compliance with the requirements provided for under article 20(13) of the Securitisation Regulation, the repayments to be made to the Noteholders have not been structured to depend predominantly on the sale of the Real Estate Assets securing the Mortgage Pool (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (j)).

(n) For the purpose of compliance with the requirements provided for under article 21(1) of the Securitisation Regulation, the Intercreditor Agreement includes a representation and warranty and undertaking of the Originator as to its compliance with the requirements set forth in article 6 of the Securitisation Regulation (see also the paragraph entitled "*Regulatory Disclosure and Retention Undertaking*" under this section).

(o) For the purpose of compliance with the requirements provided for under article 21(2) of the Securitisation Regulation, the Issuer will mitigate the interest rate exposure by applying the Cash Reserve and the excess spread in accordance with the Conditions (see also section headed "*Risk Factors – Interest rate and liquidity risks*"). In addition, for the purpose of compliance with the relevant requirements provided for under article 21(2) of the Securitisation Regulation, the Portfolio transferred to the Issuer does not include receivables which exclusively originate from derivatives (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (k)). The Portfolio may include Receivables in respect of which the relevant Debtors have executed derivatives for the purpose of hedging their liabilities under the relevant Loan Agreement, however no such derivative has been transferred to the Issuer. Furthermore, there is no currency risk since the Notes are denominated in Euro, interest on the Notes will be payable in Euro and all the Receivables are denominated in Euro (see also Condition 3 (*Denomination, Form and Title*), Condition 7 (*Interest and Variable Return*) and section headed "*The Portfolio – Criteria*", subparagraph (a)).

(p) For the purpose of compliance with the requirements provided for under article 21(3) of the Securitisation Regulation, any referenced interest payments under the Loans are based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, while any

referenced interest payments applicable to the Notes are calculated by reference to Euribor and consequently do not refer to complex formulae or derivatives (see also section headed "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (l)).

(q) For the purpose of compliance with the requirements provided for under article 21(4) of the Securitisation Regulation, the Originator and the Issuer confirm that upon delivery of a Trigger Notice, (i) no amount of cash shall be trapped in the Accounts and (ii) no automatic liquidation for market value of the Receivables is required under the Transaction Documents (see also Conditions 8 (*Redemption, Purchase and Cancellation*), 12 (*Events of Default*) and 13 (*Enforcement*)). In addition, for the purpose of compliance with article 21(4) and article 21(9) of the Securitisation Regulation, the occurrence of a Trigger Event and the issuance of a Trigger Notice, delivery of which by the Representative of the Noteholders will trigger a change in the application of payments from the Pre Trigger Notice Priority of Payments to the Post Trigger Notice Priority of Payments, will be reported to the Noteholders without undue delay (see also Conditions 6 (*Priority of Payments*), 12 (*Events of Default*) and the Rules of the Organisation of the Noteholders); it remains understood that, in case of delivery of a Trigger Notice, the repayment of the securitisation positions will not be reversed with regard to their seniority. Furthermore, pursuant to the Intercreditor Agreement, the Reporting Entity has undertaken to provide without undue delay the information on any other event which may trigger a change in the applicable Priority of Payment (*e.g.* the occurrence of a Priority Event One, a Priority Event Two and/or a Priority Event Three) or the replacement of any Other Issuer Creditor in accordance with the provisions of article 7(1), subparagraph (e), of the Securitisation Regulation.

(r) Both prior and following the delivery of a Trigger Notice by the Representative of the Noteholders, the Issuer Available Funds will be applied by the Issuer in accordance with the Pre Trigger Notice Priority of Payments or the Post Trigger Notice Priority of Payments and as a result thereof the requirements provided for under article 21(5) of the Securitisation Regulation are not applicable (see also section headed "*Transaction Overview – Issuer Available Funds and Priority of Payments*").

(s) For the purpose of compliance with the requirements provided for under article 21(6) of the Securitisation Regulation, please refer to Condition 8 (*Redemption, Purchase and Cancellation*). The requirements as to the triggers for termination of the revolving period provided for under article 21(6) of the Securitisation Regulation do not apply since the Securitisation is not a revolving securitisation.

(t) For the purpose of compliance with the requirements provided for under article 21(7) of the Securitisation Regulation, the contractual obligations, duties and responsibilities of the Servicer are set forth in the Servicing Agreement (including the procedures and responsibilities to ensure that the Back-up Servicer shall take over the servicing of the Portfolio be appointed upon withdrawal or revocation of the Servicer), a summary of which is included in section headed "*Description of the Transaction Documents – The Servicing Agreement*", the contractual obligations, duties and responsibilities of the Corporate Servicer are set forth in the Corporate Services Agreement, a summary of which is included in section headed "*Description of the Transaction Documents – The Corporate Services Agreement*", the contractual obligations, duties and responsibilities of the Representative of the Noteholders are set forth in the Mandate Agreement and in the Intercreditor Agreement, summaries of which are included, respectively, in sections headed "*Description of the Transaction Documents – The Mandate Agreement*" and "*Description of the Transaction Documents – The Intercreditor Agreement*", the provisions that ensure the replacement of the Calculation Agent, the Principal Paying Agent, the Cash Manager and the Account Bank are set forth in the Cash Allocation Management and Payments Agreement (see also section headed "*Description of the Transaction Documents – The Cash Allocation Management and Payments Agreement*"), the provisions that ensure the replacement of the Back-up Servicer are set forth in the

Servicing Agreement, a summary of which is included in section headed "*Description of the Transaction Documents – The Servicing Agreement*". There are no derivative counterparties or liquidity providers in connection with the Securitisation.

(u) The Originator is of the opinion that it has the required expertise in servicing loans which are of a similar nature as the Loans within the meaning of article 21(8) of the Securitisation Regulation, as it (i) is a bank pursuant to article 13 of the Consolidated Banking Act with a minimum of 5 years' experience in servicing loans and (ii) has well documented and adequate policies, procedures and risk management controls relating to the servicing of receivables (see also sections headed "*The Originator, the Servicer, the Subordinated Loan Provider and the Cash Manager*", "*The Credit and Collection Policies*" and "*Description of the Transaction Documents – The Warranty and Indemnity Agreement*", subparagraph (n)). Furthermore, the Back-up Servicer has the required expertise in servicing loans which are of a similar nature as the Loans within the meaning of article 21(8) of the Securitisation Regulation, as it (i) is a financial intermediary pursuant to article 106 of the Consolidated Banking Act with a minimum of 5 years' experience in servicing loans and (ii) has well documented and adequate policies, procedures and risk management controls relating to the servicing of receivables. In addition, under the Servicing Agreement, any substitute of the Servicer shall (i) have acquired an expertise (even through parent companies) in servicing loans which are of a similar nature as the Loans and (ii) have well documented and adequate policies, procedures and risk management controls relating to the servicing of receivables.

(v) For the purpose of compliance with the requirements provided for under article 21(9) of the Securitisation Regulation, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, losses, charge offs, recoveries and other asset performance remedies are set out in the Credit and Collection Policies by reference to which the Loans, the Receivables, the Mortgages and other security relating thereto, including, without limitation, the enforcement procedures shall be administered (see also section headed "*The Credit and Collection Policies*"). In addition, for the purpose of compliance with the requirements provided for under article 21(9) of the Securitisation Regulation, please consider that any amendment or alteration to the applicable Priority of Payments would constitute a Basic Terms Modification which may be adopted exclusively by Noteholders' Extraordinary Resolution in accordance with the Rules. Furthermore, the Originator, as Reporting Entity, has undertaken under the Intercreditor Agreement to procure that the following information will be made available without undue delay to Noteholders, potential investors in the Notes and competent authorities referred to in article 29 of the Securitisation Regulation: (i) any information on the delivery of any Trigger Notice, (ii) any amendment to the structure of the Securitisation which may negatively affect the interest of the Noteholders, and (iii) any information on any other event which may trigger a change in the applicable Priority of Payments or the replacement of any Other Issuer Creditor (see also section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory disclosure and retention undertaking*").

(w) For the purpose of compliance with the requirements provided for under article 21(10) of the Securitisation Regulation, the Rules of the Organisation of the Noteholders contain provisions for convening meetings of Noteholders, voting rights of the Noteholders, the procedures in the event of a conflict between Classes and the duties and responsibilities of the Representative of the Noteholders in this respect (see also section headed "*Exhibit to the Condition – Rules of the Organisation of the Noteholders*").

(x) For the Purpose of compliance with the article 22(1) of the Securitisation Regulation, under the Intercreditor Agreement, the Originator has confirmed that (i) it has made available before pricing on the Temporary Website, 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, and such data cover a period of at least 5 years (for further details, see the sections headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory disclosure and retention undertaking*" and "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*").

(y) For the purpose of compliance with the requirements provided for under article 22(2) of the Securitisation Regulation, an external verification (including verification that the data disclosed in this Prospectus in respect of the Receivables is accurate) has been made in respect of a sample of Receivables prior to the Issue Date by an appropriate and independent party in accordance with the STS Guidelines Non-ABCP Securitisations and no significant adverse findings have been found (see also section headed "*The Portfolio – Pool Audit*").

(z) For the purposes of compliance with article 22(3) of the Securitisation Regulation, under the Intercreditor Agreement, the Originator has confirmed that it has made available before pricing on the Temporary Website, a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the Noteholders, other third parties and the Issuer. In addition, pursuant to the Intercreditor Agreement, the Originator has undertaken to make available to potential investors in the Notes on an ongoing basis and upon request through, as the case may be, the Temporary Website or the Data Repository, a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the Noteholders, other third parties and the Issuer (for further details, see the section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory disclosure and retention undertaking*").

(aa) The Originator and the Issuer confirm that no underlying exposures of the Securitisation are residential loans or auto loans or leases, and as a result thereof, the requirement provided for under article 22(4) of the Securitisation Regulation is not applicable.

(bb) For the purpose of compliance with the requirements provided for under article 22(5) of the Securitisation Regulation, refer to section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – Regulatory disclosure and retention undertaking*").

(cc) The Reporting Entity shall make available without delay, in accordance with article 7(1)(f) of the Securitisation Regulation, any inside information relating to the Securitisation.

(dd) The Reporting Entity shall make available without delay, in accordance with article 7(1)(g) of the Securitisation Regulation, any significant event such as: (i) a material breach (including, for the avoidance of doubt, any remedy, waiver or consent subsequently provided in relation to such breach) of the obligations laid down in the Transaction Documents; (ii) a change in the structural features that can materially impact the performance of the Securitisation; (iii) a change in the risk characteristics of the Securitisation or of the Receivables that can materially impact the performance of the Securitisation; (iv) in case the Securitisation ceases to meet the STS requirements or if competent authorities have taken remedial or administrative actions; and (v) any material amendments to the Transaction Documents.

(ee) Without prejudice to Regulation (EU) No. 596/2014, the Reporting Entity shall make available the information described under articles 7(1)(f) and 7(1)(g) of the Securitisation Regulation without delay.

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 CRA Regulation or section 3(a) of the U.S. Securities Exchange Act of 1934 (as amended).

In the event the Originator elects in the future to make a notification to ESMA in accordance with article 27 of the Securitisation Regulation and the Securitisation is designated 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. No assurance can be provided that the securitisation position described in this Prospectus will qualify as an STS-securitisation under the Securitisation Regulation.

STS Verification

Application has been made to PCS for the Securitisation to receive a report from PCS verifying compliance with the criteria stemming from article 18, 19, 20, 21 and 22 of the Securitisation Regulation (the "**STS Verification**"). There can be no assurance that the Securitisation will receive the STS Verification (either before issuance or at any time thereafter) and if the Securitisation does receive the STS Verification, this shall not, under any circumstances, affect the liability of the Originator and the Issuer in respect of their legal obligations under the Securitisation Regulation, nor shall it affect the obligations imposed on institutional investors as set out in article 5 of the Securitisation Regulation.

The STS Verification is provided by Prime Collateralised Securities (UK) Limited (PCS). No STS Verification is a recommendation to buy, sell or hold securities. No STS Verification is an investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC), nor is a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended). PCS is not an "expert" as defined in the Securities Act.

PCS is not a law firm and nothing in any STS Verification constitutes legal advice in any jurisdiction. PCS is authorised by the United Kingdom Financial Conduct Authority, pursuant to article 28 of the Securitisation Regulation, to act as a third party verifying STS compliance. This authorisation covers STS Verifications in the European Union. Other than as specifically set out above, none of the activities involved in providing the STS Verification are endorsed or regulated by any regulatory and/or supervisory authority nor is PCS UK regulated by any other regulator including CONSOB or ESMA.

By providing the STS Verification in respect of any securities PCS does not express any views about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities or financings. Investors should conduct their own research regarding the nature of the STS Verification and must read the information set out in http://pcsmarket.org. In the provision of the STS Verification, PCS has based its decision on information provided directly and indirectly by the Originator. PCS does not undertake its own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of the STS Verification is not a confirmation or implication that the information provided by or on behalf of the Originator as part of the STS Verification is accurate or complete.

In completing an STS Verification, PCS bases its analysis on the STS criteria appearing in articles 20 to 26 of the Securitisation Regulation together with, if relevant, the appropriate provisions of article 43 (together, the "**STS criteria**"). Unless specifically mentioned in the STS Verification, PCS relies on the English version of the Securitisation Regulation. In addition, article 19(2) of the Securitisation Regulation requires the European Banking Authorities, from time to time, to issue guidelines and recommendations interpreting the STS criteria. The EBA has issued the EBA STS Guidelines Non-ABCP Securitisations. The task of interpreting individual

STS criteria rests with national competent authorities ("**NCAs**"). Any NCA may publish or otherwise publicly disseminate from time to time interpretations of specific criteria ("**NCA Interpretations**"). The STS criteria, as drafted in the Securitisation Regulation, are subject to a potentially wide variety of interpretations. In compiling an STS Verification, PCS uses its discretion to interpret the STS criteria based on (a) the text of the Securitisation Regulation, (b) any relevant guidelines issued by EBA and (c) any relevant NCA Interpretation. There can be no guarantees that any regulatory authority or any court of law interpreting the STS criteria will agree with the interpretation of PCS. There can be no guarantees that any future guidelines issued by EBA or NCA Interpretations may not differ in their approach from those used by PCS in interpreting any STS criterion prior to the issuance of such new guideline or interpretation. In particular, guidelines issued by EBA are not binding on any NCA. There can be no guarantees that any interpretation by any NCA will be the same as that set out in the EBA guidelines and therefore used, prior to the publication of such NCA interpretation, by PCS in completing an STS Verification. Although PCS will use all reasonable endeavours to ascertain the position of any relevant NCA as to STS criteria interpretation, PCS cannot guarantee that it will have been made aware of any NCA interpretation in cases where such interpretation has not been officially published by the relevant NCA. Accordingly, the provision of an STS Verification is only an opinion by PCS and not a statement of fact. It is not a guarantee or warranty that any national competent authority, court, investor or any other person will accept the STS status of the relevant securitisation.

All STS Verifications speak only as of the date on which they are issued. PCS has no obligation to monitor (nor any intention to monitor) any securitisation the subject of any STS Verification. PCS has no obligation and does not undertake to update any STS Verification to account for (a) any change of law or regulatory interpretation or (b) any act or failure to act by any person relating to those STS criteria that speak to actions taking place following the close of any transaction such as – without limitation – the obligation to continue to provide certain mandated information.

Irrespective of whether PCS does issue the STS Verification, prospective Noteholders are warned that it is not expected that a notification to ESMA for inclusion of the Securitisation in the list referred to in article 27, paragraph 5, of the Securitisation Regulation will occur on or prior to the Issue Date. No assurance can be provided that such notification will actually be made, nor that the Securitisation will qualify as an STS securitisation under the Securitisation Regulation at any point in time in the future. Until the date on which such notification is made and such inclusion in the list occurs, neither the Issuer nor the Originator may use the designation 'STS' or 'simple, transparent and standardised', or a designation that refers directly or indirectly to those terms for this Securitisation.

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

RISK FACTORS IN RELATION TO THE ISSUER

Securitisation Law

The Securitisation Law was enacted in Italy in April 1999. As at the date of this Prospectus, no interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority, except for regulations issued by the Bank of Italy concerning, *inter alia*, the accounting treatment of securitisation transactions by special purpose companies incorporated under the Securitisation Law, such as the Issuer, and the duties of the companies which carry out collection and recovery activities in the context of a securitisation transaction. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus. Since 2013, several amendments (many of which have no practical effects on the Securitisation) to the Securitisation Law have been introduced with the purpose of, *inter alia*, (i) enlarging the group of potential assets for securitisation and covered bond transactions, (ii) enabling the securitisation companies to grant loans with the aim of improving the prospective recovery of receivables and to favour the repayment by the assigned debtors, (iii) enabling, in the context of economic and financial reorganisation plans agreed with the transferor or restructuring arrangements, the securitisation company (in relation to securitisation transactions involving the transfer of receivables which are classified as non-performing) to buy or subscribe for shares, quotas and other securities and equity financial instruments resulting from the conversion of part of the receivables of the transferor, and (iv) simplifying the publicity regime for transfer of non-performing receivables not identified as a pool. For the purposes of the Securitisation, 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 immediate di adempimenti derivanti dalla normative europea*") converted with amendments into Law No. 116 of 11 August 2014 ("**Law 116/2014**"), introduced certain amendments to 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. For

further details with respect to such new legislation, please see the paragraphs headed "*Claims of Unsecured Creditors of the Issuer and Segregated Assets*", "*Rights of set-off and other rights* of Debtors" below and the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

Issuer's ability to meet its obligations under the Notes

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on (i) the receipt by the Issuer of collections and recoveries made on its behalf by the Servicer and/or the Substitute Servicer from the Portfolio, (ii) the amounts standing to the credit of the Cash Reserve Account, and (iii) any other amounts received by the Issuer pursuant to the provisions of the other 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 or Variable Return on the Notes, or to repay the Notes in full.

No independent investigation in relation to the Receivables

None of the Issuer, the Arrangers or the Underwriters nor any other party to the Transaction Documents (other than the Originator) has carried out any due diligence in respect of the Loan Agreements nor has any of them undertaken or will undertake any other investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the existence of the Receivables or the creditworthiness of any Debtors. There can be no assurance that the assumptions used in modelling the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loan Agreements.

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 will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom pursuant to the Warranty and Indemnity Agreement (see the section headed "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*"). There can be no assurance that the Originator will have the financial resources to honour such obligations.

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. This risk is addressed in respect of the Rated Notes through the support provided to the Issuer in respect of payments on the Rated Notes by the Cash Reserve.

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. This risk is mitigated by the availability of the Cash Reserve funded by using part of the proceeds of the Subordinated Loan under the Subordinated Loan Agreement (with reference to payment of interest on the Senior Notes, the Class B Notes and the Class C Notes), and (i) with respect to the Senior Notes, by the credit support provided by the Class B Notes, the Class C Notes, the Class D Notes, the Junior Notes and the provisions relating to the occurrence of a Priority Event One and/or a Priority Event Two and/or a Priority Event Three; (ii) with respect to the Class B Notes, by the credit support provided by the Class C Notes, the Class D Notes, the Junior Notes and the provisions relating to the occurrence of a Priority Event One and/or a Priority Event Two; (iii) with respect to the Class C Notes, by the credit support provided

by the Class D Notes and the Junior Notes and the provisions relating to the occurrence of a Priority Event One; (iv) with respect to the Class D Notes, by the credit support provided by the Junior Notes.

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 ensure timely and full receipt of amounts due under the Notes.

Credit risk on Banca Monte dei Paschi di Siena S.p.A. and the other parties to the Transaction Documents

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by Banca Monte dei Paschi di Siena S.p.A. (in any capacity) and the other parties to the Transaction Documents of their respective obligations under the Transaction Documents to which they are parties. In particular, without limiting the generality of the foregoing, the timely payment of amounts due on the Notes will depend on the ability of the Servicer to service the Portfolio and to recover the amounts relating to Defaulted Receivables (if any). The performance of such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

For the purpose of reducing such risk, the Issuer appointed Securitisation Services S.p.A. as a back-up servicer (the "**Back-up Servicer**"). The Back-up Servicer will assume and perform all the obligations of the Servicer under the Servicing Agreement and any other Transaction Document to which it is, or will be, a party (on the terms of the Servicing Agreement and any other Transaction Document to which it is, or will be, a party).

However, the ability of the Back-up Servicer to fully perform its duties would depend on the information and records available to it at the time of termination of the appointment of the Servicer and the absence of any material interruption in the administration of the Receivables upon the substitution of the Servicer. Therefore, no assurance can be given that the Back-up Servicer will be actually able to act as successor servicer or continue to service the Portfolio on the same terms as those provided for by the Servicer.

In addition, the Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections and the Recoveries then held by the Servicer and not yet credited into the Collection Account are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as the obligation of the Servicer in the Servicing Agreement to credit any Collections and Recoveries to the Collection Account (which shall at all times be maintained with an Eligible Institution) within the Business Day immediately following the day of receipt thereof.

See for further details the sections headed "*Description of the Transaction Documents - The Servicing Agreement*".

Interest rate and liquidity risks

The Issuer expects to meet its floating rate payment obligations under the Rated Notes primarily from payments received from collections and recoveries made in respect of the Receivables. However, the interest component in respect of such payments may have no correlation to the Euribor from time to time applicable in respect of the Rated Notes. The Issuer will also be exposed to potential liquidity risks due to the timing mismatch between payments on the Notes (quarterly) and payments collected on the Portfolio (a mixture of monthly, quarterly and semiannual receipts). A timing mismatch could result in a temporary shortfall, which could lead to a Trigger Event occurring on the Notes. The Issuer has not entered into any interest rate hedging agreement in connection with the Securitisation and the Rated Notes and therefore it will be exposed to the interest rate and timing mismatch between assets and liabilities.

83.46% of the aggregate Outstanding Principal of the Receivables as at the Valuation Date derives from Loans with a floating interest rate indexed to 1mEuribor, 3mEuribor or 6mEuribor, 16.52% of the aggregate Outstanding Principal of the Receivables as at the Valuation Date derives from Loans with a fixed interest rate and the remaining 0.02% of the aggregate Outstanding Principal of the Receivables as at the Valuation Date (3 Receivables) is indexed to an interest rate determined from time to time by ministerial decree in relation to the underlying financings.

With reference to the floating rate Loans included in the Portfolio, the analysis of the historical gap between different Euribor indices has led to the conclusion that the basis risk of mismatch among 1mEuribor and 6mEuribor and 3mEuribor (which is the index to which interest on the Senior Notes and the Mezzanine Notes is linked) is limited and not material and would not have a negative impact on the Senior Notes and the Mezzanine Notes (also on the basis of the structural features described in paragraphs (ii), (iii) and (iv) below).

With reference to the fixed rate Loans included in the Portfolio, the potential risk due to the increasing interest scenario on the liability assets is in part mitigated by:

(i) the analysis of the current interest rate forward curve for 3mEuribor (which is the index to which interest on the Senior Notes and the Mezzanine Notes is linked) which suggests that no hedging instrument is required on the basis that such index will remain below the weighted average fixed rate component of the Portfolio during the expected weighted average life of the Senior Notes and the Mezzanine Notes also when considering some increasing interest rate stress scenarios;

(ii) the credit enhancement due to the subordination of the different Classes of Notes. The Securitisation benefits from a single priority of payments that combines interest and principal proceeds: the principal proceeds generated by the amortisation of the portfolio can be used to cover also the interest payments due on the Senior Notes and the Mezzanine Notes. In addition, the application of the Principal Equivalent Amount amortisation mechanics together with the occurrence of one or more Priority Events has the effect of (i) preventing the release of all or part of the excess spread to the Junior Noteholders and (ii) using it in the first place to ensure full payment of interest on at least (depending on which Priority Event occurs) the most senior Class of Notes and then to accelerate the amortisation of the Notes, thus reducing the amount of interest payable by the Issuer on subsequent Payment Dates (which would ultimately shorten the weighted average life of the Senior Notes and the Mezzanine Notes for the purpose of the analysis described above);

(iii) the fact that the remuneration of the Junior Notes (equal to 8% of the Issuer's total liabilities) is constituted by a Variable Return not linked to any Euribor index nor accruing over time (i.e. is calculated by reference to the residual Issuer Available Funds and is due only if and when there are funds available for that purpose (hence, after having covered any interest shortfall through the application of the waterfall). In other words, payment of interest on the Senior Notes and the Mezzanine Notes (representing together 92% ("**A**") of the Outstanding Principal of the Portfolio as at the Valuation Date) is funded by the Issuer through interest collections on 100% of the Portfolio, of which 83.46% ("**B**") of the aggregate Outstanding Principal of the Receivables as at the Valuation Date is indexed to 1mEuribor, 3mEuribor or 6mEuribor (arguably the un-hedged portion would then be limited to the one resulting from the difference between A and B);

(iv) with reference to the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes only, the availability of the Cash Reserve whose magnitude has been set to cover an interest shortfall on such Notes and which, if used, can be replenished on the subsequent Payment Dates with excess spread and/or principal collections as described above. The envisaged weighted average interest rate payable on the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes is around 1.1% per

annum, with the Cash Reserve currently set at 2% of the Senior Notes and the Mezzanine Notes: consequently, the Cash Reserve contains a buffer to ensure protection on the interest payments on the Senior Notes and the Mezzanine Notes also in a scenario where the 3mEuribor increases, consistently with the analysis carried out by the rating agencies.

Although the Issuer believes that the structural features of the Securitisation and the characteristics of the Portfolio are such that the credit enhancement furnished by the above elements adequately mitigate the above described interest rate and liquidity risks, there can, however, be no assurance that any such features will ensure timely and full receipt of interest amounts due under the Notes.

Claims of unsecured creditors of the Issuer and Segregated Assets

By operation of Italian law, the rights, title and interests of the Issuer in and to (i) the Portfolio, (ii) the Collections (to the extent that they are clearly identifiable as the Issuer's collections under the Receivables), (iii) any monetary claims accrued by the Issuer in the context of the Securitisation, as well as (iv) any financial asset (including those constituting Eligible Investments) from time to time owned by the Issuer in the context of the Securitisation (together, the "**Segregated Assets**") will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, the Previous Portfolio and/or any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and any amounts deriving therefrom (to the extent such amounts have not been and are not physically commingled with other sums) will be available both prior to and on or following a winding up of the Issuer only in or towards satisfaction, in accordance with the applicable Priority of Payments, of the payment obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and in relation to any other unsecured costs of the securitisation of the Portfolio incurred by the Issuer. Amounts deriving from the Portfolio and the other Segregated Assets will not be available to any other creditor of the Issuer whose costs were not incurred in connection with the Securitisation. Under Italian law and the Transaction Documents, any creditor of the Issuer who has a valid and unsatisfied claim may file a petition for the bankruptcy of the Issuer, although no creditors other than the Representative of the Noteholders (on behalf of the Noteholders) and any third party creditors having the right to claim for amounts due in connection with the securitisation of the Portfolio would have the right to claim in respect of the Portfolio and the other Segregated Assets, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will pay any amounts due and payable to any third parties who are not Other Issuer Creditors with the amounts standing to the credit of the Expenses Account (or, in case such amounts are not sufficient to pay such Expenses, the amounts standing to the credit of the Transaction Account, if so authorised by the Representative of the Noteholders) in accordance with the applicable Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the Portfolio, which would likely result in delays in any payments due to the Noteholders and no assurance can be given as to the length or costs of any such winding up proceedings.

Each Other Issuer Creditor has undertaken in the Intercreditor Agreement not to file any petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Issuer until the date falling on the later of (i) one year and one day (or, in the event of prepayment or early cancellation of the Notes, two years and one day) after the date on which the Notes have been redeemed in full or cancelled in accordance with the Conditions and (ii) one year and one day (or in the event of prepayment or early cancellation of the notes, two years and one day) after the date on which the Previous Notes or 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.

In addition, Law 9/2014 and Law 116/2014 have introduced the new paragraphs 2-*bis* and 2-*ter* to article 3 of the Securitisation Law, pursuant to which amounts standing to the credit of the accounts opened in the context of securitisation transactions may not be seized or attached by any person other than the Noteholders and may be applied only in or towards repayment of the asset backed securities, payments of amounts due, as well as for any other cost incurred by an issuer in connection with a securitisation transaction.

In particular, it is now provided under the Securitisation Law that the amounts paid by the assigned debtors and any other amount due to the special purpose vehicle under the securitisation credited into the bank accounts opened by the issuer with: (a) the servicers; or (b) the third party depositary bank of a securitisation transaction, may be utilized only to fulfil the obligations of the issuer against the noteholders and the other creditors under the securitisation transaction and to pay the expenses to be borne in connection with the securitisation transaction. Should any proceeding under Title IV of the Consolidated Banking Act, or any other Italian insolvency procedure apply to the relevant servicer or to the third party 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 without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan.

Prospective Noteholders should be aware that, as at the date of this Prospectus, these provisions of the Securitisation Law (as introduced by Law 9/2014 and Law 116/2014) have not been tested in any case law nor specified in any further regulation.

For further details with respect to the Law 9/2014 and Law 116/2014, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

However, it should be noted that: (i) the Issuer has undertaken (and is obligated pursuant to the Bank of Italy regulations) to open and to keep separate accounts in relation to each securitisation transaction; (ii) the Servicer shall be able to reconcile at any time, pursuant to the Bank of Italy regulations, specific funds and transactions relating to each securitisation and shall keep appropriate information and accounting systems to this purpose; and (iii) the parties to the Securitisation have undertaken not to credit to the Accounts amounts other than those set out in the Cash Allocation, Management and Payments Agreement.

No guarantee can be given on the fact that the parties to the Securitisation will comply with the law and contractual provisions which have been inserted in the relevant Transaction Documents in order to ensure the segregation of assets. Furthermore, 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.

Without prejudice to the right of the Representative of the Noteholders to enforce the segregation of the securitised assets under the Securitisation Law, the Conditions contain provisions stating, and each of the Other Issuer Creditors has undertaken pursuant to the Intercreditor Agreement, that no Noteholder or Other Issuer Creditor shall petition or commence proceedings for a declaration of insolvency (nor join any such petition or proceedings) against the Issuer until the date falling two years and one day after the date on which the Notes and any other note issued in the context of the Previous Securitisation or any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions.

In addition, under Italian law, any other creditor of the Issuer who is not a party to the Intercreditor Agreement, an Italian public prosecutor (*pubblico ministero*), a director of the Issuer (who could not validly undertake not to do so) or an Italian court in the context of any judicial proceedings to which the Issuer is a party would be able to begin insolvency or winding-up proceedings against the Issuer in respect of any unpaid

debt. Such creditors could arise, for example, by virtue of unexpected expenses owed to third parties including those additional creditors that the Issuer will have as a result of the further securitisations undertaken by the Issuer. In order to address this risk, the Priority of Payments contains provisions for the payment of amounts to third parties. Similarly, monies to the credit of the Expenses Account may be used for the purposes of paying the ongoing fees, costs, expenses, liabilities and taxes of the Issuer to third parties not being Other Issuer Creditors.

The Issuer is unlikely to have a large number of creditors unrelated to the Previous Securitisation, this Securitisation or any other securitisation transaction carried out by itself because the corporate object of the Issuer, as contained in its by-laws (*statuto*), is limited and the Issuer has provided certain covenants in the Intercreditor Agreement and in the Conditions which contain restrictions on the activities which the Issuer may carry out.

No creditors other than the Representative of the Noteholders on behalf of the Noteholders, the Other Issuer Creditors and any third-party creditors having the right to claim for amounts due in connection with this Securitisation would have the right to claim in respect of the Portfolio, even in a bankruptcy of the Issuer.

Notwithstanding the above, there can be no assurance that if any bankruptcy proceedings were to be commenced against the Issuer, the Issuer would be able to meet all of its obligations under the Notes.

Previous Securitisation and further securitisations

On 27 October 2016 the Issuer carried out the Previous Securitisation through the issuance of the Previous Notes collateralised by the Previous Portfolio.

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Previous Portfolio and the Portfolio 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 assets. On a winding up of such a company such assets will only be available to holders of the notes issued to finance the acquisition of the relevant assets 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 issuing company.

Changes in the Portfolio composition

During the life of the Securitisation, the characteristics of the Portfolio may become different from the ones that the Portfolio had as at the Valuation Date (such characteristics being schematically shown in the section headed "*The Portfolio*"). Such a change in the composition of the Portfolio may occur, *inter alia*, due to the following circumstances:

(i) *Servicing of the Portfolio* - under the Servicing Agreement, and within the limits set forth therein, the Servicer may implement certain actions, such as renegotiations, payment suspensions/deferrals and/or settlements in respect of the Loan Agreements. Any such action may have an impact on the amount and timing on the payment obligations due by the relevant Debtors under the relevant Loans. Under the terms of the Servicing Agreement, the Servicer may conclude with the relevant Debtors settlement agreements envisaging amendments to the terms and conditions of the Loans only if certain conditions set by the Servicing Agreement are satisfied (see also section headed "*Description of the Transaction Documents – The Servicing Agreement*");

(ii) *Repurchase rights* – the Originator has been granted (i) an option right to repurchase the Portfolio, (ii) an option right to repurchase individual Receivables, and (iii) an option right to repurchase individual Defaulted Receivables, in accordance with and subject to the conditions provided for under the Transfer Agreement. As at the date hereof it is not foreseeable if and to what extent the option rights will be exercised by the Originator and the characteristics of the Receivables or the Defaulted Receivables that may be repurchased by it; consequently, it cannot be excluded that the exercise of the repurchase option by the Originator may negatively change the characteristics of the Portfolio, affecting its capacity to produce enough funds to service any payments due and payable on the Notes. However, in order to mitigate such risk, the Transfer Agreement provides that the Originator may exercise the repurchase option only if the overall amount of the Receivables repurchased through the exercise of such option does not exceed (a) 25% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (b) in respect of each calendar year, 5% of the Outstanding Principal of the Portfolio as of the Valuation Date, and with respect to the Defaulted Receivables, (a) 3% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (b) in respect of each calendar year, 0.75% of the Outstanding Principal of the Portfolio as of the Valuation Date (see also section headed "*Description of the Transaction Documents – The Transfer Agreement*").

Tax treatment of the Issuer

The Issuer is an Italian corporate entity and, as such, is subject in principle to corporate income tax ("**IRES**") and regional tax for productive activities ("**IRAP**"). However, assuming that, based on the provision of the Securitisation Law and on a correct application of the applicable accounting principle, the assets and liabilities acquired, assumed and beneficially owned by the Issuer are lawfully treated as off-balance sheet assets and liabilities for accounting purposes (*i.e.* a "substance over form" approach), any income derived by the Issuer from the Portfolio and under any of the documents pertaining to the Securitisation in relation to the Securitisation, should not be subject to any taxation with the only exception of amounts, if any, available to the Issuer after the full discharge of its obligations in relation to the Notes and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. This conclusion is based on the interpretation of article 83 of decree number 917/1986, under which positive and negative items of income are included in the computation of the taxable income to the extent they must be included in the profit and loss account of the taxpayer and has been confirmed by the Italian tax authority in Circular letter of 6 February 2003, number 8/E and in resolution of 4 August 2010, number 77/E. In particular, the Italian tax authorities have stated that, in the context of a securitisation transaction, only amounts, if any, available to a securitisation vehicle after fully discharging its obligations towards the noteholders and any other creditors of the securitisation vehicle in respect of any costs, fees, and expenses in relation to the securitisation transaction, should be imputed for tax purposes to the securitisation vehicle.

It is, however, possible that the Ministry of 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 in respect of all or certain of its revenues and/or items of income also through the non-deduction of costs and expenses.

Under article 3, paragraph 2, number 3) of Italian presidential decree number 633 of 26 October 1972 (the "**Decree 633**"), a transfer of cash receivables falls within the scope of Italian VAT but is exempt from such tax pursuant to article 10, paragraph 1, number 1), of Decree 633 if it (a) is carried out in the context and for the purpose of a financial transaction, (b) is executed for consideration (*verso corrispettivo*), and (c) does not entail a "debt collection" service (*attività di recupero crediti*). In line with the arguments raised in the judgement of the Court of Justice of the European Union of 26 June 2003, case 305/01, (Finanzamt Groß-Gerau v MKG-Kraftfahrzeuge-Factoring GmbH) and only partially upheld by the Italian tax authorities in circular letter of

17 November 2004, number 139/E and circular letter of 11 March 2011 number 32/E, a transfer of receivables would instead be subject to Italian VAT at the ordinary 22 per cent rate if it: (i) entails a "debt collection" service (*attività di recupero crediti*); and (ii) it is executed for consideration (*verso corrispettivo*).

As specified by the Italian tax authorities in resolution number 32/E of 11 March 2011, the consideration for the service rendered through the transfer of receivables is represented by the discount, if any, applied on the price for the transfer of the receivables. Therefore, in case the transfer does not occur at discount no consideration should be deemed to be paid. Moreover, according to the decision of the Court of Justice of the European Union of 27 October 2011, case C-93/10 (GFKL), a transfer of debt receivables does not entail a transaction executed for a consideration if the difference between the sale price and the face value of the receivables does not represent a direct remuneration for a service supplied by the purchaser to the sellers, but rather reflects the actual economic value of the receivables, due to the fact that they are doubtful and the increased risk of default of the debtors.

Hence if the transfer of the receivables does not give rise to a discount remunerating a "debt collection" service, since the price paid by the Issuer is equal to the outstanding principal of each Receivable plus interest accrued up to the valuation date of the Receivables and unexpired at that date, the transfer of the Receivables would not fall within the scope of Italian VAT since it is not executed for a consideration. However, in case the Notes will be subscribed and held by the Originator and subsequently used as collateral in the context of a financing transaction performed with the European Central Bank, there should be arguments to maintain that the Transaction has a financial purpose. Therefore, the VAT exemption regime provided for by Art. 10, paragraph 1, number 1), Decree 633 may be applicable also with regard to the transfer of the Receivables.

Depending on the VAT regime applicable to the transfer of the Receivables, a registration tax in a fix amount of Euro 200.00 or in a proportional measure of 0.5% would apply if the transfer agreement is subject to voluntary registration or if the so-called "*caso d'uso*" or "*enunciazione*" occur.

Volcker Rule

Under the Subscription Agreement, the Issuer has represented that 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 this Prospectus, will not be an "investment company" as such term is defined in the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), as a result of its reliance on the exemption from the definition of "investment company" set forth in section 3(c)(5)(C) of the Investment Company Act. As a result, 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 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**"). 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. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations was required by 21 July 2015 (or by 21 July 2017 in respects of investments in and relationships with covered funds that were in place prior to 31 December 2013). Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Any prospective investor, including a

U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

No assurance can be given as to the availability of the relevant 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.

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 any Class of Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition.

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.

No communication (written or oral) received from the Issuer, the Servicer, the Arrangers, the Underwriters or the Originator or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Rated Notes: consequently prospective investors must not rely on any communication (written or oral) of the Issuer, the Servicer, the Arrangers, the Underwriters or the Originator as investment advice or as a recommendation to invest in the Rated Notes.

Source of payments to the Noteholders

The Notes will be limited recourse obligations solely of the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, any of the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Account Bank, the Principal Paying Agent, the Corporate Servicer, the Listing Agent, the Cash Manager, the Subordinated Loan Provider, the Back-up Servicer, the Arrangers, the Underwriters or the Quotaholders. None of any such persons, other than the Issuer, will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due under the Notes.

Save for the assets held by the Issuer in connection with the Previous Securitisation, which would be unavailable to the Other Issuer Creditors and the Noteholders, 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 and the Issuer's Rights. Consequently, following the service of a Trigger Notice or on the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest or Variable Return on the Notes or to repay the Notes in full.

Limited recourse nature of the Notes

There is no assurance that, over the life of the Notes or at the redemption date of any Class of Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest or Variable Return on the Notes or to repay the Notes in full.

The Notes will be limited recourse obligations of the Issuer. If there are not sufficient funds available to the Issuer to pay in full all principal, interest, Variable Return and other amounts due in respect of the Notes, then the Noteholders will have no further claims against the Issuer in respect of any such unpaid amounts. Following the service of a Trigger Notice, the only remedy available to the Noteholders and the Other Issuer Creditors is the exercise by the Representative of Noteholders of the Issuer's Rights.

Senior Notes as Eligible Collateral for ECB liquidity and/or open market transaction

The Senior Notes are intended to be structured in a manner which will allow Eurosystem eligibility. This only means that the Senior Notes upon issue are to be deposited with the Monte Titoli system as a securities settlement system that fulfils the standards established by the European Central Bank and 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 ("**Eurosystem Eligible Collateral**") either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank. If the Senior Notes do not satisfy the criteria specified by the European Central Bank, there is a risk that the Senior Notes will not be Eurosystem Eligible Collateral.

None of the Issuer, the Originator, the Underwriters and the Arrangers or any other party to the Transaction Documents gives any representation, warranty, confirmation or guarantee to any investor in the Senior Notes that the Senior Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral nor do they accept any obligation or liability in relation to such eligibility or lack of it of the Senior Notes at any time. Any potential investor in the Senior Notes should make their own conclusions and seek their own advice with respect to whether or not the Senior Notes constitute Eurosystem Eligible Collateral. The Mezzanine Notes and the Junior Notes are not intended to be recognised as Eurosystem Eligible Collateral.

ECB Purchase Programme

In September 2014, the ECB initiated an asset purchase programme whereby it envisages to bring inflation back to levels in line with the ECB's objective to maintain the price stability in the Euro Zone and, also, to help enterprises across Europe to gain better access to credit, boost investments, create jobs and thus support the overall economic growth. The comprehensive asset purchase programme commenced in March 2015 and includes and replaces the earlier executed asset-backed securities purchase programme and the covered bond purchase programme. On 1 April 2016 the combined monthly purchases under the asset purchase programme was increased to Euro 80 billion and includes investment-grade euro-denominated bonds issued by non-bank corporations established in the Euro Zone in the list of assets eligible for regular purchases under a new corporate sector purchase programme. In December 2016, the ECB announced that from April 2017 the net asset purchases were intended to continue at a monthly amount of Euro 60 billion instead of Euro 80 billion. In October 2017, the ECB decided that these programmes were intended to be carried out until at least September 2018, but that from January 2018 the net asset purchases were intended to continue at a monthly amount of Euro 30 billion instead of Euro 60 billion. On 14 June 2018, the Governing Council of the ECB stated that it "anticipates that, after September 2018, subject to incoming data confirming the Governing Council's medium term inflation outlook, the monthly pace of the net asset purchases will be reduced to Euro 15 billion until the end of December 2018 and that net purchases will then end". On 13 December 2018, the Governing Council of the ECB decided that net purchases under the asset purchase programme would have ended in December 2018. On 7 March 2019, the Governing Council indicated that it intends to continue reinvesting, in full, the principal payments from maturing securities purchased under the asset purchase programme for an extended period of time past the date when the Governing Council starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of

monetary accommodation. It remains uncertain which effect these asset purchase programmes will have on the volatility in the financial markets and the overall economy in the Euro Zone and the wider European Union. In addition, the termination of the asset purchase programme could have an adverse effect on the secondary market value of the Notes and the liquidity in the secondary market for the Notes.

None of the Issuer, the Originator, the Underwriters and the Arrangers gives any representation or warranty as to whether the ECB will ultimately confirm the eligibility of the Senior Notes and the Mezzanine Notes for the purpose of the asset purchase program and none of the Issuer, the Originator, the Underwriters or the Arrangers will have any liability or obligation in relation thereto if the Senior Notes and the Mezzanine Notes are deemed ineligible for such purposes.

Yield and payment considerations

The amount and timing of the receipt of Collections on the Receivables and the courses of action to be taken by the Servicer with respect to the servicing, administration, collection and renegotiation of, and other recoveries on, the Receivables, as well as other events outside the control of the Servicer, and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes. The weighted average life of the Notes will be affected by the timing and amount of receipts in respect of the Receivables, which will be influenced by the courses of action to be followed by the Servicer with respect to the Receivables and decisions to alter such courses of action from time to time, as well as by economic, geographic, social and other factors including, *inter alia*, the availability of alternative financing and local, regional and national economic conditions. Settlement or sales of Receivables earlier or later or for different amounts than anticipated may significantly affect the weighted average life of the Rated Notes. The stream of principal payments received by a Noteholder may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Receivables.

Italian legislative decree number 141 of 13 August 2010, as subsequently amended ("**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 Italian law decree number 7 of 31 January 2007, as converted into law by Italian law number 40 of 2 April 2007 (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 prepayment of the loan and/or 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.

Article 120-*quater* of the Consolidated Banking Act was subsequently amended by article 8, paragraph 8 of law decree number 70 of 13 May 2011, converted into law number 106 enacted on 12 July 2011, according to which the provisions of article 120-*quater* of the Consolidated Banking Act apply to loan agreements entered into between the bank or other financial intermediary and individuals or small companies (*micro-imprese*). Article 120-*quater* of the Consolidated Banking Act was further amended by law 24 March 2012, number 27 and law decree number 179 of 18 October 2012, converted into law number 221 enacted on 17 December 2012, which respectively have introduced certain amendments (including, *inter alia*, to the timing for completion of the prepayment transactions and manner of calculating the penalty due by the bank).

Subordination

Payments of interest and Variable Return and repayment of principal under the Notes (including the Rated Notes) are subject to certain subordination and ranking provisions. For a more detailed description of the ranking among the various Classes of Notes and the relative subordination provisions see Condition 4.3 (*Ranking*).

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders and then (to the extent that the Class D Notes have not been redeemed) by the holders of the Class D Notes and then (to the extent that the Class C Notes have not been redeemed) by the holders of the Class C Notes and then (to the extent that the Class B Notes have not been redeemed) by the holders of the Class B Notes and then: (i) in respect of principal, (to the extent that the Class A2 Notes have not been redeemed) by the holders of the Class A2 Notes and then (to the extent that the Class A1 Notes have not been redeemed) by the holders of the Class A1 Notes; and (ii) in respect of interest, (to the extent that the Class A1 Notes have not been redeemed) by the holders of the Class A1 Notes.

Noteholders should also have particular regard to the factors identified in the sections headed "*Credit Structure*" and "*Priority of Payments*" above in determining the likelihood or extent of any shortfall of funds available to the Issuer to meet payments of interest on the Rated Notes 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 and the preservation and enforcement of the security under the Notes is one of the duties of the Representative of the Noteholders. The Conditions and the Rules of Organisation of the Noteholders limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring on the holders of the Most Senior Class of Notes the power to determine whether any Noteholder may commence any such individual actions, provided that the noteholders of any further securitisation undertaken by the Issuer, if any, have so resolved in accordance with the relevant transaction documents.

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the holders of each Class of Notes as regards all powers, authorities, duties and discretions of the Representative of the Noteholders as if they formed a single class (except where expressly provided otherwise) but requiring the Representative of the Noteholders, in the event of a conflict between the interests of the holders of different Classes of Notes, to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding and the Representative of the

Noteholders is not required to have regard to the holders of any other Class of Notes then outstanding, nor to the interests of the Other Issuer Creditors.

Due to their different ranking (in a pre-enforcement scenario), pursuant to the Pre Trigger Notice Priority of Payments with regard to repayment of principal, the Class A1 Notes shall amortise before the Class A2 Notes. Accordingly, as the Class A1 Notes amortise (and the Class A2 Notes remain fully outstanding), the Class A1 Noteholders shall be increasingly exposed to the risk that the Representative of the Noteholders or the joint Meetings of Senior Noteholders assume decisions and adopt resolutions which are closer to the interests of the Class A2 Noteholders than to the interests of the Class A1 Noteholders.

At any time after a Trigger Notice has been delivered, the Representative of the Noteholders shall be entitled, pursuant to the Intercreditor Agreement and the Rules of the Organisation of the Noteholders, to direct the sale of the Portfolio (in whole or in part), *provided however that* a sufficient amount shall be realised to allow discharge in full of all amounts owing to the holders of the Most Senior Class of Notes then outstanding and amounts ranking in priority thereto or *pari passu* therewith. Accordingly, the proceeds from the disposal of the Portfolio in such circumstances may not be sufficient to redeem (whether in whole or in part) the Classes of Notes then outstanding other than the Most Senior Class of Notes then outstanding.

In addition, the Representative of the Noteholders may and shall, if so requested or authorised by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, following the delivery of a Trigger Notice take such steps and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes and payment of accrued interest thereon. The directions of the holders of the Most Senior Class of Notes then outstanding in such circumstances may be adverse to the interests of the other 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: (a) any resolution involving any matter other than a Basic Terms Modification that is passed by the Most Senior Class of Noteholders shall be binding upon all the holders of the other Classes of Notes 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 a sufficient number of Noteholders to redeem the Notes, all Noteholders, even if they did not vote, may face early redemption of the Notes held by them.

Prospective noteholders should note that, for the purposes of the right to vote at any Meeting of Noteholders convened to transact certain business in relation to which may exist a conflict of interest between, in particular, the holders of the Notes and the Originator in any other role under the Securitisation, those Notes which are for the time being held by the Originator shall (unless and until ceasing to be so held) be deemed not to remain "outstanding", subject to and in accordance with the rules and the procedures set out for the Meeting of each Class of Notes under the Rules. It remains, furthermore, understood that the above restriction on voting rights does not apply in case the then outstanding Senior Notes, Mezzanine Notes and Junior Notes are entirely held by the Originator.

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 each of the other Relevant Classes of Notes. For further details, see section entitled "*Rules of the Organisation of the Noteholders*".

Limited nature of credit ratings assigned to the Rated Notes

The credit ratings assigned to the Senior Notes and the Mezzanine Notes reflect the relevant Rating Agencies' assessment only of the likelihood of timely payment of interest (pursuant to the Transaction Documents) and the ultimate repayment of principal on or before the Final Maturity Date, not that such repayment of principal will be paid when expected or scheduled. These ratings are based, among other things, on the Rating Agencies assessment of the value of the Receivables and of the reliability of the payments on the Receivables.

The ratings are based on laws, regulations and practice, including as concerns tax matters, in effect at the date hereof and do not address, *inter alia*, the following:

- the likelihood of any repayment of principal on a date other than the Final Maturity Date, such as the likelihood that the principal will be redeemed on the Rated Notes, as expected, on the scheduled redemption dates, whether in accordance with the Transaction Documents or not;
- the possibility of the imposition of Italian or European withholding tax;
- the marketability of the Rated Notes, or any market price for the Rated Notes; or
- whether an investment in the Rated Notes is a suitable investment for a holder of the Rated Notes.

A credit rating is not a recommendation to purchase, hold or sell the Senior Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes. Each Rating Agency may lower or withdraw its ratings if, in its sole judgement, the credit quality of the Senior Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes has declined or is in question. If any rating assigned to the Senior Notes and/or Class B Notes and/or the Class C Notes or the Class D Notes is lowered or withdrawn, the market value of the relevant Notes may be adversely affected.

The Issuer has not requested a rating of the Rated 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/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Senior Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the 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.

In addition, EU regulated investors (such as investment firms, insurance and reinsurance undertakings, UCITS funds and certain hedge fund managers) are restricted from using a rating issued by a credit rating agency

established in the European Union for regulatory purposes unless such credit rating agency is registered, or endorsed by a rating agency, under the CRA Regulation. As of the date of this Prospectus, both the Rating Agencies are incorporated in the European Union and have been registered in compliance with the requirements of Regulation (EC) No 1060/2009 of the CRA Regulation.

The CRA Regulation was amended by Regulation (EU) 462/2013 of 21 May 2013 ("**CRA III**") which entered into force on 20 June 2013. Its provisions increase the regulation and supervision of credit rating agencies by ESMA and impose new obligations on (among others) issuers of securities established in the EU.

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

Financial market reference rates and their calculation and determination procedures have come under close public scrutiny in recent years. Starting in 2009, authorities in jurisdictions such as the European Union, the United States, Japan and others investigated cases of alleged misconduct around the rate-setting of LIBOR, Euribor and other reference rates. A number of initiatives to reform reference rate setting have been launched as a consequence by the regulatory and supervisory communities as well as the financial markets. These include the Final Report of ESMA-EBA on Principles for Benchmark-Setting Processes in the European Union published in June 2013 and the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"), which entered into force on 30 June 2016.

The Benchmark Regulation applies to "contributors", "administrators" and "users of" benchmarks (such as Euribor) in the EU, and, among other things, (i) requires 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.

Potential impacts of the Benchmark Regulation and other initiatives on the determination of Euribor in the future could be an increase of costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements, changes in the rules or methodologies used in certain benchmarks or the disappearance of certain benchmarks. It is, however, not possible to ascertain as at the date of this Prospectus how such changes may impact the determination of Euribor for the purposes of the Rated Notes, whether this will result in an increase or decrease in Euribor rates or whether such changes will have an adverse impact on the liquidity or the market value of the Rated Notes.

However, prospective investors in the Rated Notes should be aware that Condition 7.6 (*Benchmark Disruption Event*) provides for alternative measures to determine the rate of interest applicable to each Class of Rated Notes in case of any Benchmark Disruption Event.

Market for the Rated Notes

Although application has been made for the listing of the Rated Notes on the official list of the Luxembourg Stock Exchange, there is currently no active and liquid secondary market for the Rated 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 any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of the Notes with liquidity of investments or that any such liquidity will continue for the life of such Notes. Consequently, any purchaser of 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.

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

In Europe, the U.S. and elsewhere there is an increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a wide range of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and neither the Issuer, the Arrangers, the Originator, the Underwriters nor any other person makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

Prospective investors should be aware that certain EU regulations provide for certain retention and due diligence requirements which shall be applied, or are expected to be applied in the future, with respect to regulated investors (including, *inter alia*, authorised alternative investment fund managers, insurance and reinsurance companies and Undertakings for the Collective Investment of Transferable Securities ("**UCITS**"), credit institutions, investment firms or other financial institutions) which intend to invest in a securitisation transaction. Among other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that relevant investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a proportional additional risk weight on the notes acquired by the relevant investor. Such requirements are provided, *inter alia*, by the following EU regulations (without prejudice to any other applicable EU regulations):

The CRR

On 26 June 2013, the European Parliament and the EU Council adopted Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV**") and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and, together with the CRD IV, "**CRD IV Package**"). The CRD IV has replaced and re-cast, in general, with effect from 1 January 2014, Directives 2006/48/EC and 2006/49/EC, as amended by Directive 2009/111/EC.

The main role of CRD IV Package is to implement in the EU the key Basel III provisions. These include, *inter alia*, amendments to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements. In particular, in the context of the new European regulatory capital framework, the provisions of article 122-*bis* of Directive 2006/48/EC, as amended by Directive 2009/111/EC have been re-casted by the new provisions of articles 404 to 409 of CRR (which includes the extension of the applications of the requirements also to regulated investment firms), now replaced by articles 5 *et seq.* of the

Securitisation Regulation (see below). In addition, the guidelines on the abovementioned article 122-*bis* of Directive 2006/48/EC have been formally replaced by Regulatory Technical Standards ("**RTS**") on securitisation retention rules and related requirements and Implementing Technical Standards ("**ITS**") on the convergence of supervisory practices related to the implementation of additional risk weights in the case of non-compliance with the retention rules. In any case, it has to be noted that the Circular 285/2013 (as defined below) provides that the guidelines on the article 122-*bis* of Directive 2006/48/EC are still relevant as long as they are consistent with the new regime.

The RTS and ITS have been developed respectively in accordance with articles 410(2) and 410(3) of the CRR. In this respect, it has to be noted that: (i) with respect to RTS, on 13 June 2014, it has been published in the Official Journal of the European Union the Commission Delegated Regulation (EU) No. 625/2014 (which has entered into force the twentieth day following the date of such publication), supplementing the CRR by way of regulatory technical standards specifying the requirements for investor, sponsor, original lenders and originator institutions relating to exposures to transferred credit risk. Such RTS was subsequently amended by the Commission Delegated Regulation (EU) No. 2015/1798, published in the Official Journal of the European Union on 8 October 2015 (and entered into force the twentieth day following the date of such publication); and (ii) with respect to ITS, on 5 June 2014, it has been published in the Official Journal of the European Union, the Commission Delegated Regulation (EU) No. 602/2014 (which has entered into force the twentieth day following the date of such publication), laying down implementing technical standards for facilitating the convergence of supervisory practices with regard to the implementation of additional risk weights according to the CRR. The Commission also adopted the Delegated Regulation (EU) No. 523/2014 of 12 March 2014 supplementing the CRR with regard to regulatory technical standards for determining what constitutes the close correspondence between the value of an institution's covered bonds and the value of the institution's assets and the delegated regulation (EU) No. 241/2014 of 7 January 2014 supplementing the CRR with regard to regulatory technical standards for own funds requirements for institutions.

The European Banking Authority has also published certain guidelines and recommendations concerning securitisation and covered bonds. Among them, it is worth mentioning the guidelines on significant risk transfer ("**SRT**") for securitisation transactions which are aimed at ensuring an harmonised assessment and treatment of SRT across all EU Member States. They have been produced according to article 243 or article 244 of the CRR and apply to both originator institutions and competent authorities. No. assurance can be provided that any changes made or that will be made in connection with CRD IV Package (including the EU Banking Reform - *infra*) will not affect the requirements applying to relevant investors.

On 30 September 2015, the European Commission published a legislative proposal for a new regulation related to securitisation. Amongst other things, the proposal included provisions intended to implement the revised securitisation framework to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. Following several discussions, an inter-institutional agreement was reached on 30 May 2017 which lead to the approval in December 2017 of the Securitisation Regulation and of Regulation (EU) No. 2401/2017. The regulations were published in the Official Journal of the European Union on 28 December 2017 and they apply as of 1 January 2019. Articles 5, 6, 7, and 9 of the Securitisation Regulation replaced articles 405, 406, 408, and 409 of the CRR, while article 270(a) of the CRR introduced by Regulation (EU) No. 2401/2017 replaced article 407 of the CRR. The Securitisation Regulation contains provisions applicable to all securitisations and, among others, the obligation to verify risk retention (both for when the originator or original lender is established in the EU or in a third country) is added to the due diligence requirements established for institutional investors. As already required by article 405 of the CRR, the risk retention must be not less than 5%, measured at the origination and determined by the notional value for off-balance sheet items.

In particular, in Europe, investors should be aware that the Securitisation Regulation restricts an institutional investor (as defined under article 2(12) of the Securitisation Regulation, including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision and UCITS funds) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to such institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by article 6 of the Securitisation Regulation. In addition, article 5 of the Securitisation Regulation requires an institutional investor (as defined above), before becoming exposed to the risks of a securitisation, and as appropriate thereafter, to be able to demonstrate to the competent authorities, for each of its securitisation transaction, that it has a comprehensive and thorough understanding of the key terms and risks of the transaction and it has undertaken certain due diligence duties in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an on-going basis.

Pursuant to article 270(a) of the CRR (as introduced by Regulation (EU) No. 2401/2017), where an institution does not meet the requirements in Chapter 2 of the Securitisation Regulation in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250% of the risk weight (capped at 1 250%) which shall apply to the relevant securitisation positions in the manner specified in the CRR.

The Securitisation Regulation provides that the Originator shall not select assets to be transferred to the Issuer with the aim of rendering losses on the assets transferred to the Issuer, measured over the life of the Securitisation, or over a maximum of 4 years where the life of the Securitisation is longer than four years, higher than the losses over the same period on comparable assets held on the balance sheet of the Originator. Where the competent authority finds evidence suggesting contravention of that prohibition, the competent authority shall investigate the performance of assets transferred to the Issuer and comparable assets held on the balance sheet of the Originator. If the performance of the transferred assets is significantly lower than that of the comparable assets held on the balance sheet of the Originator as a consequence of the intent of the Originator, the competent authority shall impose a sanction pursuant to articles 32 and 33 of the Securitisation Regulation.

However, whereas number 11 of the Securitisation Regulation clarifies that the obligation above should not prejudice in any way the right of originators to select assets to be transferred to the securitisation special purpose entities (as defined in the CRR, "**SSPE**") that ex ante have a higher-than-average credit-risk profile compared to the average credit-risk profile of comparable assets that remain on the balance sheet of the originator, as long as the higher credit-risk profile of the assets transferred to the SSPE is clearly communicated to the investors or potential investors.

In light of the above, the Other Issuer Creditors have acknowledged under the Intercreditor Agreement that the Portfolio may render losses over the life of the Securitisation higher than the losses over the same period on Comparable Assets.

Finally, the Securitisation Regulation also aims at creating common foundation criteria to identify the so called "STS securitisations". On 20 April 2018, EBA issued for consultation the guidelines on the STS criteria for non-ABCP securitisation to provide a harmonised interpretation and application of the criteria on simplicity, transparency and standardisation ("**STS**") applicable to non-ABCP securitisation, as set out in articles 20, 21 and 22 of the Securitisation Regulation. Pursuant to article 18 of the Securitisation Regulation, originators, sponsors and SSPEs may designate a securitisation transaction as 'STS' or 'simple, transparent and

standardised', provided that (a) the securitisation meets all the requirements set forth under articles 19 to 22 of the Securitisation Regulation, and ESMA has been notified pursuant to article 27(1) of the Securitisation Regulation (the "**STS notice**") and (b) the securitisation transaction has been included and maintained in the dedicated list of STS securitisations on ESMA website.

The Securitisation Regulation confers a number of tasks upon ESMA, including to design reporting requirements for a number of features of securitisations, such as details of their underlying exposures, of the securitisation instrument structure, and of the performance of the transaction. In addition, securitisations seeking to be considered as STS must fulfil additional criteria and notify ESMA of their fulfilment of these criteria on the basis of notification templates established by ESMA for non-ABCP securitisation transaction. In particular, article 7(3) and (4) of the Securitisation Regulation mandates ESMA to produce draft RTS and ITS specifying information on securitisation underlying exposures and investors reports as well as standardised templates for the submission of the information. In addition, article 17(2)(a) and (3), mandates ESMA to draft RTS and ITS specifying *inter alia* the information and standardised templates that should be provided by the originator, sponsor, or SSPE to comply with the information requirements of article 7(1). The Notes will be issued after 1 January 2019. Consequently, the disclosure requirements of article 7 of the Securitisation Regulation apply in respect of the Notes. Such disclosure requirements replace the disclosure requirements stemming from the provisions of law applicable prior to 1 January 2019, including the requirements stemming from the CRA Regulation concerning issuers, originators and sponsors of structured finance instruments ("**SFI**") established in the European Union (which included the Issuer and the Originator) as a result of the repealing of article 8b of the CRA Regulation as set forth in article 40 of the Securitisation Regulation.

On 22 August 2018, ESMA published its Final Report on securitisation disclosure technical standards (RTS/ITS) which included draft reporting templates, but on 31 January 2019, ESMA published a document headed "*Opinion regarding amendments to ESMA's draft regulatory technical standards on disclosure requirements under the Securitisation Regulation which included revised draft reporting templates*". Such disclosure technical standards are on the date of issue of the Notes subject to review by the European Commission and not yet adopted in a binding delegated regulation of the European Commission. The transitional provision of article 43(8) of the Securitisation Regulation applies and, consequently, disclosures in respect of the Notes must be made in accordance with the requirements of Annexes I to VIII of Commission Delegated Regulation (EU) 3/2015 of 30 September 2014. In a joint statement of the European Supervisory Authorities published on 30 November 2018, the European Supervisory Authorities confirmed that with the repealing of article 8b of the CRA Regulation effective since 1 January 2019 and until the ESMA reporting templates to be used to meet the reporting requirements under article 7 of the Securitisation Regulation will be available, the national competent authority will be required to make a case-by-case assessment when examining the compliance with the disclosure requirements of the Securitisation Regulation, taking into account the type and extent of information being disclosed by the reporting entity. As at the date of this Prospectus, no national competent authority has been designated in some European countries, including Italy. In addition, there remains uncertainty as to the nature and detail of the information to be published, the manner in which it will need to be published and what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with the reporting obligations.

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

For the sake of completeness, it must be noted that, on 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks (the "**EU Banking Reform**"). The final text of the EU Banking Reform has been published in the Official Journal of the EU on 7 June 2019 and will enter into force on 27 June 2019. However, the most part of the new rules will apply from 28 June 2021, *i.e.* two years after the entry into force of the EU Banking Reform.

The new package provides for amendments to the following pieces of legislation:

(i) the CRD IV Package;

(ii) the Bank Recovery and Resolution Directive (as defined below);

(iii) regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 "*establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No. 1093/2010*".

In Italy, the CRD IV Package was implemented by legislative decree No. 72 of 12 May 2015 (entered into force on 27 June 2015) and by the Circular of the Bank of Italy No. 285 of 17 December 2013 (which entered into force on 1 January 2014 and set out additional local prudential rules – "**Circular 285/2013**"). Circular 285/2013 has been constantly updated after its first issue. Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Moreover, on 26 April 2019, the EU Regulation No. 2019/630 entered into force, which has modified the CRR. In particular, such regulation introduces common minimum loss coverage levels for newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1). The minimum coverage levels thus act as a 'statutory prudential backstop'. The required coverage increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years. This architecture would ensure that the risks associated with NPL losses that are not sufficiently covered are reflected in institutions' CET1 capital ratios.

In order to facilitate a smooth transition towards the new prudential backstop, the new rules should not be applied in relation to exposures originated prior to 26 April 2019.

The AIFMD

On 22 July 2013, Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers ("**AIFMD**") became effective. Article 17 of AIFMD required the EU Commission to adopt level 2 measures similar to those set out in CRR, permitting EU managers of alternative investment funds ("**AIFMs**") to invest in securitisation transactions on behalf of the alternative investment funds ("**AIFs**") they manage only if the originator, sponsor or original lender has explicitly disclosed that it will retain on an ongoing basis, a material net economic interest of not less than 5 per cent in respect of certain specified credit risk tranches or asset exposures and also to undertake certain due diligence requirements. Commission Delegated Regulation (EU) No. 231/2013 (the "**AIFMR**") included those level 2 measures. In line with the provisions set forth by the CRD IV package, the AIFMR requires AIFMs to ensure that the sponsor or originator of a securitisation transaction meets certain

underwriting and originating criteria in granting credit, and imposes extensive due diligence requirements on AIFMs investing in securitisations. Furthermore, should AIFMs find out that after the assumption of a securitisation exposure that the retained interest does not meet the requirements, or subsequently falls below 5 per cent of the economic risk, they are required to take such corrective action as is in the best interests of investors.

AIFMD has been implemented in Italy through legislative decree No. 44 of 4 March 2014 which has introduced certain amendments to the Italian legislative decree No. 58 of 24 February 1998 (the "**Italian Consolidated Financial Act**"). Secondary provisions implementing the Italian Consolidated Financial Act have been issued by competent regulatory Authorities.

Prospective Noteholders are required to independently assess and determine the adequacy of the information described above for the purposes of complying with any and all relevant requirements applicable to them and none of the Issuer, the Arrangers, the Underwriters, the Originator, the Servicer or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes. Prospective Noteholders who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

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

Joint disclosure requirements in relation to structured finance instruments

On 20 June 2013, the Regulation (EC) number 462/2013 amending the Regulation (EC) No 1060/2009 is entered into force. Under the Regulation (EC) number 462/2013, the issuer, originator and sponsor of a structured finance instrument established in the European Union are required, jointly, to publish information in relation to the credit quality and performance of the underlying assets, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure, together with any information that is necessary to conduct comprehensive and well-informed stress tests on the cash flows and collateral values supporting the underlying exposures. Such information is to be published on a website which is to be established by ESMA.

The Securitisation Regulation 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 securitisation special purpose entities as well as conditions and procedures for securitisation repositories. It also creates a specific framework for simple, transparent and standardised securitisation. In order to enhance market transparency, the Securitisation Regulation envisages that a framework for securitisation repositories to collect relevant reports, primarily on underlying exposures in securitisations, should be established. Such securitisation repositories should be authorised and supervised by the ESMA. In specifying the details of such reporting tasks, ESMA should ensure that the information required to be reported to such repositories reflects as closely as possible existing templates for disclosures of such information. In particular, article 7(3) and (4) of the Securitisation Regulation mandates ESMA to produce draft RTS and ITS specifying information on securitisation underlying exposures and investor reports as well as standardised templates for the submission of the information. In addition, article 17(2)(a) and (3), mandates ESMA to draft RTS and ITS specifying, *inter alia*, the information and standardised templates that should be provided by the originator, sponsor, or SSPE

to comply with the information requirements of article 7(1) of the Securitisation Regulation. On 31 January 2019 ESMA issued the amendments to the draft technical standards on disclosure requirements under the Securitisation Regulation which includes 15 reporting templates aimed to assist stakeholders in their analysis of ESMA's draft technical standards.

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, investments 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.

If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, 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, 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.

The Securitisation Regulation

On 12 December 2017, the European Parliament adopted the Securitisation Regulation which lays down common rules on securitisation transactions and which applies from 1 January 2019. As described in section headed "*Risk Factors - Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*", the Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the Securitisation Regulation) with respect to: (i) risk retention, (ii) due diligence, (iii) transparency and (iv) underwriting criteria for assets to be comprised in securitisation pools. Such common rules replace the existing provisions in CRR, Solvency II Regulation, Solvency II Directive and the AIFMD and introduce similar rules for UCITS management companies as regulated by Directive 2009/65/EC, as amended and supplemented, and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2341/2016 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of Directive (EU) 2341/2016.

Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations.

The Securitisation Regulation applies to the fullest extent to the Notes. Furthermore, the Securitisation aims to fulfil the requirements of articles 19 up to and including 22 of the Securitisation Regulation in order for the Securitisation to qualify as an STS securitisation. The Reporting Entity, on or following the Issue Date, may notify the Securitisation to ESMA in compliance with article 27 of the Securitisation Regulation. Even if the Securitisation is notified to ESMA in compliance with article 27 of the Securitisation Regulation, no assurance can be provided that the Securitisation will qualify as an STS securitisation under the Securitisation Regulation.

Although the Securitisation has been structured to comply with the requirements for STS securitisations, and STS compliance is expected to be verified by PCS on the Issue Date (see section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance – STS Verification*"), no guarantee can be given that it has (by virtue of such verification alone) this status throughout its lifetime. Non-compliance with STS may result in higher capital requirements for investors. Furthermore, non-compliance could result in various administrative sanctions and/or remedial measures being imposed on the Issuer or the Originator which may be payable or reimbursable by the Issuer or the Originator. As each of the Priority of Payments do not foresee a reimbursement of the Issuer for the payment of any of such administrative sanctions and/or remedial measures, the repayment of the Notes may be adversely affected.

The risk retention, transparency, due diligence and underwriting criteria requirements described above apply in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules made at the national level), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Originator to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer and the Originator, please see section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance*". Prospective and relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Corporate Servicer, the Reporting Entity, the Arrangers, the Servicer, the Originator or any of the other transaction parties makes any representation that the information described above or otherwise in this Prospectus is sufficient in all circumstances for such purposes.

Various parties to the Securitisation are subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements, including in particular with regard to the transparency obligations imposed under article 7 of the Securitisation Regulation and the RTS Homogeneity in relation to Article 20(8) of the Securitisation Regulation. The RTS Homogeneity have been adopted by the European Commission on 28 May 2019 but still need to be adopted by European Parliament and the Council. Therefore, the final scope of its application and impact of the conformity of the Loans to the final regulatory technical standards is not assured (and such non-conformity may adversely and materially impact the value, liquidity of, and the amount payable under the Notes). Prospective investors must make their own decisions in this regard.

Risks from reliance on verification by PCS

The Originator has used the services of PCS, a third party authorised pursuant to article 28 of the Securitisation Regulation, to verify whether the Securitisation complies with articles 19 to 22 of the Securitisation Regulation and the compliance with such requirements is expected to be verified by PCS on the Issue Date. However, none of the Issuer, BMPS (in its capacity as Originator, Servicer, Arranger and Reporting Entity), J.P. Morgan

(in its capacity as Arranger) the Corporate Servicer and any other party to the Transaction gives any explicit or implied representation or warranty (i) that the notification to EMSA referred to in article 27 of the Securitisation Regulation will ever be made by the Originator or as to the inclusion of the Securitisation in the list administered by ESMA within the meaning of article 27 of the Securitisation Regulation, (ii) that the Securitisation will comply with the Securitisation Regulation, (iii) that such securitisation will be recognised or designated as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation.

The verification by PCS does not affect the liability of the Originator and the Issuer in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of such verification by PCS shall not affect the obligations imposed on institutional investors as set out in article 5 of the Securitisation Regulation. Notwithstanding PCS' verification of compliance of a securitisation with articles 19 to 22 of the Securitisation Regulation, such verification by PCS does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation. A verification does not remove the obligation placed on investors to assess whether a securitisation labelled as "STS" or "simple, transparent and standardised" has actually satisfied the criteria. Investors must not solely or mechanistically rely on any STS notification or PCS' verification to this extent.

The Originator will include in its notification pursuant to article 27(1) of the Securitisation Regulation (if any), a statement that compliance of the Securitisation with articles 19 to 22 of the Securitisation Regulation has been verified by PCS.

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 CRA Regulation or Section 3(a) of the U.S. Securities Exchange Act of 1934 (as amended and supplemented).

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.

Investor compliance with due diligence requirements under the Securitisation Regulation

Investors should be aware of the due diligence requirements under article 5 of the Securitisation Regulation that apply to institutional investors (including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provision and UCITS funds). Amongst other things, such requirements restrict an institutional investor (other than the originator, sponsor or original lender within the meaning of the Securitisation Regulation) from investing in securitisation positions unless, prior to holding the securitisation position:

(a) that institutional investor has verified that:

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

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

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

(b) that institutional investor has carried out a due diligence assessment which enables it to assess the risks involved, which shall include at least (among other things) the risk characteristics of its securitisation position and the underlying exposures of the securitisation, and all the structural features of the transaction that can materially impact the performance of its securitisation position.

In addition, under article 5(4) of the Securitisation Regulation, an institutional investor (other than the originator, sponsor or original lender) holding a securitisation position shall at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the institutional investor's trading and non-trading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures.

Depending on the approach in the relevant EU Member State, failure to comply with one or more of the due diligence requirements may result in penalties including fines, other administrative sanctions and possibly criminal sanctions. In the case of those institutional investors subject to regulatory capital requirements, penal capital charges may also be imposed on the securitisation position (*i.e.*, notes) acquired by the relevant institutional investor.

The institutional investor due diligence requirements described above apply in respect of the Notes. With respect to the commitment of the Originator to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer, the Originator or another relevant party (see sections headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance*" and "*General Information*"). Institutional investors are required to independently assess and determine the sufficiency of the information described elsewhere in this Prospectus for the purposes of complying with article 5 of the Securitisation Regulation and any corresponding national measures which may be relevant to investors.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Prospective investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of the non-compliance should seek guidance from their regulator (see sections headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance*").

Regulatory treatment of STS securitisations and other securitisation positions

CRR and Solvency II Directive affect the risk-weighting of the Notes in respect of certain investors if those investors are regulated in a manner which will be affected by these rules. Consequently, prospective investors should consult their own advisers as to the consequences of and the effect on them of the application of CRR and Solvency II Directive, as implemented by their own regulator, to their holding of any Notes. It cannot be excluded that further amendments will be proposed and will have to be implemented in the legislation of the relevant EU Member States which may have a further impact on, among other things, the risk weighting, liquidity and value of the Notes.

Following the adoption of the amendments to the CRR introduced by Regulation (EU) 2401/2017 (the "**CRR Securitisation Amendment**"), certain securitisation positions of qualifying STS securitisations will, following a further calibration of the capital requirements as set forth in the CRR Securitisation Amendment, obtain a preferential treatment as regards their capital requirements weighting for credit institutions and investment firms (as these are defined in the CRR) investing in such securitisation positions. Furthermore, following the adoption of the Commission Delegated Regulation (EU) 1221/2018 of 1 June 2018 the then current provisions of Solvency II Regulation on calibration for "type 1 securitisation" have, with effect from 1 January 2019, been replaced by a more risk-sensitive calibration for STS-securitisations covering all possible tranches that also

meet additional requirements in order to minimise risks. The relevant provisions of Solvency II Regulation apply to the fullest extent to the Notes.

Based on Commission Delegated Regulation (EU) 1620/2018 of 13 July 2018, the Commission Delegated Regulation (EU) 61/2015 of 10 October 2014 (the "**LCR Delegated Regulation**") is amended with effect from 20 November 2018 and shall apply from 30 April 2020. This amendment aims at the integration in the LCR Delegated Regulation of the STS criteria for securitisation. From 30 April 2020 securitisations can be counted as Level 2B high quality liquid assets (HQLA) only if they fulfil the conditions laid down in article 13 of the LCR Delegated Regulation. In the revised provision of article 13 of the LCR Delegated Regulation, a reference is made to the requirement that securitisation positions will only qualify as HQLA if the securitisation positions have been issued and an STS-notification has been made with and processed by ESMA. It may be established that to the extent the Notes meet the requirements of the LCR Delegated Regulation as they applied prior to 1 January 2019, they will qualify as HQLA even after 1 January 2019. No assurance can be provided that the Notes qualify as HQLA beyond 30 April 2020, being the date of application of the revised provisions of the LCR Delegated Regulation.

Neither between the Issuer, the Originator, the Quotaholders nor the Arrangers are responsible for informing any Noteholders of the effects on the changes to risk-weighting of the Notes or the qualification as Level 2B HQLA which, amongst others, may result from the adoption, interpretation or application by their own regulator of CRR, Solvency II Directive or the LCR Delegated Regulation (whether or not in their current form or otherwise). Prospective investors should assess independently and where relevant should consult their own advisors as to the effects of the changes to risk weights of the Notes referred to above or the qualification as Level 2B HQLA.

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 of 1934 (as amended), as added by section 941 of the Dodd-Frank 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 "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitised assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Originator, as sponsor, does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the securitisation transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the 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 herein as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer is organised under U.S. law, is a branch organised under U.S. law, or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer that is organised or located in the United States.

The Issuer and the Originator have made representations and warranties as to satisfaction of the requirements of the exemptions set forth in Section 20 of the U.S. Risk Retention Rules.

Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

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

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

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

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

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

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

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

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

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

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

Consequently, the Notes may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Each holder of a Senior Note or a beneficial interest therein, by its acquisition of a Senior Note or a beneficial interest in a Senior Note, will be deemed to represent to the Issuer and the Originator that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not the account or benefit of a Risk Retention U.S. Person and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

The Originator and the Issuer are relying on the deemed representations made by purchasers of the Notes and may not be able to determine the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and neither the Originator nor the Issuer nor any director, officer, employee, agent or affiliate of them accepts any liability or responsibility whatsoever for any such determination or characterisation.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure on the part of the Originator to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Originator which may adversely affect the Notes and the ability of the Originator to perform its

obligations under the Transaction Documents. Furthermore, a failure by the Originator to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

None of the Issuer nor any of the other transaction parties 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 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.

Amendments to the Basel II framework may affect the regulatory capital and liquidity treatment of the Notes

The Basel Committee on Banking Supervision (the "**Basel Committee**") has approved significant changes to the regulatory capital framework published in 2006 (the "**Basel II framework**"), 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 (such changes being commonly referred to as "**Basel III**"). 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**"). The Liquidity Coverage Ratio Delegated Regulation (Regulation (EU) No. 2015/61) was adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015 and became fully applicable from 1 January 2018. On the other hand, the EU Banking Reform includes a binding detailed Net Stable Funding Ratio which will require credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding with a view to increasing banks' resilience to funding constraints. The binding Net Stable Funding Ratio is expressed as a percentage and set at a minimum level of 100 per cent., which indicates that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The Net Stable Funding Ratio will apply at a level of 100 per cent. to credit institutions and systemic investment firms two years after the date of entry into force of the proposed amendments to the CRR, which – as stated below – is expected for June-July 2019.

Implementation of the Basel framework 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.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to, and effect on them of, any changes to the Basel II framework (including the Basel III changes described above) and 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. 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. 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 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.

Withholding tax under the Notes

As at the date of this Prospectus, payments of interest and other proceeds under the Notes may or may not be subject to withholding or deduction for or on account of Italian tax pursuant to Decree 239, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of such tax (see for further details also the section headed "*Taxation*" below).

Foreign Account Tax Compliance Act (FATCA)

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly known as "**FATCA**"), provides that various information reporting requirements must be satisfied with respect to (i) certain payments from sources within the United States, (ii) "foreign pass-through payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Failure to comply with such information reporting requirements may trigger a U.S. withholding tax, currently at 30 per cent rate on such payments.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (the "**IGAs**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being FATCA Withholding) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign pass-through payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Republic of Italy have entered into an agreement (the "**US-Italy IGA**") based largely on the Model 1 IGA, which has been ratified in Italy by Law number 95 of 18 June 2015, published in the Official Gazette number 155 of 7 July 2015.

Since the FATCA regulations are complex and uncertain in some respects, in particular with respect to the definition of so-called "pass-thru payments" the application of FATCA to payments between financial intermediaries is not entirely certain. Indeed, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Accordingly it is not completely clear how FATCA may affect the Notes and/or the parties of the Transaction Documents; therefore, investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. However, the Issuer will not pay any additional amounts to Noteholders in respect of taxes imposed under FATCA or any law enacted to implement an intergovernmental agreement relating to FATCA and they have no responsibility for any amount thereafter transmitted through the custodians or intermediaries.

GENERAL RISK FACTORS

Claw back of the sales of the Receivables

Assignments executed under the Securitisation Law are subject to revocation on bankruptcy under article 67 of the Bankruptcy Law but only in the event that the adjudication of bankruptcy of the seller is made within three months of the completion of the securitisation transaction (or, if earlier, of the purchase of the relevant assets) or, in cases where paragraph 1 of article 67 applies (e.g. if the payments made or the obligations assumed by the bankrupt party exceed by more than one-fourth the consideration received or promised), within six months of the completion of the securitisation transaction (or, if earlier, of the purchase of the relevant assets).

Consistently, the transfer of the Receivables under the Transfer Agreement from the Originator to the Issuer (i) cannot be disregarded upon the application of the bankruptcy receiver of the Originator if, on the date of perfection of the transfer, the Originator was not insolvent; and (ii) cannot be clawed back or set aside (*revocato*) upon application by the bankruptcy receiver of the Originator unless either the Issuer and/or any of its representatives or agents at the time of perfection of the transfer was, or ought to have been, aware of the state of insolvency of the Originator. In the event of the transfer of the Receivables is regarded as a transaction in which the value of the assets transferred and the obligations assumed by the Originator exceeds the consideration paid (or owed) to the Originator by more than one-fourth, the immediate consequences with respect to the Assignment: (i) would be the application of a suspect period of six months; and (ii) there would be a rebuttable presumption that the Issuer and/or any of its representatives or agents was, or ought to have been, aware of the state of insolvency of the Originator at the time of perfection of the transfer. The question as to whether or not the Issuer and/or any of its representatives or agents was, or ought to have been, aware of the state of insolvency of the Originator at the time of perfection of the transfer is a matter of fact with respect to which a court may in its discretion consider all relevant circumstances, including reliance by the Issuer and/or any of its representatives or agents on documentary evidence provided by the Originator.

As envisaged by the Transfer Agreement, the Originator has provided the Issuer with the following certificates: (i) a certificate issued by the bankruptcy division of the relevant court in relation to BMPS specifying that no insolvency proceedings have been commenced against BMPS, dated 16 April 2019, (ii) a certificate of good standing (*certificato di vigenza*) issued by the competent companies register with non-insolvency statement (*con dicitura di non insolvenza*), dated 24 April 2019 and (iii) a solvency certificate issued on the date of signing of the Transfer Agreement by an authorised officer of the Originator, stating that the Originator is not subject to any insolvency proceeding.

Restructuring arrangements in accordance with Law number 3 of 27 January 2012

Following the enactment of Italian Law number 3 of 27 January 2012 (as amended by Decree of the Italian Government number 179 of 18 October 2012 coordinated with the conversion Italian Law number 221 of 17 December 2012), a debtor who is neither subject nor eligible to be subject to ordinary insolvency procedures in accordance with the Bankruptcy Law is entitled to enter into a restructuring arrangement with his/her creditors provided that (i) he/she has not been entered into any such restructuring arrangement in the last five years; (ii) the previous restructuring arrangements have not been annulled or revoked for reasons directly or indirectly ascribable to him/her; (iii) he/she has not provided a documentation suitable to reconstruct and figure out his/her patrimonial and economic situation.

Such law applies, therefore, to debtors who are not eligible to be adjudicated bankrupt under the Bankruptcy Law and who are in a state of over-indebtedness, being a situation recognisable when the "continuing imbalance between the debtor's obligations and his/her highly liquid assets" determines "the relevant

difficulties of performing his/her obligations" or the "definitive non capability of duly performing such obligations".

A debtor in a state of over-indebtedness is entitled to submit to his/her creditors, with the assistance of a competent body (*Occ-Organismi per la Composizione della Crisi*), a draft restructuring arrangement providing that, among others, those creditors not adhering to such arrangement and those creditors having security interests over the debtor's assets will be repaid in full.

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

Subject to certain conditions, the draft arrangement may provide for a moratorium on payments due to those secured creditors not adhering to such arrangement for a period of up to one year since the court's certification ("*omologa*").

Upon filing of the draft arrangement and the supporting documents with the competent court, the judge appointed for the procedure is entitled to order a hearing to the extent that the relevant arrangement meets the requirements provided for by the applicable law. The draft arrangement and the decree are subject to appropriate publication and communication to creditors. During the hearing, the judge awards an automatic stay with respect to the enforcement actions over the assets of the relevant debtor until the date on which the court's certification ("*omologa*") becomes final. The automatic stay however will not apply to those creditors having title to receivables which cannot be attached.

In order to be eligible for the court's certification, the agreement must be reached with a number of creditors representing at least 60% of the relevant claims. Once the draft restructuring arrangement is reached with 60% of claims, the competent body shall deliver to all creditors a report on the approval procedure attaching the restructuring arrangement and the relevant creditors may challenge such arrangement within 10 days of receipt of such report. Upon expiry of such term, the competent body will deliver the relevant report (including any challenge received and a feasibility assessment of the draft restructuring arrangement) to the competent judge who will be entitled, subject to appropriate final verification, to certify (*omologa*) the restructuring arrangement.

Once the restructuring arrangement has been certified, should the debtor be subject to bankruptcy afterwards (indeed, the debtor could become eligible for bankruptcy due to a modification of the size of the enterprise) the payments, agreements and, in general, any deed enacted under the certified restructuring agreement is not subject to claw back.

The competent body will be in charge of supervising the due performance of the obligations arising from the relevant restructuring arrangement. Such arrangement, however, may be terminated or declared null and void in specific circumstances provided for by applicable law.

It is worth noting that such legislation provides also for:

(i) a specific restructuring procedure for consumer. The restructuring plan of the consumer is not submitted to the approval of the creditors but only to the competent Court which shall evaluate the feasibility and suitability of the plan, also taking into account the consumer conduct; and

(ii) a liquidation procedure alternative to the restructuring arrangement. This procedure might apply, *inter alia*, when: (a) the restructuring plan is not carried out by the debtor; (b) the debtor does not satisfy the claims for taxes and welfare duties; and (c) frauds against creditors is committed following to the certification of the plan by the Court.

The impact of such legislation on the cash flows deriving from the Portfolio and, as a consequence, on the amortisation of the Notes may not be predicted as at the date of this Prospectus. In addition on 15 July 2015 the Bank of Italy published on its web-site a public consultation concerning such law which has been concluded on 17 August 2015. The consultation concerns the criteria for the classification of the claims towards those debtors subject to this procedure by banks and financial intermediaries. As a result of such consultation, on 11 November 2015, the Bank of Italy issued a communication clarifying the classification criteria thereto. In particular, according to Bank of Italy the requirements to be admitted to "*sovraindebitamento*" procedure can be compared to the "*stato di crisi*" provided for composition with creditors under article 160 of the Bankruptcy Law.

Loans' performance

The Portfolio is exclusively comprised of loans which were performing as at the Cut-Off Date (see the section headed "*The Portfolio*"). There can be no guarantee that the Debtors will not default under the relevant Loans and that they will therefore continue to perform their obligations thereunder. The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in the enforcement of the Loans and Mortgages (if any) may take longer than the national average; obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years; further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and if the relevant Debtor raises a defence to or counterclaim in the proceedings; and it takes an average of six to eight years from the time lawyers commence enforcement proceedings until the time an auction date is set for the forced sale of any Real Estate Asset.

Recently, new legal provisions have been introduced in order to speed up legal proceedings. In particular, law decree number 59 of 2 May 2016, as converted into law number 119 of 30 June 2016, implemented new provisions in the Bankruptcy Law and the Italian civil procedure code aimed at:

(a) amending the provisions of Bankruptcy Law, by introducing the possibility of using electronic technologies for hearings and for meetings of creditors. Furthermore, failure to comply with the time limits established for the proceeding in article 110, first paragraph, of the Bankruptcy Law, is envisaged as a just cause for removing the receiver; and

(b) making certain changes to the Italian civil procedure code, including:

(i) the inadmissibility of opposing the forced sale once the sale or allocation of the attached asset has been decreed;

(ii) the provisional enforcement of the court order if the statement of opposition is not based on documentary proof;

(iii) simplification of procedures for releasing the attached property;

(iv) the possibility of the attached asset being allocated to a third party yet to be nominated;

(v) the obligation to proceed with sales on the basis of electronic modalities, and the right for the judge to order, after three auctions without bidders, lowering the basic price by up to a half;

(vi) the possibility, for the judge and for the professionals entrusted with selling, to proceed with partial distributions of the sums obtained from forced sales.

The above provisions are expected to reduce the length of the enforcement proceedings.

Mutui fondiari

Some of the Loan Agreements included in the Mortgage Pool are secured by a Mortgage and qualified as *mutui fondiari*, as defined in article 38 and subsequent of the Consolidated Banking Act.

A *mutuo fondiario* is a particular type of *mutuo ipotecario* (any loan which is secured by a mortgage is automatically a *mutuo ipotecario* loan). The *mutui fondiari* are regulated by the Consolidated Banking Act and bear with themselves certain advantages for the lender. To qualify as a *mutuo fondiario*, a loan must be: declared by the parties as being a *mutuo fondiario* in the relevant loan agreement, granted by a bank, for a term exceeding 18 months, secured by a first-lien mortgage and for an amount which does not exceed 80% of the value of the mortgaged property or of the works to be done on the mortgaged assets. However, the 80% limit may be increased up to 100% if specific additional security interests and guarantees, identified by the Bank of Italy, are provided (such as guarantees given by other banks or insurance companies or pledges granted over Italian government securities). In such circumstance, the ratio between the amount lent and the aggregate value of the security and guarantee created is not higher than 80%.

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

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

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

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

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

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

Commingling risk

The Issuer is subject to the risk that, in the event of insolvency of the Servicer, the Collections held at the time the insolvency occurs might be treated by the Servicer's bankruptcy estate as an unsecured claim of the Issuer. The Servicing Agreement includes provisions in relation to the transfer of Collections intended to reduce the amount of the monies from time to time subject to the commingling risk. In particular, pursuant to the Servicing Agreement, the Servicer has undertaken to pay all Collections into accounts of the Issuer within the Business Day following the day on which the relevant collection has been collected.

Certain risks relating to the Real Estate Assets

Due Diligence

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

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

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

General real estate risk

In the event of a default by the Debtors, the full recovery of amounts due pursuant to the Loan Agreements will largely depend upon the value of the Real Estate Assets at the relevant time. The value of the Real Estate Assets depends on several factors, including their location and the manner in which the Real Estate Assets are maintained. The value of the Real Estate Assets may be affected by changes in general and regional economic conditions such as an oversupply of space, a reduction in demand for residential or commercial real estate in an area, competition from other available space or increased operating costs. The value of the Real Estate Assets may also be affected by such factors as political developments, government regulations and changes in planning, zoning or tax laws, interest rate levels, inflation, availability of financing and yields of alternative investments. Therefore, no assurance can be given that the values of the Real Estate Assets have remained or will remain at the level at which they were on the origination dates of the related Loans.

The security for the Notes consists of, *inter alia*, the Issuer's interest in the Loans. The value of such security may be affected by, among other things, a decline in property values as described above.

Should the Italian residential property market experience an overall decline in property values, such a decline could, in certain circumstances, result in a significantly reduced security value and ultimately, may result in losses to the Noteholders if the security is required to be enforced.

Compulsory purchase

Any property in Italy may be subject to a compulsory purchase order in connection with general utility purposes at any time. If a compulsory purchase order is made regarding any of the Real Estate Assets, compensation would be payable to the Debtor (as owner of the relevant Real Estate Asset) on the basis of specific criteria set out in the applicable legislation. There can be no assurance that the amount of such compensation would at least be equal to the value of the relevant Real Estate Asset. In addition, there is often a delay between the completion of a compulsory purchase of a property and the date of payment of the statutory compensation. Any such delay, or a payment of statutory compensation to the Debtor that is lower than the value of the relevant Real Estate Asset, could have an adverse impact on the ability of the Issuer to meet its obligations to pay principal and interest under the Notes.

Insurance coverage

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

Rights of set-off and other rights of the Debtors

Under general principles of Italian law, debtors are entitled to exercise rights of set-off in respect of amounts owed to them by their creditors. Following the assignment of the relevant receivables, according to paragraph 1 of article 1248 of the Italian civil code, if the assigned debtor has accepted the assignment without objections, he cannot claim against the assignee the set-off rights he could have claimed against the assignor. On the other hand, pursuant to paragraph 2 of the same article, the notification of the assignment of a claim to the assigned debtor prevents the latter from exercising set-off rights with respect to any counterclaim arising *vis-à-vis* the assignor after the date of such notification.

The assignment of receivables under the Securitisation Law is governed by article 58, paragraphs 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the competent companies' register.

In addition, the Securitisation Law provides, *inter alia*, that, as from the date of the publication of the notice of assignment in the Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*), notwithstanding any provision of law providing otherwise, no set-off may be exercised by an assigned debtor *vis-à-vis* the assignee grounded on claims which have arisen towards the assignor after the date of publication of the above notice.

Consequently, the Debtors, their guarantors or liquidators may exercise a right of set-off against the Issuer on claims against the Originator and/or the Issuer which have arisen before the publication of the notice in the Official Gazette has occurred. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any Debtor and/or any guarantor and/or any liquidator of a right of set-off. In addition, notice of the transfer of the Receivables was published in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 52 of 4 May 2019.

Usury Law

Italian Law number 108 of 7 March 1996 ("*Disposizioni in materia di usura*") (as also amended by law decree number 70 of 13 May 2011 ("*Decreto Sviluppo*"), as converted into Law number 106 of 12 July 2011) (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 Treasury (the "**Usury Thresholds**") (the latest of such decrees has been issued on 25 March 2019 and being applicable for the quarterly period from 1 April 2019 to 30 June 2019). Such rates are applicable without retroactive effect (*ex nunc*), as confirmed by the Italian Supreme Court ("*Corte di Cassazione*") decision number 46669 of 23 November 2011. In particular the Italian Supreme Court ("*Corte di Cassazione*"), with two aligned decisions, number 12028 of 19 February 2010 and number 28743 of 14 May 2010, has clarified that in the calculation of the interest rate for the assessment of its compliance with the Usury Law, any costs and/or expenses, including overdraft ("*commissione di massimo scoperto*"), related to the relevant agreement (other than taxes and fees) shall also be considered. In addition, the Italian Supreme Court ("*Corte di Cassazione*"), with the decision number 350 of 9 January 2013 has further clarified that, for the purpose of such calculation, also default interests ("*interessi moratori*") shall be taken into account. It should be noted that, pursuant to Usury Law, even though the applicable Usury Thresholds are not exceeded, interests 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.

The Italian Government has specified with law decree number 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law number 24 by the Italian Parliament on 28 February 2001, that an interest rate is to be deemed usurious only if it is higher than the Usury Thresholds in force at the time the relevant agreement is reached, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Such opinion was supported by the Italian Supreme Court (decisions numbers 602 and 603 of 11 January 2013), which stated that an automatic reduction of the applicable interest rate to the Usury Thresholds applicable from time to time shall apply to the loans. However, a recent decision by the *Sezioni Unite* of the Italian Supreme Court (Cass. Sez. Un., 19 October 2017, number 24675) has finally clarified that the principle of the so called "*usura sopravvenuta*" may not apply and therefore if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the usury limit from time to time in force, such interest would not need to be reduced to the then applicable usury limit.

The Usury Law Decree also provides that, as an extraordinary measure due to the exceptional fall in interest rates in the years 1998 and 1999, interest rates due on instalments payable after 2 January 2001 on loans already entered into on the date on which the Usury Law Decree came into force (such date being 31 December 2000) are to be replaced by a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision number 29 of 25 February 2002, the Italian Constitutional Court stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for those provisions of the Usury Law Decree which provide that the interest rates due on instalments payable after 2 January 2001 on loans are to be replaced by lower interest rates fixed in accordance with the Usury Law

Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

If the Usury Law were to be applied to the Notes, the amount payable by the Issuer to the Noteholders may be subject to reduction, renegotiation or repayment.

The Originator has represented and warranted to the Issuer in the Warranty and Indemnity Agreement that the provisions of the Loan Agreements comply with the Italian usury provisions.

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 the relevant legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi normativi*"). 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 Judgments number 2374/99 and number 2593/03 of the Italian Supreme Court ("*Corte di Cassazione*")) have held that such practices may not meet the legal definition of customary practices ("*uso normativo*"). In this respect, it should be noted that article 25, paragraph 2, of the decree number 342 of 4 August 1999 ("**Decree 342**") has delegated to the Interministerial Committee of Credit and Saving (the "**CICR**") powers to fix the conditions for the capitalisation of accrued interests. As a matter of fact, the CICR, pursuant to article 3 of a Resolution dated 9 February 2000 (the "**Resolution**"), has provided, in relation to loans involving a deferred repayment that, in case of breach by the debtor, the amount due on the maturity of each instalment, shall produce interests from such date up to the date of the actual payment, if so provided by the relevant contract. Moreover, article 25, paragraph 3, of Decree 342 provides that the provisions relating to the capitalisation of accrued interest set forth in contracts entered into before the date of the Resolution are valid and effective up to the date thereof and after such date shall be consistent to the provisions of the Resolution. Decree 342 has been challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the powers delegated under the delegated law, and article 25 paragraph 3 of Decree 342 has been declared unconstitutional by decision number 425 of 9/17 October 2000 issued by the Italian Constitutional Court. On the basis of the foregoing, it cannot be excluded that borrowers may, where appropriate, challenge the practice of capitalising interest by banks on the grounds set forth by the Italian Supreme Court ("*Corte di Cassazione*") in the above mentioned decision and, therefore, that a negative effect on the returns generated from the residential and commercial mortgage loan could derive.

The Originator has consequently undertaken in the Warranty and Indemnity Agreement to indemnify the Issuer in respect of any losses, costs and expenses that may be incurred by the Issuer in connection with any challenge relating to the violation of article 1283 of the Italian civil code.

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 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).

Convention between the Ministry of Economy and Finance, the Italian Banking Association and associations of the representative of the companies

On 3 August 2009, the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies signed a convention about the temporary suspension of small and middle-sized companies debts to the banking system in order to help companies struck by the financial crisis (the "**PMI Convention**").

The Convention provides, *inter alia*, the possibility of a 12 (twelve) months suspension for the payment of the principal component of the loan's instalments (the "**Suspension**") and the postponement of the payment of such instalments at the end of the original amortisation plan of the relevant loan.

All the small and middle-sized companies which (i) on 30 September 2008 were solvent (*in bonis*), and (ii) at the moment of the submission of the request, had no financings classified as "restructured" (*ristrutturato*) or as "non-performing" (*in sofferenza*) and were not subject to enforcement proceedings, are allowed to request the Suspension. Originally, the request for Suspension could be submitted within 30 June 2010. On 15 June 2010, an agreement between the Ministry of Economy and Finance, the ABI (*Associazione Bancaria Italiana*) and the associations of the representative of the companies has extended the date within which the request for the Suspension could be submitted until 31 July 2011.

Only the instalments not yet expired or expired (not paid or paid in part) from not more than 180 days before the date of submission of the request for Suspension may be suspended.

On 28 February 2012 the ABI and the Ministry of Economy and Finance entered into a new convention (the "**New PMI Convention**") providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the Suspension. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 (ninety) days from the date of request of the suspension; and (ii) the possibility for small and middle-sized companies that have not already requested a Suspension to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans and in any case for a maximum period of two years for unsecured loans and of three years for mortgage loans.

On 20 March 2013, the terms within which the request for the Suspension according to the New PMI Convention could be requested has been extended until 30 June 2013.

On 1 July 2013, ABI and the associations of the representative of the companies signed a new further convention (the "**July 2013 PMI Convention**"). The July 2013 PMI Convention provides for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans, which did not benefit from the suspension under the New PMI Convention. The suspension applies on the condition that the instalments (A) are timely paid or (B) in case of late payments, the relevant instalment has not been outstanding for more than 90 (ninety) days from the date of request of the suspension; and (ii) the option for small and middle-sized companies that have not already requested a suspension under the New PMI Convention to request an extension of the duration of the relevant loans for a period equal to the residual

duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. Any requests under item (i) and (ii) above to be submitted by 30 June 2014. However, in respect of loans that still benefitted from the above suspension as at 30 June 2014, the requests for the extension of the duration of such loans had to be submitted within 31 December 2014.

Pending the implementation of the above measures of the July 2013 PMI Convention, the date within which the request for the Suspension pursuant to the New PMI Convention could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the July 2013 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified that the securitised claims are not expressly excluded from the object of the July 2013 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the July 2013 PMI Convention in respect of securitised claims. In any case ABI (*Associazione Bancaria Italiana*) has further clarified that in case a suspension or extension under the July 2013 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses in relation to such bank (also considering the costs that the assigning bank would have incurred in case the suspension or extension had been granted with respect to the original loan).

On 31 March 2015, ABI and the associations of the representative of the companies signed a new further convention (the "**March 2015 PMI Convention**"). The March 2015 PMI Convention provides for 3 different initiatives addressed to certain small and middle-sized companies, including the initiative providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans which are outstanding as at 31 March 2015 and did not benefit, in the previous 24 months from other suspension other than those granted by law. The suspension applies on the condition that the instalments are not yet due or are due (and not paid in full or in part) for not more than 90 (ninety) days from the date of request of the suspension; and (ii) the option for small and middle-sized companies that have not already requested, in the previous 24 months, for a suspension or the extension of the duration of the relevant loan (other than those granted by law) to request an extension of the duration of the relevant loans (to the extent still outstanding as at 31 March 2015) for a period equal to 100% of the residual duration of the relevant loans and in any case for a maximum period of three years for unsecured loans and of four years for mortgage loans. Any requests under item (i) and (ii) above to be submitted by 31 December 2017.

On 12 June 2015 further clarifications with respect to the implementation of the March 2015 PMI Convention have been issued by the ABI. In particular, ABI (*Associazione Bancaria Italiana*) has clarified, similarly for what has been done with reference to the previous convention, that the securitised claims are not expressly excluded from the object of the March 2015 PMI Convention. The assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under the March 2015 PMI Convention in respect of securitised claims. In any case ABI (*Associazione Bancaria Italiana*) has further clarified that in case a suspension or extension under the March 2015 PMI Convention is granted by the assigning bank, such suspension or extension shall not result in additional expenses, considering the costs that would have been applied in the event the assigning bank would have not securitised the relevant loan.

On 15 November 2018, ABI and the associations of the representative of the companies signed a new further convention (the "**November 2018 PMI Convention**"). The November 2018 PMI Convention provides for 2 different initiatives addressed to certain small and middle-sized companies, including the initiative providing for, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium-and long-term loans which are outstanding as at 15 November 2018 and did not benefit, in the previous 24 months from other suspension other than those granted by law. The suspension applies on the condition that the

instalments are not yet due or are due (and not paid in full or in part) for not more than 90 (ninety) days from the date of request of the suspension; and (ii) the option for small and middle-sized companies that have not already requested, in the previous 24 months, for a suspension or the extension of the duration of the relevant loan (other than those granted by law) to request an extension of the duration of the relevant loans (to the extent still outstanding as at 15 November 2018) for a period equal to 100% of the residual duration of the relevant loans. Any requests under item (i) and (ii) above to be submitted by 31 December 2020.

It should be considered that BMPS has acceded to the March 2015 PMI Convention, whilst, as at the date of this Prospectus, BMPS has not acceded to the November 2018 PMI Convention. The list of the banks which have acceded to the November 2018 PMI Convention is available on the ABI website.

Prospective investors' attention is drawn to the fact that the potential effects of the suspension schemes, the impact on the cash flows deriving from the Loans and, consequently, on the amortisation of the Notes, cannot be predicted (see also section headed "*Description of the Transaction Documents – The Servicing Agreement*").

Political and economic developments in the Republic of Italy and in the European Union

The financial condition, results of operations and prospects of the Republic of Italy and natural persons resident in the Republic of Italy may be adversely affected by events outside their control, namely European law generally, any conflicts in the region or taxation and other political, economic or social developments in or affecting the Republic of Italy generally.

Risks arising from the sovereign debt crisis

The Issuer is affected by disruptions and volatility in the global financial markets. Since the beginning of May 2010, the sovereign debt-related difficulties in several Euro-zone countries have determined the decline of the credit quality of certain EU Member States, including Cyprus, Greece, Italy, Portugal and Spain, as also reflected by downgrades suffered by such Countries. The large sovereign debts and fiscal deficits in European countries and its impact on Euro-zone banks' funding have raised concerns regarding the stability and overall standing of the Euro-zone and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead the potential reintroduction of national currencies in one or more Euro-zone countries or, in particularly dire circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences for the Noteholders would be determined by laws in effect at such time.

The occurrence of such adverse scenario might result in higher levels of financial market volatility, lower interest rates, bond impairments, increased bond spreads and other difficult to predict spill-over effects.

In particular, the Issuer's credit ratings are potentially exposed to the risk of reductions in the sovereign credit rating of Italy. On the basis of the methodologies used by rating agencies, further downgrades of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and make it more likely that the credit rating of the Notes are downgraded.

Risks arising from "Brexit"

On 23 June 2016, the United Kingdom voted, in a referendum, to leave European Union (Brexit). On 29 March 2017, the British Prime Minister gave formal notice to the European Council under article 50 of the Treaty on European Union ("**Article 50**") of the intention to withdraw from the European Union, thus triggering the two-year period for withdrawal. The process of negotiation will determine the future terms of the United Kingdom's relationship with the EU. Depending on the terms of the Brexit negotiations, the United Kingdom could also lose access to the single EU market and to the global trade agreements negotiated by the EU on

behalf of its members. Given the unprecedented nature of a departure from the EU, the timing, terms and process for the United Kingdom's exit, are unknown and cannot be predicted. Regardless of the time scale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union. The exit of the United Kingdom from the European Union, 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 and the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include increase of financial markets volatility, with possible negative consequences on the asset prices, operating results and capital and/or financial position of the Issuer.

Following negotiations between the representatives of the United Kingdom and the European Commission, on 14 November 2018 a draft withdrawal agreement setting forth the terms that will apply to the relationships between the United Kingdom and the European Union was published (the "**Draft Withdrawal Agreement**"). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020 and possibly longer.

The Draft Withdrawal Agreement has not yet been ratified by the United Kingdom or the European Union. The parties have agreed to an extended time line which allows for ratification to take place any time prior to 31 October 2019. To the extent ratification does take place ahead of 31 October 2019, the United Kingdom would leave on the first date of the month following ratification. However, it remains uncertain whether the Draft Withdrawal Agreement, or any alternative agreement, will be finalised and ratified by the United Kingdom and European Union ahead of the deadline. If that deadline of 31 October 2019 is not met, unless the negotiation period is further extended or the Article 50 notification revoked, the Treaty on the European Union and the Treaty on the Functioning of the European Union will cease to apply to the United Kingdom and the United Kingdom will lose access to the European Union single market. Whilst continuing to discuss the Draft Withdrawal Agreement and political declaration, the United Kingdom Government has commenced preparations for a "hard" Brexit (or "no-deal" Brexit) to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the European Union (Withdrawal) Act 2018 to ensure that there is a functioning statute book after any exit without a transitional period.

Regardless of the time scale and the term of the United Kingdom's exit from the European Union, the result of the referendum in June 2016 created significant uncertainties with regard to the political and economic outlook of the United Kingdom and the European Union.

In addition to the above and in consideration of the fact that at the date of this Prospectus there is no legal procedure or practice aimed at facilitating the exit of a Member State from the Euro, the consequences of these decisions are exacerbated by the uncertainty regarding the methods through which a Member State could manage its current assets and liabilities denominated in Euros and the exchange rate between the newly adopted currency and the Euro. A collapse of the Euro Zone could be accompanied by the deterioration of the economic and financial situation of the European Union and could have a significant negative effect on the entire financial sector, creating new difficulties in the granting of sovereign loans and loans to businesses and involving considerable changes to financial activities both at market and retail level. Until the terms and timing of the Brexit are clearer, it is not possible to determine the impact that the referendum, the Brexit and/or any related matters may have on the business of the Issuer. As such, no assurance can be given that such matters

would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

Change of law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings assigned to the Rated Notes are based on Italian law, tax and administrative practice in effect at the date hereof, having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the transaction and the treatment of the Notes. The Issuer does not intend to update this Prospectus to reflect any such changes or events.

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.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus and shall be made available by the Issuer as further set out in paragraphs 6 and 8 in the section entitled "General Information":

- the individual financial statements of the Issuer as at 31 December 2017;
- auditors' report on the 2017 financial statements;
- the individual financial statements of the Issuer as at 31 December 2018;
- auditors' report on the 2018 financial statements.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Directive.

Document	**Information contained**	**Page**
Individual financial statements of the Issuer as at 31 December 2017	- Director's Report on Operations	3-10
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This Prospectus and the documents incorporated by reference will be available on the Luxembourg Stock Exchange's web site (www.bourse.lu).

THE PORTFOLIO

Introduction

Pursuant to the Transfer Agreement, the Originator has assigned without recourse (*pro soluto*) to the Issuer, which has purchased, in accordance with articles 1 and 4 of the Securitisation Law, the Portfolio, together with any other rights of the Originator to guarantees or security interests and any related rights that have been granted to the Originator to secure or ensure payment of any of the Receivables.

99.03% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date arises out of loans granted to micro, small and medium size enterprises, whilst 0.97% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date arises out of loans granted to other enterprises (not qualifying as micro, small and medium size enterprises). 100% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date arises out of loans governed by Italian law and classified as at the Valuation Date as performing (*in bonis*) by the Originator. As at the Valuation Date, with reference to each Receivable comprised in the Portfolio, at least one Instalment (including, for the avoidance of doubt, a pre-amortisation instalments whereby the relevant Instalment is made of only an Interest Instalment) has been paid by each Debtor.

2.5% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by banks subsequently merged by incorporation into the Originator. In particular: (i) 0.11% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Toscana S.p.A., merged by incorporation into the Originator with effects on 1 April 2004; (ii) 1.09% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Agricola Mantovana S.p.A., merged by incorporation into the Originator with effects on 1 April 2004; and (iii) 1.27% of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date was originated by Banca Antonveneta S.p.A., merged by incorporation into the Originator with effects on 29 April 2013. According to such mergers and Italian laws, the Originator has succeeded universally (*successione a titolo universale*) in all rights and obligations of the other banks. All the Receivables included in the Portfolio have been (prior to the assignment to the Issuer) and will be (following the assignment to the Issuer, pursuant to the Servicing Agreement) managed through the same servicing IT platform of Banca Monte dei Paschi di S.p.A.

In terms of exposure *vis-à-vis* a single Debtor, the ratio between: (i) the aggregate Outstanding Principal, as at the Valuation Date, of the Receivables comprised in the Portfolio arising from Loans granted to the same Debtor; and (ii) the aggregate Outstanding Principal, as at the Valuation Date, of all Receivables comprised in the Initial Portfolio, does not exceed 0.58 per cent.

All Receivables comprised in the Portfolio, purchased by the Issuer from the Originator, have been selected on the basis of the Criteria listed in annex 1 of the Transfer Agreement (see "*The 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 the Valuation Date, the aggregate of the Outstanding Principal of all Receivables comprised in the Portfolio amounted to Euro 2,258,432,104.35.

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

The Criteria

The Receivables arising out of Loans which, as at the Valuation Date, met the following criteria:

(a) are denominated in Euro or, if denominated in Lire at the relevant date of disbursement, have been re-denominated in Euro;

(b) whose date of disbursement is prior to 31 December 2018 and whose last Principal Instalment expires after 30 April 2019;

(c) have been fully disbursed and in respect of which there are no obligations or possibilities for further disbursements;

(d) have been granted under Loan Agreements pursuant to which the relevant Debtors have made at least one payment of any amount and for any reason prior to the Valuation Date;

(e) shall be repaid by monthly, quarterly or semi-annual instalments;

(f) whose instalments due prior to the Valuation Date have been paid;

(g) whose Debtors, under the relevant Loan Agreements, have been classified as "performing" by Monte dei Paschi di Siena Group as at 31 March 2019;

(h) have been granted to Debtors who qualifies as Italian micro, small and medium-sized enterprises in accordance with Recommendation 2003/361/EC of the European Commission of 6 May 2003, published in the Official Gazette of the European Union n. L 124 of 20 May 2003, or other types of enterprises and companies with registered offices in Italy which, pursuant to the classification criteria adopted by the Bank of Italy in Circular n. 140 of 11 February 1991, as amended on 30 September 2008, belong to the following sub-sectors of business activity (*Sotto-settore/Sottogruppo*): 430 ("*Imprese Private*"/"*Imprese produttive*"), 432 ("*Imprese Private*"/"*Holding operative private*"), 450 ("*Associazioni fra imprese non finanziarie*"/"*Associazioni fra imprese non finanziarie*"), 480 ("*Quasi-Società Non Finanziarie Artigiane*"/"*Unità o società con 20 o più addetti*"), 481 ("*Quasi-Società Non Finanziarie Artigiane*"/"*Unità o società con più di 5 e meno di 20 addetti*"), 482 ("*Quasi- Società Non Finanziarie Artigiane*"/"*Società con meno di 20 addetti*"), 490 ("*Quasi-Società Non Finanziarie Altre*"/"*Unità o società con 20 o più addetti*"), 491 ("*Quasi-Società Non Finanziarie Altre*"/"*Unità o società con più di 5 e meno di 20 addetti*"), 492 ("*Quasi-Società Non Finanziarie Altre*"/"*Società con meno di 20 addetti*"), 614 ("*Famiglie Produttrici*"/"*Artigiani*"), 615 ("*Famiglie Produttrici*"/"*Altre Famiglie Produttrici*"). Under the terms of the relevant Loan Agreements, the receivables entail binding and enforceable obligations with full right of recourse against the Debtors, the relevant Guarantors and/or Mortgagors;

(i) upon application, have been intermediated by branches of Banca Monte dei Paschi di Siena S.p.A., by branches of Banca Agricola Mantovana S.p.A. (merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. pursuant to the deed of merger dated 16 September 2008), by branches of Banca Toscana S.p.A. (merged by incorporation into Banca Monte dei Paschi di Siena S.p.A. pursuant to the deed of merger dated 24 March 2009) and by branches of Banca Antonveneta S.p.A. (merged by incorporation into Banca Monte dei Paschi di Siena S.p.A pursuant to the deed of merger dated 23 April 2013);

(j) whose outstanding aggregate amount due under the relevant Loan Agreement is comprised between Euro 10,000.00 (included) and Euro 20,000,000.00 (excluded);

(k) if bearing a fixed interest rate, whose rate is lower than or equal to 8% per annum;

(l) if bearing a floating interest rate, whose margin (so-called "spread") contractually envisaged for the calculation of interest is lower than or equal to 8%;

(m) shall be repaid in accordance with the so-called "French" amortisation plan method or the so-called "straight-line" amortisation plan method;

with regard only to the portion of the Portfolio consisting of mortgage-backed Loans, the relevant assigned receivables arising out of Loans which, in addition to having the characteristics indicated above, also had the following characteristics as at the Valuation Date (to be considered as cumulative unless provided otherwise):

(n) the registration value of the relevant mortgage is higher than Euro 20,000.00;

(o) the ratio between the registration value of the relevant mortgage and the amount disbursed under the Loan, at the relevant disbursement date, is higher than 1 and lower than 100;

(p) the relevant mortgaged real estate properties located in the territory of the Republic of Italy belong to the following cadastral categories: A1, A2, A3, A4, A5, A6, A7, A8, A9, A10, A11, B1, B2, B3, B4, B5, B6, B7, B8, C1, C2, C3, C4, C5, C6, C7, D1, D2, D3, D4, D5, D6, D7, D8, D9, D10, T;

(q) the ratio between the amount disbursed and the value of the relevant mortgaged real-estate properties, as indicated in the relevant expert report (so-called "original LTV"), is between 1% and 120%;

however, the receivables arising out of Loans which, as at the Valuation Date, despite having the characteristics indicated above, also have one or more of the following characteristics at the same date (unless provided otherwise), are excluded from the Portfolio:

(r) have been subject to any form of forbearance (*concessione*) granted to debtors in financial distress after 12 April 2018 or, if granted during the period between 12 April 2016 and 11 April 2018, have recorded new arrears from the date of the relevant concession;

(s) whose Debtors are connected, by the Monte dei Paschi di Siena Group's internal analysis systems, with a credit rating (so-called "probability of default") equal to or higher than 9.95%;

(t) partial prepayments of instalments not yet due under the relevant Loan Agreements have been made;

(u) (i) arise out of Loan Agreements in which it has been agreed with the relevant Debtor that the receivables arising out thereto are not transferable without the Debtor's consent, or (ii) are secured by guarantees provided by third parties, public entities or otherwise, which are not automatically transferred to the purchaser of the secured receivables as connected rights thereto and, therefore, require the express consent of the relevant guarantor to be transferred with the secured receivables, or (iii) have been granted with funds made available, even partially, by public entities;

(v) arise out of Loan Agreements which, at the time of the disbursement, provided for financial contributions or subsidies aimed at facilitating the payment duties of the relevant Debtor with respect to any of principal or interest portions thereunder (so-called "facilitated loans");

(w) have been granted to Debtors which are beneficiating of any suspension of the payment duties or, in case had beneficiated of a suspension of the payment duties in past, they have still to repay at least two instalments following to the relevant suspension period;

(x) have been subject to renegotiations pursuant to (i) Legislative Decree n. 93 of 27 May 2008 (so-called "*Tremonti Decree*"), converted into Law n. 126 of 24 July 2008, or (ii) the agreement entered into by the Ministry of Economy and Finance with ABI on 19 June 2008;

(y) have been granted to current or retired employees (including also loans granted to two or more natural persons, one of whom, at the date of the transfer, was a current or retired employee) of the banking group headed by Banca Monte dei Paschi di Siena S.p.A., or to companies controlled, directly or indirectly, or subject to joint control, by Banca Monte dei Paschi di Siena S.p.A.;

(z) whose receivables, in the past, have been transferred to securitisation vehicles in the context of securitisation transactions or to companies referred to in article 7-*bis* of the Securitisation Law, as amended, in the context of transactions aimed at the issue of banking covered bonds, in respect of which a notice of transfer has been published in the Official Gazette of the Republic of Italy, except for those which meet all the other criteria for the inclusion or the exclusion set out herein and which were originally transferred to Siena PMI 2015 S.r.l. and successively repurchased by Banca Monte dei Paschi di Siena S.p.A. in accordance with the notice of transfer published in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 8 of 19 January 2019;

(aa) are secured by assignment of receivables *vis-à-vis* Gestore dei Servizi Energetici - GSE S.p.A.

(bb) are currently held with ABACO;

(cc) are syndicated loans, that it means loans granted by Banca Monte dei Paschi di Siena S.p.A. together with other lenders pursuant to a single loan agreement;

(dd) are loans (so-called "*modulari*") that provide for an initial period of time to which a fixed interest rate is applicable, after which the relevant Debtor, on contractually established dates, has the option to decide whether the following interest period will bear a fixed interest rate or a floating interest rate.

In order to assess the compliance of the relevant Loan Agreement with the criteria set out above and, therefore, to verify whether or not the receivables arising from the relevant Loan Agreement have been transferred, each Debtor may refer to its branch of reference.

Characteristics of the Portfolio

The Receivables included in the Portfolio 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 Debtors.

The Loans 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 Receivables by the Issuer. The information in the following tables reflects the position of the Portfolio as at the Valuation Date with respect to the Principal Instalments due on any subsequent Scheduled Instalment Date.

Summary

Outstanding Principal Amount (€)		2,258,432,104.35
Number of Loans		21,595
Largest Current Loan Amount (€)		13,136,454.25
Average Current Loan Amount (€)		104,581.25
Total Original Loan Amount (€)		3,270,810,447.14
Largest Original Loan Amount (€)		15,000,000.00
Smallest Original Loan Amount (€)		10,000.00
Average Original Principal Amount (€)		151,461.47
No, of Borrower		19,524
Average Current Exposure to a Borrower (€)		115,674.66
Top Borrower	0.58%	13,136,454.25
Top 5 Borrowers	2.23%	50,469,787.59
Top 25 Borrowers	7.17%	162,035,607.85
Top 50 Borrowers	11.44%	258,316,618.33
Medium sized companies%		38.49%
Small companies %		49.31%
Micro companies %		0.87%
Name 1st largest industry		MANUFACTURING
Size% 1st largest industry		23.47%
Weighted Average Current Interest Rate		2.153%
Floating Rate Loans		16,141
Fixed Rate Mortgage Loans		5,454
Monthly paying contracts%		69.50%
Quaterly paying contracts%		13.53%
Semiannually paying contracts %		16.98%
Weighted Average Seasoning (months)		24.82
Weighted Average Residual term (years)		6.59
Direct Debit		95.36%
Secured Loans		32.26%
Original LTV		57.38%
Current LTV		46.95%
Name 1st largest region	25.31%	Tuscany
Name 2st largest region	16.53%	Veneto
Name 3st largest region	14.64%	Lombardy

Stratification Tables

TYPE OF LOAN	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Secured	2,867	13.28%	728,473,382.45	32.26%	254,089.08
Unsecured	18,728	86.72%	1,529,958,721.90	67.74%	81,693.65
	21,595		2,258,432,104.35		104,581.25

	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
BMPS	21,291	98.59%	2,202,517,714.07	97.52%	103,448.30
ex Banca Toscana	21	0.10%	2,455,052.66	0.11%	116,907.27
ex Banca Agricola Mantovana	101	0.47%	24,720,944.51	1.09%	244,761.83
ex Banca Antonveneta	182	0.84%	28,738,393.11	1.27%	157,903.26
	21,595		2,258,432,104.35		104,581.25

AMORTISATION	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Linear	3,788	17.54%	750,215,494.52	33.22%	198,050.55
French	17,807	82.46%	1,508,216,609.83	66.78%	84,697.96
	21,595		2,258,432,104.35		104,581.25

ORIGINAL LOAN AMOUNT	# LOANS	% LOANS	ORIGINAL	% ORIGINAL	Average ORIGINAL
0 – 100,000.00	15,132	70.07%	725,056,665.92	22.17%	47,915.46
100,001.00 – 200,000.00	3,276	15.17%	509,892,366.11	15.59%	155,644.80
200,001.00 – 300,000.00	1,302	6.03%	348,637,415.46	10.66%	267,770.67
300,001.00 – 400,000.00	505	2.34%	186,346,580.96	5.70%	369,003.13
400,001.00 – 500,000.00	531	2.46%	259,360,683.67	7.93%	488,438.20
500,001.00 – 600,000.00	161	0.75%	93,172,041.09	2.85%	578,708.33
600,001.00 – 700,000.00	95	0.44%	64,280,151.70	1.97%	676,633.18
700,001.00 – 800,000.00	85	0.39%	65,847,267.45	2.01%	774,673.73
800,001.00 – 900,000.00	39	0.18%	33,854,129.60	1.04%	868,054.61
900,001.00 – 1,000,000.00	126	0.58%	125,654,264.17	3.84%	997,256.06
>1,000,001.00	343	1.59%	858,708,881.01	26.25%	2,503,524.43
	21,595		3,270,810,447.14		151,461.47

CURRENT LOAN AMOUNT	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
0 – 100,000.00	16,731	77.48%	602,065,027.88	26.66%	35,985.00
100,001.00 – 200,000.00	2,701	12.51%	382,765,415.85	16.95%	141,712.48
200,001.00 – 300,000.00	888	4.11%	217,870,740.62	9.65%	245,349.93
300,001.00 – 400,000.00	405	1.88%	142,195,555.07	6.30%	351,100.14
400,001.00 – 500,000.00	287	1.33%	131,355,943.87	5.82%	457,686.22
500,001.00 – 600,000.00	122	0.56%	67,179,127.49	2.97%	550,648.59
600,001.00 – 700,000.00	68	0.31%	45,100,318.48	2.00%	663,239.98
700,001.00 – 800,000.00	60	0.28%	45,495,787.54	2.01%	758,263.13
800,001.00 – 900,000.00	53	0.25%	45,457,244.50	2.01%	857,683.86
900,001.00 – 1,000,000.00	44	0.20%	42,201,564.77	1.87%	959,126.47
>1,000,001.00	236	1.09%	536,745,378.28	23.77%	2,274,344.82
	21,595		2,258,432,104.35		104,581.25

ORIGINATION DATE	# LOANS	% LOANS	CURRENT	% CURRENT	WA Seasoning
Before =2010	503	2.33%	111,697,497.28	4.95%	126.60
2011	172	0.80%	44,198,794.84	1.96%	93.68
2012	94	0.44%	15,716,948.95	0.70%	80.44
2013	256	1.19%	35,317,059.18	1.56%	67.61
2014	573	2.65%	49,632,605.11	2.20%	56.35
2015	1,143	5.29%	77,920,427.68	3.45%	46.28
2016	2,379	11.02%	166,411,447.09	7.37%	32.05
2017	6,792	31.45%	515,012,316.21	22.80%	20.47
2018	9,683	44.84%	1,242,525,008.01	55.02%	9.53
	21,595		2,258,432,104.35		24.82

MATURITY DATE	# LOANS	% LOANS	CURRENT	% CURRENT	WARemainingTerm
2019	767	3.55%	32,904,899.71	1.46%	0.55
2020 - 2022	12,283	56.88%	848,842,104.69	37.59%	2.54
2023 - 2027	6,013	27.84%	747,147,160.41	33.08%	5.17
2028 - 2032	1,311	6.07%	347,706,703.43	15.40%	10.45
2033 - 2037	561	2.60%	172,052,232.30	7.62%	15.04
2038 - 2042	201	0.93%	49,177,775.07	2.18%	20.14
2043 - 2047	300	1.39%	39,234,455.84	1.74%	25.63
2048- 2054	159	0.74%	21,366,772.90	0.95%	29.66
	21,595		2,258,432,104.35		6.59

FREQUENCY	# LOANS	% LOANS	CURRENT	% CURRENT	WARemainingTerm
Monthly	15,008	69.50%	971,836,925.81	43.03%	7.05
Quarterly	2,921	13.53%	343,254,239.35	15.20%	3.40
Semiannually	3,666	16.98%	943,340,939.19	41.77%	7.29
	21,595		2,258,432,104.35		6.59

PAYMENT METHOD	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Cash	431	2.00%	87,128,718.85	3.86%	202,154.80
Direct Debit	20,997	97.23%	2,153,742,977.18	95.36%	102,573.84
MAV bulletin	26	0.12%	6,480,812.68	0.29%	249,262.03
Standing Order	141	0.65%	11,079,595.64	0.49%	78,578.69
	21,595		2,258,432,104.35		104,581.25

REGION	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
ABRUZZI	452	2.09%	32,721,212.28	1.45%	72,392.06
BASILICATA	71	0.33%	16,145,364.44	0.71%	227,399.50
CALABRIA	553	2.56%	32,521,306.93	1.44%	58,808.87
CAMPANIA	929	4.30%	105,062,173.53	4.65%	113,091.68
EMILIA-ROMAGNA	1355	6.27%	183,844,935.86	8.14%	135,678.92
FRIULI-VENEZIA-GIULIA	523	2.42%	41,725,401.88	1.85%	79,780.88
LAZIO	1,429	6.62%	171,583,233.82	7.60%	120,072.24
LIGURIA	211	0.98%	14,447,644.19	0.64%	68,472.25
LOMBARDIA	2,719	12.59%	330,577,706.73	14.64%	121,580.62
MARCHE	633	2.93%	75,454,767.43	3.34%	119,201.84
MOLISE	105	0.49%	5,418,998.73	0.24%	51,609.51
PIEMONTE	337	1.56%	36,097,540.95	1.60%	107,114.36
PUGLIE	1,081	5.01%	118,141,355.77	5.23%	109,288.95
SARDEGNA	237	1.10%	31,770,684.18	1.41%	134,053.52
SICILIA	967	4.48%	64,667,824.45	2.86%	66,874.69
TOSCANA	5,703	26.41%	571,613,240.55	23.31%	100,230.27
TRENTINO-ALTO-ADIGE	39	0.18%	6,720,154.40	0.30%	172,311.65
UMBRIA	482	2.23%	44,599,280.76	1.97%	92,529.63
VAL D'AOSTA	44	0.20%	2,036,940.26	0.09%	46,294.10
VENETO	3,725	17.25%	373,282,337.21	16.53%	100,210.02
	21,595		2,258,432,104.35		104,581.25

GEOGRAPHICAL DISTRIBUTION	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
North	8,953	41.46%	988,732,661.48	43.78%	110,435.91
Center	8,247	38.19%	863,250,522.56	38.22%	104,674.49
South* and Islands	4,395	20.35%	406,448,920.31	18.00%	92,479.85
	21,595		2,258,432,104.35		104,581.25

*The South regions are Abruzzo, Basilicata, Calabria, Campania, Molise e Puglia

CURRENT INTEREST RATE	# LOANS	% LOANS	CURRENT	% CURRENT	WA RATE
Up to 4	16,700	77.33%	2,038,788,520.75	90.27%	1.851%
4 - 5	2,905	13.45%	147,225,370.81	6.52%	4.513%
5 - 6	1,279	5.92%	48,287,005.63	2.14%	5.473%
6 - 7	563	2.61%	19,206,175.42	0.85%	6.429%
over 7	148	0.69%	4,925,031.74	0.22%	7.421%
	21,595		2,258,432,104.35		2.153%

INTEREST RATE TYPE	# LOANS	% LOANS	CURRENT	% CURRENT	WA RATE
FIX	5,454	25.26%	373,068,641.69	16.52%	2.828%
FLOATING	16,141	74.74%	1,885,363,462.66	83.48%	2.020%
	21,595		2,258,432,104.35		2.153%

Margin over Euribor	# LOANS	% LOANS	CURRENT	% CURRENT	WA MARGIN
Up to 4	12,990	80.48%	1,742,023,923.15	92.40%	1.836%
4 - 5	1.930	11.96%	96,458,474.51	5.12%	4.615%
5 - 6	811	5.02%	32,803,032.89	1.74%	5.562%
6 - 7	333	2.06%	11,746,587.37	0.62%	6.564%
over 7	77	0.48%	2,331,444.74	0.12%	7.618%
	16,141		1,885,363,462.66		2.079%

Current Interest Rate Index	# LOANS	% LOANS	CURRENT	% CURRENT	WA RATE
1mEuribor	672	3.11%	58,863,406.19	2.61%	3.041%
3mEuribor	411	1.90%	62,059,181.43	2.75%	1.689%
6mEuribor	15,055	69.72%	1,763,946,465.50	78.10%	1.997%
OTHER	3	0.01%	494,409.54	0.02%	1.965%
Fix	5,454	25.26%	373,068,641.69	16.52%	2.828%
	21,595		2,258,432,104.35		2.153%

Original LTV	#LOANS	% LOANS	CURRENT	% CURRENT	WA LTV or
0 -20%	208	7.25%	42,534,779.05	5.84%	13.67%
20%-30%	218	7.60%	43,722,206.07	6.00%	25.33%
30%-40%	235	8.20%	56,286,182.25	7.73%	35.01%
40%-50%	444	15.49%	127,388,968.93	17.49%	46.62%
50%-60%	480	16.74%	119,045,376.30	16.34%	55.73%
60%-70%	498	17.37%	121,789,873.65	16.72%	65.57%
70%-80%	601	20.96%	166,542,160.88	22.86%	76.20%
80%-100%	135	4.71%	37,814,499.23	5.19%	90.05%
100%-120%	48	1.67%	13,349,336.09	1.83%	111.26%
	2,867		728,473,382.45		57.38%

Current LTV	# LOANS	% LOANS	CURRENT	% CURRENT	WA LTV attuale
0 -20%	542	18.90%	91,155,688.32	12.51%	12.80%
20%-30%	314	10.95%	70,976,575.73	9.74%	25.30%
30%-40%	329	11.48%	75,137,187.61	10.31%	35.52%
40%-50%	548	19.11%	167,456,591.02	22.99%	46.09%
50%-60%	527	18.38%	130,844,870.70	17.96%	55.32%
60%-70%	327	11.41%	99,645,660.94	13.68%	65.19%
70%-80%	233	8.13%	84,497,644.31	11.60%	74.63%
>80%	47	1.64%	8,759,163.82	1.20%	92.30%
	2,867		728,473,382.45		46.95%

SAE	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
430	9,773	45.26%	1,532,011,088.74	67.84%	156,759.55
432	50	0.23%	24,447,265.86	1.08%	488,945.32
450	17	0.08%	610,213.76	0.03%	35,894.93
480	39	0.18%	3,216,085.97	0.14%	82,463.74
481	118	0.55%	7,539,756.47	0.33%	63,896.24
482	1,760	8.15%	75,420,884.62	3.34%	42,852.78
490	108	0.50%	25,492,626.85	1.13%	236,042.84
491	180	0.83%	24,811,920.56	1.10%	137,844.00
492	2,599	12.04%	171,339,345.89	7.59%	65,925.10
614	1,853	8.58%	66,662,826.90	2.95%	35,975.62
615	5,098	23.61%	326,880,088.73	14.47%	64,119.28
	21,595		2,258,432,104.35		104,581.25

Customer Segment* (size)	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Medium	3,502	16.22%	869,242,655.54	38.49%	248,213.21
Small	17,611	81.55%	1,113,623,928.31	49.31%	63,234.57
Micro	272	1.26%	19,589,574.06	0.87%	72,020.49
Other	210	0.97%	255,975,946.44	11.33%	1,218,933.08
	21,595		2,258,432,104.35		104,581.25

*Indicate the borrower segment under the EC definition (Recommendation 2003/361/EC)

Rating Interno	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
0.03%	54	0.25%	16,288,782.85	0.72%	301,644.13
0.05%	141	0.65%	23,395,979.57	1.04%	165,928.93
0.09%	291	1.35%	34,485,556.27	1.53%	118,507.07
0.13%	585	2.71%	70,391,311.92	3.12%	120,327.03
0.20%	874	4.05%	104,216,793.56	4.61%	119,241.18
0.30%	1,491	6.90%	231,378,028.90	10.25%	155,183.12
0.46%	1,786	8.27%	221,038,734.18	9.79%	123,761.89
0.69%	2,371	10.98%	261,693,227.00	11.59%	110,372.51
1.05%	3,227	14.94%	335,746,258.98	14.87%	104,042.84
1.59%	3,335	15.44%	317,570,441.44	14.06%	95,223.52
2.42%	3,235	14.98%	281,304,455.63	12.46%	86,956.56
3.99%	2,318	10.73%	184,208,490.44	8.16%	79,468.72
6.31%	1,771	8.20%	160,109,600.42	7.09%	90,406.32
ND	116	0.54%	16,604,443.19	0.74%	143,141.75
	21,595		2,258,432,104.35		104,581.25

NACE CODE	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Agriculture. Forestry and fishing	1,855	8.59%	250,096,317.66	11.07%	134,822.81
Mining and quarrying	37	0.17%	5,697,844.78	0.25%	153,995.80
Manufacturing	3,876	17.95%	530,109,400.06	23.47%	136,767.13
Electricity gas steam/air conditioning supply	53	0.25%	16,123,848.87	0.71%	304,223.56
Water supply sewerage waste management and remediation activities	129	0.60%	17,867,114.99	0.79%	138,504.77
Construction	2,298	10.64%	205,661,765.61	9.11%	89,495.98
Wholesale and retail trade, repair of motor vehicles and motorcycles	5,547	25.69%	440,319,413.83	19.50%	79,379.74
Transportation and storage	931	4.31%	79,188,521.13	3.51%	85,057.49
Accommodation and food service activities	2,156	9.98%	157,804,561.79	6.99%	73,193.21
Information and communication	379	1.76%	39,084,999.12	1.73%	103,126.65
Financial and insurance activities	102	0.47%	7,122,820.26	0.32%	69,831.57
Real estate activities	1,290	5.97%	280,024,696.13	12.40%	217,073.41
Professional. Scientific and technical activities	979	4.53%	91,588,575.07	4.06%	93,553.19
Administrative and support service activities	568	2.63%	44,283,622.92	1.96%	77,964.12
Public administration and defence, compulsory social security	2	0.01%	2,032,379.85	0.09%	1,016,189.92
Education	65	0.30%	3,716,960.34	0.16%	57,184.01
Human health and social work activities	390	1.81%	31,852,450.92	1.41%	81,672.95
Arts. Entertainment and recreation	294	1.36%	26,994,838.73	1.20%	91,819.18
Other service activities	642	2.97%	28,330,840.28	1.25%	44,129.03
Activities of households as employers, undifferentiated goods/services-producing activities of households for own use	2	0.01%	531,132.01	0.02%	265,566.01
	21,595		2,258,432,104.35		104,581.25

DBRS equivalent	# LOANS	% LOANS	CURRENT	% CURRENT	Average CURRENT
Aerospace & Defence	2	0.01%	201,466.59	0.01%	100,733.30
Automotive	853	3.95%	73,920,684.42	3.27%	86,659.65
Beverage & Tobacco	310	1.44%	36,598,975.31	1.62%	118,061.21
Brokers. Dealers & Investment houses	31	0.14%	1,786,025.01	0.08%	57,613.71
Building & Development	4,454	20.63%	564,937,892.17	25.01%	126,838.32
Business equipment & services	1,869	8.65%	160,022,281.87	7.09%	85,619.20
Cable & satellite television	4	0.02%	554,115.21	0.02%	138,528.80
Chemicals & plastics	262	1.21%	60,056,532.45	2.66%	229,223.41
Clothing/textiles	861	3.99%	110,629,851.09	4.90%	128,489.95
Conglomerates	3	0.01%	2,503,317.82	0.11%	834,439.27
Containers & glass products	99	0.46%	11,704,593.30	0.52%	118,228.22
Cosmetics/toiletries	44	0.20%	4,142,190.38	0.18%	94,140.69
Drugs	65	0.30%	11,659,384.86	0.52%	179,375.15
Ecological services & equipment	168	0.78%	27,000,838.00	1.20%	160,719.27
Electronics/electrical	211	0.98%	32,923,724.51	1.46%	156,036.61
Equipment leasing	115	0.53%	10,529,346.11	0.47%	91,559.53
Farming/agriculture	1,963	9.09%	262,228,999.16	11.61%	133,585.84
Financial intermediaries	8	0.04%	840,172.09	0.04%	105,021.51
Food products	1,090	5.05%	132,376,395.10	5.86%	121,446.23
Food service	1,645	7.62%	84,419,831.92	3.74%	51,319.05
Food/drug retailers	439	2.03%	29,747,048.21	1.32%	67,760.93
Forest products	109	0.50%	10,816,448.33	0.48%	99,233.47
Health care	488	2.26%	52,442,682.54	2.32%	107,464.51
Home furnishings	368	1.70%	29,799,028.98	1.32%	80,975.62
Industrial equipment	292	1.35%	53,068,081.54	2.35%	181,740.01
Insurance	60	0.28%	1,993,305.34	0.09%	33,221.76
Leisure goods/activities/movies	870	4.03%	53,690,358.14	2.38%	61,713.06
Lodging & casinos	562	2.60%	79,372,419.98	3.51%	141,232.06
Miscs	99	0.46%	7,187,138.70	0.32%	72,597.36
Nonferrous metals/minerals	517	2.39%	54,039,383.83	2.39%	104,524.92
Oil & gas	55	0.25%	8,927,729.93	0.40%	162,322.36
Publishing	128	0.59%	8,516,821.86	0.38%	66,537.67
Radio & Television	41	0.19%	6,603,477.63	0.29%	161,060.43
Rail Industries	11	0.05%	1,548,378.47	0.07%	140,761.68
Retailers (except food & drug)	2,239	10.37%	140,924,820.12	6.24%	62,940.96
Sovereign	2	0.01%	2,032,379.85	0.09%	1,016,189.93
Steel	185	0.86%	20,751,885.22	0.92%	112,172.35
Surface transport	954	4.42%	81,026,357.51	3.59%	84,933.29
Telecommunications	35	0.16%	8,076,258.44	0.36%	230,750.24
Utilities	83	0.38%	18,381,482.36	0.81%	221,463.64
Air transport	1	0.00%	450,000.00	0.02%	450,000.00
	21,595		2,258,432,104.35		104,581.25

No active portfolio management on a discretionary basis

Only the Receivables resulting from the Loans which satisfy the Criteria have been purchased by the Issuer.

A retransfer of the Receivables included in the Portfolio by the Issuer shall only occur:

(a) on any Payment Date falling on or after the Clean Up Option Date, following the exercise of the option granted, pursuant to article 1331 of the Italian civil code, by the Issuer to the Originator under the Transfer Agreement to repurchase *pro soluto* (in whole but not in part) the outstanding Receivables in accordance with article 58 of the Consolidated Banking Act. The repurchase price of the residual Portfolio upon exercise of the clean-up option by the Originator shall cause the full redemption of the then outstanding Notes (unless the Noteholders expressly agree otherwise) and therefore may only occur without any prejudice to the interests of the Noteholders (see section headed "*Description of the Transaction Documents – The Transfer Agreement*");

(b) following the exercise of the option granted, pursuant to article 1331 of the Italian civil code, by the Issuer to the Originator under the Transfer Agreement to repurchase *pro soluto* individual Receivables not classified as Defaulted 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 residual Portfolio as described under letter (a) above, within the limit of (i) until the Final Maturity Date, 25% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (ii) in respect of each year, 5% of the Outstanding Principal of the Portfolio as of the Valuation Date. The repurchase price of the Receivables shall be determined in accordance with the provisions of the Transfer Agreement which ensure that the exercise of the option right may only occur without any prejudice to the interests of the Noteholders (see section headed "*Description of the Transaction Documents – The Transfer Agreement*"). In addition, the Originator has clarified under the Intercreditor Agreement that the option right referred to under this letter (b), will be exercised in exceptional circumstances (e.g. (i) Receivables that are subject to regulatory dispute or investigation in order to facilitate the resolution of the dispute or the end of the investigation, (ii) for the purpose of safeguarding business relationships and ensuring equal treatment of both securitised and non-securitised customers) and not for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit;

(c) following the exercise of the option granted, pursuant to article 1331 of the Italian civil code, by the Issuer to the Originator under the Transfer Agreement to repurchase *pro soluto* individual Defaulted Receivables. This option right may be exercised by the Originator, without prejudice to the right to repurchase the entire residual Portfolio as described under letter (a) above, within the limit of (i) until the Final Maturity Date, 3% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (ii) in respect of each year, 0.75% of the Outstanding Principal of the Portfolio as of the Valuation Date. The repurchase price of the Defaulted Receivables shall be determined in accordance with the provisions of the Transfer Agreement which ensure that the exercise of the option right may only occur without any prejudice to the interests of the Noteholders (see section headed "*Description of the Transaction Documents – The Transfer Agreement*");

(d) in case of assignment of the Defaulted Receivables by the Issuer (or the Servicer, in the name and on behalf of the Issuer) to third parties in accordance with the provisions of the Servicing Agreement (see section headed "*Description of the Transaction Documents – The Servicing Agreement*"); and

(e) upon optional redemption pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption in whole for taxation reasons*) and 8.12 (*Early Redemption through the disposal of the Portfolio following full redemption of the Rated Notes*), but in any case without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

No reliance shall be put by any Noteholder on if, when and how any of the retransfer measures disclosed under letters from (a) to (e) above will affect the Securitisation.

Based on the Issuer's understanding of the *ratio* of article 20(7) of the Securitisation Regulation and the STS Guidelines Non-ABCP Securitisations, the Issuer is of the view that the Transaction Documents do not provide for (i) a portfolio management which makes the performance of the Securitisation dependent both on the performance of the Receivables and on the performance of the portfolio management of the Securitisation, thereby preventing any investor in the Notes from modelling the credit risk of the Receivables without considering the portfolio management strategy of the Servicer or the Originator; or (ii) a portfolio management which is performed for speculative purposes aiming to achieve better performance, increased yield, overall financial returns or other purely financial or economic benefit.

Pool Audit

An external verification has been made in respect of the Portfolio prior to the Issue Date by an appropriate and independent party (independent from both the Originator and the Issuer), *inter alia*, on the following issues: (i) compliance of the Receivables with the Criteria, and (ii) accuracy of the information included in the section headed "*The Portfolio – Characteristics of the Portfolio – Stratification Tables*" above. No significant adverse findings have been found in the context of such verification activity.

THE ORIGINATOR, THE SERVICER, THE SUBORDINATED LOAN PROVIDER AND THE CASH MANAGER

1. GENERAL

Banca Monte dei Paschi di Siena S.p.A. ("**BMPS**" or the "**Bank**") was incorporated on 14 August 1995 as a joint stock company (*società per azioni*) under Italian legislation. On 23 August 1995 BMPS was registered with the Bank of Italy's Register (No. 5274) and with the Companies Register of Arezzo-Siena (No. 00884060526). BMPS has its registered office in Piazza Salimbeni 3, 53100, Siena, Italy (telephone number: +39 0577 294 111). BMPS' duration is currently limited to 31 December 2100 tough this may be extended by shareholders' resolution.

BMPS's corporate purpose, as set out under article 3 of its by-laws, is as follows: "*The purpose of BMPS is to collect and maintain savings and issue loans and credit, in various forms in Italy and abroad, including any related activity permitted to lending institutions by current regulations. BMPS can carry out, in accordance with the laws and regulations in force, all permitted banking and financial activities and any other transaction which is instrumental, or in any case linked, to the achievement of the company's purpose.*"

BMPS is the parent company of an Italian banking group operating throughout Italy and in major international financial centres. The Monte dei Paschi Group (the "**Group**") offers a wide range of financial services and products to private individuals and corporations. The products and services include ordinary and specialised deposit-taking and lending, including leasing and factoring; payment services (home banking, cash management, credit or debit cards and treasury services for public entities); asset management (through joint venture), brokerage services and corporate finance (project finance, merchant banking, financial consulting).

Pursuant to article 2497 and subsequent articles of the Italian Civil Code, the role of the parent company is carried out by BMPS which directs and coordinates the activities of its direct and indirect subsidiaries, including companies that, under current regulations, do not belong to the Group. Founded in 1472 as a public pawn broking establishment (Monte di Pietà), BMPS has been a member of FTSE MIB40 since September 1999 with a share capital of Euro 10,328,618,260.14 as at the date of this Prospectus.

Main Shareholders as at the date of this Prospectus

Shareholders	*% share capital on overall share capital*
Italian Ministry of Economy and Finance	68.247%
Assicurazioni Generali S.p.A. *(indirectly through subsidiaries)*	4.319%
Banca Monte dei Paschi di Siena S.p.A.	3.181%

As at the date of this Prospectus, pursuant to article 93 of the Consolidated Finance Act the Bank is controlled by the Italian Ministry of Economy and Finance ("MEF"), following the subscription of the share capital increase reserved to the MEF pursuant to the Decree of 23 December 2016, No. 237 and its related ministerial Decree adopted on 27 July 2017.

2. HISTORY

BMPS, which is believed to be the oldest bank in the world, has been in continuous operation since 1472, when the General Council of the Republic of Siena approved its original charter. The Bank, then known as "Monte

di Pietà", was originally established by the Republic of Siena for the purpose of providing a controlled source of lending for the local community and to fight usury. In 1624, the Bank changed its name to "Monte dei Paschi di Siena" after the Paschi, the grazing fields owned by the Grand Duchy of Tuscany, which generated income that was pledged to support the Bank's capital. Following the unification of Italy, the Bank extended its activities beyond the immediate outskirts of Siena. However, significant expansion of the Bank's activities occurred only after World War I, both geographically (with the opening of approximately 100 additional branches) and in terms of activities undertaken (with the commencement of various tax collection activities on behalf of national and regional governments). In 1936, the Bank was declared a public credit institution (*istituto di credito di diritto pubblico*) organised under a new charter, which, although modified during this period, remained in force until 1995.

Major Events

Following the listing of the shares of the Bank, there has been an intense phase of territorial and organisational expansion and the main events are the following:

- acquisition of equity interests in some regional banks having strong roots in the territory, among which Banca 121 S.p.A. (formerly Banca del Salento S.p.A.) and Banca Agricola Mantovana S.p.A., subsequently merged by incorporation into BMPS, effective as of 21 September 2008;
- enhancement of the operational structures in strategic market sectors, through the development of product companies (Consum.it S.p.A., MPS Leasing & Factoring S.p.A., MPS Capital Services Banca per le Imprese S.p.A. ("**MPSCS**"), MPS Asset Management S.p.A. and MPS Banca Personale S.p.A.);
- development of business productivity, with the goal of improving the level of assistance and consultancy to savers and enterprises, through service models specialised by customer segment;
- consolidation of the business in some strategic markets, such as private banking and pension saving;
- implementation of a wide plan for the opening of new branches of the Group;
- strengthening the bancassurance and supplementary pension sectors through a strategic alliance entered into with the group led by AXA S.A.; and
- acquisition of 59 per cent. stake in Biverbanca S.p.A. from Intesa Sanpaolo S.p.A.

On 14 June 2003 the Bank resolved the reduction, as at such date, in Foundation's stake from 58.575 per cent. to 49 per cent. of BMPS ordinary capital, in accordance with the provisions of Legislative Decree No. 153 of 17 May 1999.

In the following years, the Bank has carried out a number of transactions aiming at (i) evolving the Group's organisational and distributional structure, (ii) enhancing the new production structure, (iii) specializing the product/service offer to customers, (iv) improving the operational efficiency, and (v) optimizing the capital.

On 30 May 2008, the Bank completed the acquisition of Banca Antonveneta from Banco Santander S.A. The acquisition of Banca Antonveneta was funded by way of:

- equity instruments (two capital increases, one of which offered in subscription to J.P. Morgan Securities Ltd, subsequently renamed J.P. Morgan Securities plc) ("**J.P. Morgan**");
- debt instruments (a public offer of the subordinated notes named "Banca Monte dei Paschi di Siena S.p.A. Tasso Variabile Subordinato Upper Tier II 2008-2018"); and

- a bridge loan entered into with a pool of banks which was redeemed in 2009 through the assignment of non-strategic assets.

At the same time, a business unit inclusive of, *inter alia*, more than 400 branches, was assigned to a newly established company named "Banca Antonveneta S.p.A." ("**New Banca Antonveneta**"), fully controlled by BMPS.

Restructuring Plan 2017-2021

On 26 June 2017, pending the execution of the actions for the Precautionary Recapitalisation and the Capital Enhancement, BMPS' board of directors approved the new economic, capital and financial targets for the Group, referring to the period 2017-2021 (the "**Restructuring Plan 2017-2021**") and designed in the context of the procedure relating to the Precautionary Recapitalisation

The assumptions for the Precautionary Recapitalisation and the Capital Enhancement, together with the relevant implementing measures, were set out in the Restructuring Plan 2017-2021. The Restructuring Plan 2017-2021 was notified to the European Commission, which in July 2017 issued a positive decision on the compatibility of the intervention with the EU legislative framework on State aid, applicable to the recapitalisation measures of banks in the context of the financial crisis.

The Restructuring Plan 2017-2021 contains a set of forecasts and estimates based on the realisation of future events and actions to be undertaken, by directors and the management, inclusive of hypothetical assumptions subject to the risks and uncertainties which characterise, inter alia, the current macroeconomic scenario and the evolution of the legislative framework, relating to future events and actions which will not necessarily occur, on which directors and the management have no or only partial control, relating to the performance of the main capital and economic figures or of other factors affecting the evolution thereof (the so-called hypothetic assumptions).

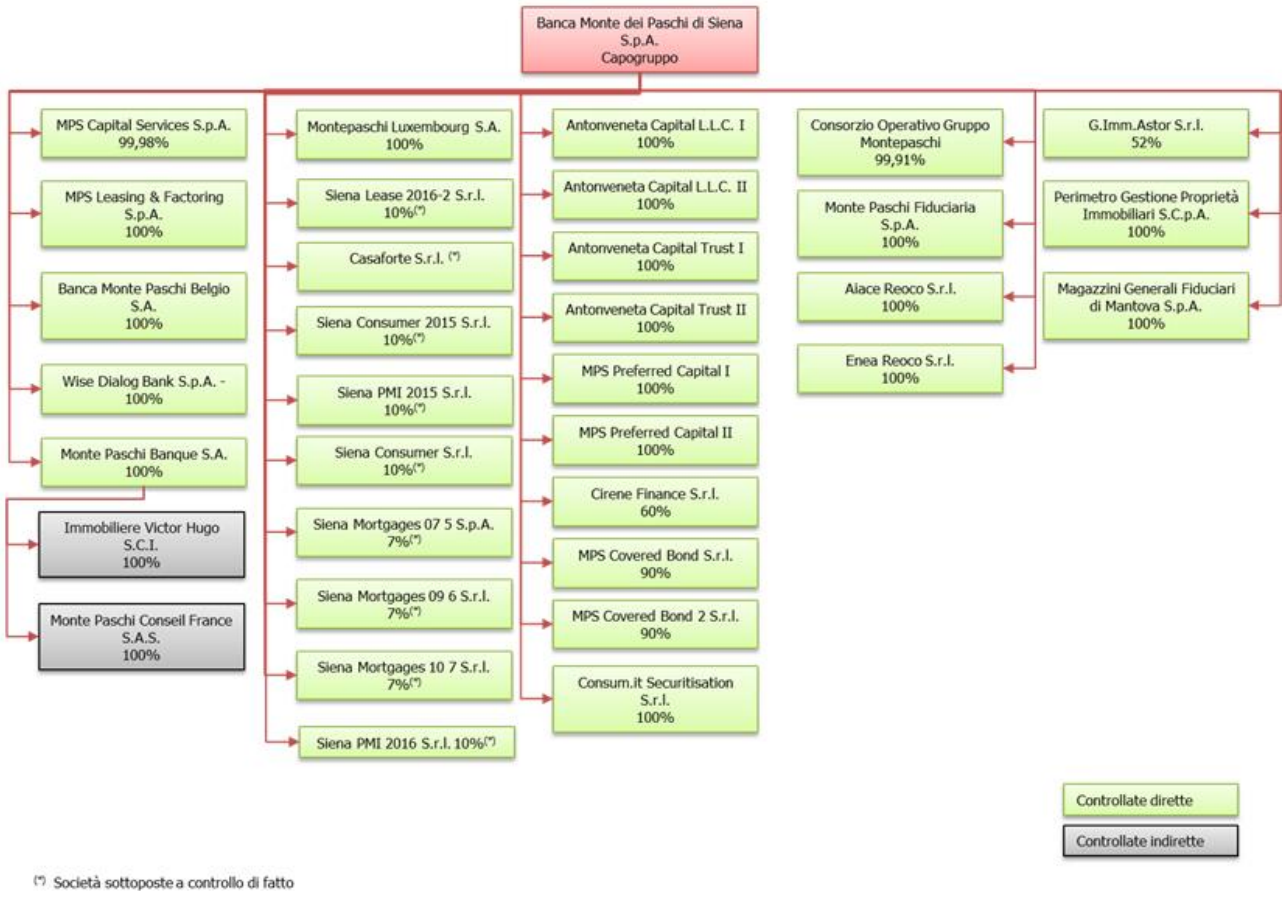
Due to the uncertainty associated with the realisation of any future event, both in relation to the occurrence of such event and to the size and timing of its occurrence, deviation from final and preliminary values may be significant, even if the events envisaged in the hypothetical scenario would occur.

The Restructuring Plan 2017-2021 is consistent with the commitments given to the European Commission's Directorate General Competition (the "**DG Comp**"), provided for by the EU regime, and concerning various plan aspects, among which, in addition to the actions already completed (e.g. the Burden Sharing): (i) cost reduction measures and restrictions in the matter of advertising and business policy; (ii) assignment of certain assets (in particular, Banca Monte dei Paschi Belgio S.A. and Monte Paschi Banque S.A.); (iii) adoption of risk containment measures; (iv) prohibition to carry out acquisitions; (v) restrictions on payments of coupons under outstanding instruments and to execute liability management transactions; and (vi) prohibition to pay dividends and restrictions on the remuneration of employees.

The Group

BMPS which, pursuant to articles 2497 and ff. of the Italian Civil Code acts as parent company of the Group and directs and coordinates the activities of its direct and indirect subsidiaries, performs the functions of policy, governance and control of the controlled financial companies and subsidiaries in addition to its banking activities. In the performance of the management and coordination activities of the Group, BMPS, pursuant to article 61, paragraph 4 of the Legislative Decree 1 September 1993, n. 385, issues instructions to the companies of the Group, including execution of the instructions given by the competent supervisory bodies and in the interest of the stability of the Group.

The diagram below sets out the main companies of the Group and their percentage ownership as at the date hereof.



As at 30 September 2018, the Group is an Italian banking institution with 23,189 employees, approximately more than 5 million customers, assets of around Euro 132,2 billion and significant market shares in all the areas of business in which it operates.

The Group's main activity is retail banking which involves the provision of banking services for individuals such as financial and insurance products, financial promotion, wealth management and third entities' securities offers. Other areas of business are: leasing and factoring; consumer lending; corporate finance and investment banking.

Customers are divided by target segments to which an ad hoc service model is applied so as to best respond to the specific needs and demands expressed and are served through an integrated combination of "physical" and "remote" distribution channels.

The Group mainly operates in Italy through, as at 30 September 2018, 1,597 branches, 208 specialised centres and 115 financial advisory branches.

The foreign network includes, as at 30 September 2018, four operational branches (London, New York, Hong Kong and Shanghai), ten representative office boards located in various "target areas" (EU, Central-Eastern Europe, North Africa, India and China) and two banks under foreign law Banca Monte Paschi Belgio, currently in dismission, and Monte Paschi Banque S.A., currently in run-off.

Organisational structure

BMPS carried out a significant organisational restructuring, with the aim of strengthening the sales and distribution functions as well as the integrated and coordinated supervision of governance and business support functions.

The initiatives undertaken by BMPS concern:

- the business functions
  - the credit division was strengthened by establishing a specific general division;
  - the specialisation of control of the various business segments was increased by establishing a retail and network division (for the retail and private segments, as well as the coordination of the sales and distribution network) and the corporate and investment banking division (for the corporate, key clients, international activities and private equity segments);
  - financial advisory activities were added to the organisational area set up to develop the new online bank (online bank development area).
- the governance, control and business support function
  - the general finance and operations division was established, to which the chief financial officer division and chief operating officer division will report;
  - the human resources, organisation and communications division was developed to promote effective interoperability between human resources management, business organisational structures and internal/external communications; and
  - the risk division was reorganised with the creation of more cohesive controls of the activities of validation, monitoring and risk reporting.

Other organisational action was taken with objectives associated with business efficiency, organisational rationalisation and compliance with legislative provisions.

The changes involved:

- the head office units and regional coordination:

  the regional area sales and products office is divided into 3 separate units (retail sales and products, corporate sales and products and private sales and products) to achieve more effective specialist control over the reference markets and greater sales control with customers.

- the treasury, finance and capital management area organisation:

  responsibilities and efforts on risk factors and business drivers (liquidity management, strategic risk governance and capital management) have been reallocated. In particular, an internal reorganisation was arranged, refocusing the risk factors area, with related strengthening of the rate risk and liquidity risk monitoring, simplification and standardisation of operating processes, with a view to greater efficiency and a clearer allocation of responsibilities and tasks between BMPS and MPS Capital Services, preserving the latter's sales efficiency;

- the compliance area:

  The Group's FATCA contact (Foreign Account Tax Compliance Act) - the FATCA Officer - has been appointed to meet obligations relating to the reporting of US customer details to the relevant tax authorities, coordinating the roles established in the Group's companies and foreign branches in compliance with their obligations pursuant to the intergovernmental agreement between Italy and the United States to implement FATCA and similar intergovernmental agreements in relevant Group's jurisdictions.

1.1 **Strategy**

Restructuring Plan 2017-2021

On 26 June 2017, pending the execution of the actions for the Precautionary Recapitalisation and the Capital Enhancement, BMPS' board of directors approved the new economic, capital and financial targets for the Group, referring to the period 2017-2021 (the "**Restructuring Plan 2017-2021**") and designed in the context of the procedure relating to the Precautionary Recapitalisation

The assumptions for the Precautionary Recapitalisation and the Capital Enhancement, together with the relevant implementing measures, were set out in the Restructuring Plan 2017-2021. The Restructuring Plan 2017-2021 was notified to the European Commission, which in July 2017 issued a positive decision on the compatibility of the intervention with the EU legislative framework on State aid, applicable to the recapitalisation measures of banks in the context of the financial crisis.

The Restructuring Plan 2017-2021 contains a set of forecasts and estimates based on the realisation of future events and actions to be undertaken, by directors and the management, inclusive of hypothetical assumptions subject to the risks and uncertainties which characterise, inter alia, the current macroeconomic scenario and the evolution of the legislative framework, relating to future events and actions which will not necessarily occur, on which directors and the management have no or only partial control, relating to the performance of the main capital and economic figures or of other factors affecting the evolution thereof (the so-called hypothetic assumptions).

Due to the uncertainty associated with the realisation of any future event, both in relation to the occurrence of such event and to the size and timing of its occurrence, deviation from final and preliminary values may be significant, even if the events envisaged in the hypothetical scenario would occur.

The Restructuring Plan 2017-2021 is consistent with the commitments given to the European Commission's Directorate General Competition (the "**DG Comp**"), provided for by the EU regime, and concerning various plan aspects, among which, in addition to the actions already completed (e.g. the Burden Sharing): (i) cost reduction measures and restrictions in the matter of advertising and business policy; (ii) assignment of certain assets (in particular, Banca Monte dei Paschi Belgio S.A. and Monte Paschi Banque S.A.); (iii) adoption of risk containment measures; (iv) prohibition to carry out acquisitions; (v) restrictions on payments of coupons under outstanding instruments and to execute liability management transactions; and (vi) prohibition to pay dividends and restrictions on the remuneration of employees.

2017 - SREP annual process and participation in ECB's 2018 stress test

Further to the conclusion of SREP process for the year 2017, on the basis of the data as at 31 December 2016, and taking into account the information received after such date among which, specifically, was the draft Restructuring Plan 2017-2021 submitted by the Bank to the European Commission, the ECB requested the Bank to maintain on a consolidated basis as of 1 January 2018: i) a level of Total SREP Capital Requirement

("**TSCR**") equal to 11 per cent. (of which 8 per cent. as minimum Own Funds requirement pursuant to article 92 of the CRR and 3 per cent. as Pillar II capital requirement fully comprising of CET1) and ii) an overall capital requirement ("**OCR**") including, in addition to the TSCR, the Combined Capital Requirement pursuant to article 128 of CRD IV.

As a consequence, BMPS shall comply with the following requirements on a consolidated basis starting from 1 January 2018:

- 9.44 per cent. CET1 Ratio on a transitional basis;
- 12.94 per cent. Total Capital Ratio on a transitional basis,

including, in addition to Pillar II requirements, 1.875 per cent. in terms of capital conservation buffer and 0.06 per cent. in terms of O-SII Buffer. The capital conservation buffer will be at full steam in 2019 with 2.5 per cent. It should be noted that, starting from 1 January 2019, the Group will not be required to comply with O-SII buffer since it has not been qualified by the Bank of Italy as a national systemically important institution authorised to operate in Italy.

The SREP Decision 2017 introduced the Pillar II capital guidance equal to 1.5 per cent., as request to be fully satisfied with Common Equity Tier 1, in addition to the minimum CET1 regulatory requirement, to the additional Pillar II requirements and the Combined Capital Requirement. It should be noted that failed compliance with such capital guidance does not imply failed compliance with capital requirements.

In addition to the abovementioned quantitative requirements, the SREP Decision 2017 identified qualitative measures in the matter of management of Impaired Loans and distribution of dividends. In relation to Impaired Loans, it should be noted that the Restructuring Plan 2017-2021 incorporated the requests included in the SREP Decision 2017 and the findings of the ECB inspection closed in May 2017. In fact, with the almost total disposal of the NPL Portfolio (as defined below) (for a GBV of around Euro 26 billion as at 31 December 2016) and with a specific assignment/reduction programme of the unlikely to pay and non-performing loan portfolio, the economic effects of which are included in the Restructuring Plan, the Bank expects to achieve a significant reduction on the impact of gross Impaired Loans over total loans (NPE ratio). The ECB requested the Bank to provide, on a consolidated and quarterly basis, additional periodic information on Impaired Loans, according to the standard provided by the supervisory authority.

Further to the conclusion of the SREP, the ECB highlighted some weakness profiles/focus areas mainly relating to: (i) the business model, with specific reference to the persistence of the Bank's low profitability and the insufficient capacity to create internal capital. In particular, it was pointed that out a lack of ability to implement and carry out the strategy devised by the board of directors, for instance through practical commercial measures, was also associated with a less favourable change of macroeconomic conditions than had been expected. In the absence of any new strategies aimed at reducing the NPL and refocusing on profitable business areas, the high cost of risk and the persistent reduction in margins (influenced by the contraction of the volumes of funding and lending) will continue to materially affect the profitability and the generation of internal capital; (ii) the risk management system and organisational aspects judged still not fully adequate because they had yet to assess the mitigation activities already implemented by the Group; (iii) the credit quality in respect of the high and exceeding by average NPLs level. In this respect, the supervisory authority highlighted that the Bank did not manage to implement the NPL management strategy, submitted in 2015; (iv) the market risk in respect of some details linked to the measurement of the banking book's interest rate risk and the high sensitivity to the credit spread of the government securities portfolio; (v) the operational risk in respect of the number of pending legal actions and the consolidation, deemed still weak although gradually improving, of the Group's reputation; (vi) the risk associated with capital adequacy; (vii) the

liquidity risk related to the volatility of commercial deposits and the Bank's exposure to stress events, as observed in the last quarter of 2016 following the failure of the 2016 Transaction. The supervisory authority, pending the completion of the process for the Capital Enhancement and the Assignment of the NPL Portfolio, highlighted additional risk profiles associated with the BMPS' structural financial position and relating to the completion of such transactions (which have since then been completed).

By means of the SREP Decision 2017, the ECB informed the Bank that, with respect to the subsidiaries, no additional capital requirements were requested compared to the minimum ones set by the current legislation in force for the subsidiaries MPSCS, MPS Leasing & Factoring S.p.A. and Wise Dialog Bank S.p.A. whilst has introduced additional capital requirements were required, in line with article 16(2) of Reg. 1024/2013 for foreign subsidiaries, MP Belgio and MP Banque, as described below.

In relation to the subsidiary MP Belgio, the ECB required:

- as regards the capital requirements and the Total Capital, to maintain, on an individual basis: i) a level of TSCR equal to 10.25 per cent., of which 8 per cent. as minimum Own Funds requirement and 2.5 per cent. as Pillar II capital requirement fully comprising CET1 and ii) an OCR including, in addition to the TSCR, the Combined Capital Requirement pursuant to article 128 of CRD IV;

- as regards the liquidity requirements to maintain, on an individual basis, the liquidity coverage ratio (LCR) of at least 100 per cent.;

- with respect to the qualitative requirements, to carry out all necessary actions aimed at diversifying the funding sources and reducing the dependency on the Bank as well as to update its governance memorandum to have processes allowing compliance with governance rules.

In relation to the subsidiary MP Banque the ECB has requested on capital requirements, in relation to Total Capital, to maintain, on an individual basis: i) a level of TSCR equal to 10.25 per cent., of which 8 per cent. as minimum Own Funds requirement and 2.5 per cent. as Pillar II capital requirement fully comprised of CET1 and ii) an OCR including, in addition to the TSCR, the Combined Capital Requirement pursuant to article 128 of CRD IV.

For both MP Belgio and MP Banque, the SREP Decision 2017 introduced the capital guidance (so called "**Pillar II capital guidance**") equal to 1 per cent., as requested to be fully satisfied with Common Equity Tier 1, in addition to the sole minimum OCR regulatory requirement in terms of CET1 and not in addition to the Tier 1 and Total Capital OCR regulatory requirements (for which accordingly the requirements remain unchanged compared to OCR ones). It should be noted that failure to comply with such capital guidance would not equal to a failure to comply with capital requirements.

During the course of 2018 the Bank has not been subject to any stress test (neither in EBA EU wide mode nor for the purpose of the SREP).

Termination of the qualification as O-SII

On 30 November 2018, the Bank of Italy informed the Bank that it no longer qualified as a national systemically important institution authorised to operate in Italy and therefore, as from 1 January 2019, it will not be required to hold the O-SII buffer.

New organisational structure to serve local areas, customers and digitalisation

On 17 April 2018, Banca Monte dei Paschi di Siena launched a new organisational structure, accompanied by a change in the managerial set-up with a view to progressive generational renewal and the enhancement of internal resources.

The new structure supports the full commercial relaunch of the Bank, which finds its strong focus on attention to the territory and to innovation, in a logic of managerial enhancement and acceleration to the revival of the Bank.

In particular, a new Network Division has been created, which reports directly to the CCO and is in charge of overseeing the BMPS commercial network through its 5 territorial areas, focusing on commercial coordination with a strong customer focus.

In a logic of ever-increasing attention to technological innovation, Widiba, the Group's on-line bank, and the Group's IT Service Company, Consorzio Operativo, report directly to the CEO of BMPS.

At the same time, following the exit of certain managers of the Bank, the managerial line has been renewed, with the enhancement of internal resources who have distinguished themselves for their competence and professional capacity.

1.2 **Information Technology**

In recent years the Group has implemented a reorganisation of its information technology (IT) operations directed at promoting more uniformity of IT systems and structures within the Group. As part of this restructuring, a consortium was created to manage the Group's IT systems and serve the need of the various functions within the Group.

The consortium is currently engaged in several development projects principally for the areas of risk management, trading back office procedures, credit rating and scoring, customer service centres, new products catalogues, payment and settlement procedures and software enhancements for the international branches.

MANAGEMENT OF THE BANK

The Bank is managed by a board of directors tasked with the strategic supervision. The board of directors in office consists of 14 members. Each member of the board of directors meets the requirements prescribed by the BMPS's by-laws.

The chief executive officer is appointed by the board of directors.

Under the Italian civil code, the Bank is required to have a board of statutory auditors.

Board of Directors

The board of directors was appointed by the ordinary shareholders' meeting of 18 December 2017 and such appointment will expire on the date of the shareholders' meeting approving the financial statements for the year ending on 31 December 2019.

The board of directors is currently made up as follows.

Name	Position	Date of birth	Position held
Stefania Bariatti (*)	Chair	28 October 1956	Vice President of the Board of Directors of SIAS S.p.A.
			Sole Director of Canova Guerrazzi s.s.
			Vice President and member of the Board of Directors of the Italian Banking Association
Antonino Turicchi	Deputy chair	13 March 1965	Advisor to Autostrade per l'Italia S.p.A.
			Director of Leonardo S.p.A.
			Chair of the Board of Directors of STMicroelectronics Holding N.V.
			Manager of Direzione VII – Finanze e privatizzazioni del Dipartimento del Tesoro del Ministero dell'Economia e delle Finanze
Marco Morelli	Chief executive officer	8 December 1961	Director and member of the Board of Directors of the Italian Banking Association
			Vice President of the Board of Directors of Fondazione Onlus Gino Rigoldi
Maria Elena Cappello (**)	Director	24 July 1968	Director of Prysmian S.p.A.
			Director and member of the Sustainability committee of Saipem S.p.A.
			Director and member of the related party committee of TIM S.p.A.
Marco Giorgino (**)	Director	11 December 1969	Chair of the Board of Directors of Vedogreen S.r.l.
			Director of REAL STEP SICAF S.p.A.
			Director of Luxottica S.p.A.
			Statutory Auditor of RGI S.p.A.
Fiorella Kostoris (**)	Director	5 May 1945	
Roberto Lancellotti (**)	Director	21 July 1964	Director of Datalogic S.p.A.

Name	Position	Date of birth	Position held
Nicola Maione (**)	Director	9 December 1971	Chair of the Board of Directors of ENAV S.p.A.
			Director of Associazione Bancaria Italiana
Stefania Petruccioli (**)	Director	5 July 1967	Director of Dè Longhi S.p.A.
			Director of Interpump Group S.p.A.
			Director of RCS Media Group S.p.A.
			Director of Comecer S.p.A.
			Director of Newton S.r.l.
			Director of F2A S.p.A.
			Director of Italian Banking Association
Salvatore Fernando Piazzolla (*)	Director	5 March 1953	
Angelo Riccaboni (**)	Director	24 July 1959	Chair of Fundacion PRIMA
			Chair of Fondazione Sclavo
			Director of Fondazione Smith Kline
			Chair of the Steering committee of Santa Chaira Lab Innovation Center of University of Siena
			Director of Università degli Studi di Milano – Bicocca
Michele Santoro (**)	Director	28 March 1955	
Giorgio Valerio (**)	Director	13 July 1966	Director and Member of the control and risk committee, the nominating and compensation committee and the Related Party committee of Massimo Zanetti Beverage Group S.p.A.
			Chair of the Board of Directors of Niuma S.r.l.
			Director of ALP.I S.p.A.
Roberta Casali (**) (***)	Director	25 January 1962	Director of Antirion SGR S.p.A.

(*) Independent director pursuant to the Consolidated Finance Act.

(**) Independent director pursuant to the Consolidated Finance Act and the Corporate Governance Code of Listed Companies (the "Corporate Governance Code").

(***) coopted on 12 July 2018 by the board of directors, in place of the board member Giuseppina Capaldo, who resigned on 4 May 2018. Roberta Casali has been confirmed as director of the Bank by the resolution of the Shareholders' Meeting held on 11 April 2019.

Each member of the board of directors must be suitable for carrying out its role. To this extent each member of the board of directors shall meet the requirements prescribed by law and BMPS' by-laws. In particular, in addition to the requirements of integrity (that are the same for all the members), professionalism and independence (that are instead graduated according to the proportionality principle), each director shall meet the requirements of competence and fairness, also in respect of the timeframe needed to fulfil its mandate. Such requirements have been carefully evaluated by the supervisory authorities (the European Central Bank and the Bank of Italy) in accordance with their supervisory provisions and notified to the public pursuant to the Banks' Regulations and the self-regulatory code.

The members of the board of directors are all domiciled for their position at the Bank's registered office.

The business address of each member of the board of directors is Banca Monte dei Paschi di Siena S.p.A., Piazza Salimbeni 3, 53100, Siena, Italy.

The board of directors meets regularly at the Bank's registered office. Meetings of the board of directors are convened on a monthly basis upon request of the chairman. Meetings may also be convened upon reasonable and detailed request of at least three directors or upon written request of the board of statutory auditors or at least every statutory auditor addressed to the chairman. Meetings may be held in person or through video-conference. The quorum for meetings of the board of directors is a majority of the directors in office. Resolutions are adopted by the vote of a majority of the directors attending the meetings.

Chief Executive Officer

The chief executive officer carries out its functions within the limits of the delegated powers and in the manner determined by the board of directors. The chief executive officer also holds powers to be exercised as a matter of urgency by the chairman of the board of directors, in the event of an absence or impediment of him or any substitute.

The chief executive officer is Mr. Marco Morelli confirmed by the board of directors on 22 December 2017 (in charge from 20 September 2016).

The address of the CEO for the duties he discharges is: Piazza Salimbeni 3, Siena, Italy.

General Manager

The current general manager is Marco Morelli who was appointed by the board of directors on 14 September 2016 (in charge from 20 September 2016). Marco Morelli has also been appointed as chief executive officer. The general manager is appointed by the board of directors which may also remove or suspend him from his office.

The General Manager attends the meeting of the board of directors but has no right to vote on proposed resolutions at such meetings.

The general manager undertakes all operations and acts which are not expressly reserved for the board of directors or the executive committee. He oversees and is responsible for the overall administration and structure of the Bank and implements resolutions of the board of directors. He participates in meetings of the

board of directors and proposes matters to the board of directors for approval, including matters relating to loans, the coordination of activities of the Group and the employees.

The address of the general manager for the duties he discharges is: Piazza Salimbeni 3, Siena, Italy.

Financial Reporting Officer

On 26 November 2016, the board of directors appointed Nicola Massimo Clarelli as financial reporting officer, pursuant to article 28 of the by-laws.

Managers with strategic responsibilities

The table below sets forth the names of the current management of the Bank with strategic responsibilities, together with their positions.

Name	**Position**	**Date of birth**	**Position held**
Marco Morelli	General manager and Chief Executive Officer	8 December 1961	Director and member of the Board of Directors of the Italian Banking Association Vice president of the board of directors of Fondazione Onlus Gino Rigoldi
Giovanni Ametrano	Head of performing loan	6 April 1965	Director of MPS Leasing & Factoring S.p.A.
Maurizio Bai	Head of network division	23 July 1967	
Giampiero Bergami	Vice-general manager and chief commercial officer	27 February 1968	Director of Banca Monte Paschi Belgio S.A. Director of Bonfiglioli Riduttori S.p.A.
Vittorio Calvanico	Chief operating officer	8 February 1964	Director of MPS Capital Services Banca per le Imprese S.p.A. Director of Ausilia S.r.l.
Pierfrancesco Cocco	Chief audit executive	7 June 1954	
Eleonora Cola	Head of retail	18 July 1965	Director of Consorzio Operativo Gruppo Montepaschi S.c.p.a. Director of AXA MPS Assicurazioni Vita S.p.A. Director of AXA MPS Assicurazioni Danni S.p.A.

Name	Position	Date of birth	Position held
			Director of Microcredito di Solidarietà S.p.A.
Ilaria Dalla Riva	Chief human capital officer	20 November 1970	Director of Wise Dialog Bank – Widiba S.p.A.
			Director of MPS Capital Services Banca per le Imprese S.p.A.
			Director of MPS Leasing & Factoring S.p.A.
			Vice president of the Board of Directors of Consorzio Operativo Gruppo Montepaschi S.c.p.a.
			Director of CONSEL – Consorzio Elis per la formazione professionale superior S.c.a.r.l.
			Member of the coordination committee of the Osservatorio Giovani Editori
Fabiano Fossali	Head of corporate	22 March 1968	Director of MPS Leasing & Factoring S.p.A.
Fabrizio Leandri	Chief lending officer	21 April 1966	
Ettore Minnella	Head of operations	18 September 1960	
Andrea Rovellini	Deputy vice-general manager and chief financial officer	15 February 1959	Director of Wise Dialog Bank – Widiba S.p.A.
			Director of AXA MPS Assicurazioni Danni S.p.A.
			Director of AXA MPS Assicurazioni Vita S.p.A.
			Director of Nuova Sorgenia Holding S.p.A.
Marco Palocci	Head of external and institutional relations	2 December 1960	Vice President of the Board of Directors of Fondazione Banca Agricola Mantovana
			Member of the Board of Directors of

Name	Position	Date of birth	Position held
			Fondazione Musei Senesi
			Member of the Board of Directors of Fondazione Banca Antonveneta
Riccardo Quagliana	Head of group general counsel	4 February 1971	Vice president of Wise Dialog Bank – Widiba S.p.A.
			Director of MPS Capital Services Banca per le Imprese S.p.A.
			Director of Conciliatore bancario finanziario
Leonardo Bellucci	Chief risk officer	21 February 1974	
Lucia Savarese	Head of non-performing loan	30 March 1964	Director of MPS Capital Services banca per le Imprese S.p.A.
Federico Vitto	Head of wealth management	14 November 1968	Chair of MPS Fiduciaria S.p.A.
			Director of AXA MPS Assicurazioni Danni S.p.A.
			Director of AXA MPS Assicurazioni Vita S.p.A.
			Managing director of ASSIOM Forex servizi S.r.l.
			Director of AXA MPS Financial Designated Activity Company (DAC)
Ettore Carneade	Head of compliance area	16 June 1961	
Nicola Massimo Clarelli	Chief financial reporting officer	22 October 1971	

The address of the managers with strategic responsibilities of the Bank for the duties they discharge is: Piazza Salimbeni 3, Siena, Italy.

Board of Statutory Auditors

The board of statutory auditors is composed of three standing members and two alternate members. Statutory auditors are appointed by the ordinary shareholders' meeting for a three year term and may be re-elected. The shareholders' meeting also sets the remuneration of the statutory auditors for their entire term.

The board of statutory auditors is required to verify that the Bank complies with applicable law and its by-laws, respects the principles of correct administration, and maintains an adequate organisational structure, internal controls and administrative and accounting systems. The board of statutory auditors has a duty to

shareholders to whom they report at the annual general shareholders' meeting approving the financial statements.

The members of the board of statutory auditors are required to meet at least once every 90 days and take part in meetings of the board of directors, the shareholders' meetings and meetings of the executive committee.

The board of statutory auditors was appointed by the ordinary shareholders' meeting of 18 December 2017 and such appointment will expire on the shareholders' meeting called to approve the 2019 financial statements.

The following table sets out the members of the Bank's board of statutory auditors:

Name	**Title**	**Position held**
Elena Cenderelli	Chair	Chair of the board of statutory auditors of AXA MPS Assicurazioni Vita S.p.A.
		Chair of the board of statutory auditors of AXA MPS Assicurazioni Danni S.p.A.
Raffaella Fantini	Auditor	Auditor of SO.G.IM S.p.A.
		Auditor of ICCAB S.r.l.
		Auditor of Ecuador S.p.A.
		Auditor of Società Immobiliare Minerva S.r.l.
		Auditor of BP Real Estate S.p.A.
		Auditor of Coni Servizi S.p.A.
		Auditor of Istituto Nazionale previdenza giornalisti italiani
Paolo Salvadori	Auditor	chair of the board of statutory auditors of SEVIAN S.r.l.
		Chair of the board of directors of AXA Italia Servizi S.c.p.a.
		Chair of the board of statutory auditors of Italia Due Ponti S.p.A.
		Chair of the board of statutory auditors of MA Centro Inossidabili S.p.A.
Daniele Federico Monarca	Alternate auditor	Auditor of ICM S.p.A.
		Director of Blue Financial Communication S.p.A.
		Chief executive officer of Pigreco Corporate Finance S.r.l.
		Chair of the board of statutory auditors of ADVALORA

Name	Title	Position held
		S.p.A.
		Auditor of Fiera Milano S.p.A.
		Director of Il cielo in una stanza S.r.l.
		Chair of the board of directors Consaequo Partners S.r.l.
Claudia Mezzabotta	Alternate auditor	Chair of the board of statutory auditors of Carrara S.p.A.
		Auditor of Sabre Italia S.r.l.
		Auditor of AVIO S.p.A.
		Single auditor of RES – Research for enterprise systems S.r.l.
		Chair of the board of statutory auditors of Fultes S.p.A.
		Auditor of Quadrifoglio Piacenza S.p.A. in liquidazione
		Single auditor of GE Lighting S.r.l.
		Auditor of Pentagramma Perugia S.p.A.
		Auditor of Inalca S.p.A.
		Auditor of Synopo S.p.A.
		Single auditor of Winwin S.r.l.
		auditor of Pentragramma Piemonte S.p.A. in liquidazione
		Auditor of Ente Nazionale Previdenza e assistenza degli psicologi
		Alternate auditor of Amplifon S.p.A.
		Alternate auditor of Gommauto Ambrosiana S.p.A.
		Alternate auditor of Quadrifoglio Verona S.p.A. in liquidazione
		Alternate auditor of Prysmian S.p.A.

Statutory Auditing

Pursuant to article 27 of the Bank's by-laws, on 29 April 2011 the ordinary shareholders' meeting appointed EY S.p.A. as independent auditors for a nine-year period (2011-2019) pursuant to articles 13 and seq. of the Legislative Decree No. 39 of 27 January 2010 (the "**Decree 39**") and article 2409-bis of the Italian civil code.

The statutory audit shall be performed by an independent auditor meeting the requirements established by law.

THE CREDIT AND COLLECTION POLICY

The bank provides medium/long-term loans in order to assist the development of companies, which usually need finance deferred over time. In addition, such activity allow the bank to strengthen relationships with clients in a logic of consolidation of the relationship between the bank and the company.

Generally, the purpose of funding concerns:

- the construction, purchase, expansion, modernization of premises for production purposes;
- purchase of equipment and machinery for the development of business, technological upgrading of the production process, to improve the working environment, adaption to the national and community law, etc.;
- purchase stock, semi-finished products for use in manufacturing;
- process of recapitalization and/or financial restructuring;
- interventions of restoration of the company's liquidity, due to higher working capital needs or investment expenses incurred;
- consolidation of short-term liabilities;
- integration with the means necessary to undertake investments that benefit or could benefit from the grant regional, national or EU.

The conditions that must be met in order to provide funding are as follows:

- the loan amount must be determined according to actual financial needs of the applicant after a deep examination of the validity of the investment and the repayment capacity;
- in case of transactions secured by real estate mortgage on residential property the amount of the loan cannot exceed 80% of the value of the property offered as collateral, net of prior liens. This percentage should be reduced to 60% in the presence of industrial properties, commercial, agricultural, tourism, etc.

The approval procedure (*iter istruttorio*) consists in a series of phases (requirements) and requires that these be carried out in the following precise order:

1. risk-assessment procedure (*istruttoria di rischio*)
2. assessment of the transaction;
3. loan proposal and approval (*proposta e delibera di fido*)
4. signing and delivery.

Risk-Assessment Procedure

The risk-assessment procedure (*istruttoria di rischio*) involves the examination of the applicant's "creditworthiness". For this purpose, the analysis involves the assessment of the following elements:

(1) the economic situation, the existence of any competitive advantages and the applicant's potential for development;

(2) belonging to any industrial group and the relationship between the applicant and such group;

(3) quantitative information such as economic and financial data and the way in which the applicant uses credit lines granted by the banking system;

(4) qualitative information available to the person responsible for the application, such as the business skills of the management, the position of the applicant business, the organisational structure and the distribution/production model;

(5) the profitability of the counterparty;

(6) credit behaviour over time.

Depends on the size of the relevant company, the above descripted analysis could be more thoroughly. At the end of this evaluation, the creditworthiness assessment is carried out by applying ratings to the applicant.

For applicants with a turnover of more than 10 million euros and granted more than 1 million, the rating is assigned by the rating agency within the Chief Risk Officer (CRO) and therefore independent of the decision-making process within the Chief Lending Officer (CLO); for the remaining counterparties, the rating is assigned statistically.

Assessment of the transaction

Having defined the aspects illustrated above, an analysis of the financial sustainability of the transaction is carried out in order to evaluating the potential impact of the initiative on the business and financial profiles of the applicant.

In particular, the assessment of the transaction involves the following analyses:

- the analysis of the business plan of the transaction aimed at verifying the capacity of the cash flows to cover debt;

- the analysis of the package of guarantees and the fair value/eligibility of the business's property offered as collateral.

In the majority of cases, for medium/long term loans, the guarantees anticipated to support the facility takes the form of a mortgage on real estate (civil, rural and industrial) characterised by reliable and durable income and easy marketability.

A wide range of other safeguards in addition to mortgages on real estate and the possibility, in particular cases, of unsecured financing, can also be used, such as:

- a lien on plants, works, machinery and equipment;

- a mortgage on a car;

- a pledge of cash or bonds or treasury bonds;

- personal fiduciary guarantee issued by a third party or banks or insurance companies;

- insurance policy issued by credit insurance companies of primary importance;

- covenants.

In addition, the mortgage guarantee can also be accompanied by other guarantees such as insurance cover against claw-back risks, guarantees issued by "*Consorzi Fidi*" or public financial entities or cooperative society (i.e. "*Cooperative Artigiane di Garanzia*"**)**, etc., according to the agreements signed by the Bank.

In order to maintain the validity of the mortgage guarantee, the counterparty shall take out an insurance for the purpose of cover:

- plants, works, machinery and equipment subject to a privilege, movable property and automotive vehicles subject to a mortgage against the risks of fire, explosion and/or combustion and theft. Insurance cover against theft can be omitted for immovable property (*beni immobili*);

- property on which the mortgage is registered against the risks of fire, lightning and the outbreak and/or explosion.

The documentation necessary to the assessment of the transaction includes ordinary and specific documents. In particular, the person responsible for the application may be required additional documentation such as:

- if the loan cover part not all of the transaction, an evaluation report signed by the applicant describing his capacity for bringing the investment to fruition;

- with regard to legal entity only (and if necessary), a copy, certified by a notary public, of the resolution of the competent body of the applicant approving the entry into the loan agreement, the release of any guarantee and the granting of special powers to any legitimate representative for signing the loan agreement;

- statement about the existence or not of a family business;

- with regard to multiannual loans requested from those applicants who prepare ordinary financial statements, a business plan.

For buildings and land offered as collateral, it is necessary to provide the Bank with:

- cost estimates and/or invoices, contracts, purchase, and/or compromise also not receipted;

- copy of the deed of purchase of the real estate to be offered as collateral and the *nota di trascrizione*;

- twenty-year title history search (*certificato catastale ventennale*), excerpt of the cadastral map (*estratto autentico di mappa catastale*) and (if necessary) the planimetry;

- public notary statement in lieu of the twenty-year title history search (*certificato catastale ventennale*) (to be generally completed on the standard forms);

- appraisal of the property (*perizia di stima*) performed by a reliable local surveyor appointed by the bank and dated and signed by such surveyor. For applications for an amount higher than euro 5,000,000.00, an independent bank's surveyor who has not taken part in the decision-making procedure in relation to the loan will perform the appraisal.

Technical costs related to the assessment procedure shall be pay by the applicant. In signing the application form, the applicant shall release a statement related to the appointment of the surveyor and give instructions for payment of the invoice on his behalf.

In addition, the applicant shall provide the bank with the following information:

- the proper identification and the structure of the assets offered as collateral;
- who is the sole and exclusive owner (the borrower or the mortgage guarantor) of the real estate assets offered as security; the legitimacy of the purchase and the guarantor's ability and willingness to issue the guarantee;
- the relevant properties are free from any obligation;
- capacity to enter into the loan agreement and to create a valid charge over the real estate assets offered as security for the mortgage;

Loan Proposal and Approval

Once the assessment of the transaction has been completed, the person responsible for the application prepares the proposal to be addressed to the competent decision-making body. The decision is making following a specific approval process depending on the type of the applicant and the combination between the proposed amount of the facility and the rating attributed to the counterparty.

For smaller companies, statistical rating and *scoring* techniques support the decision-making process in order to assign to the applicants one of three overall risk ratings:

- High Risk;
- Average Risk;
- Low Risk.

Only for "high" quality applications which last less than 60 months, the branch manager ("*titolare di filiale*") may grant loans up to a maximum amount of €500,000.00, through the so called "*delibera assistita*". Applications that are not characterised as "high" quality may be pass through further analysis by other decision-making bodies of the bank.

For large corporate, the resolution approving the granting of lending is defined only on the basis of the combination between the proposed amount of the facility and the rating attributed to the counterparty; such combination also defines the levels of autonomy in the granting lending by the relevant offices of the bank.

Signing and delivery

Once the operation has been approved, the relevant loan agreement can be executed by means of contractual schemes available within the bank's document management procedures.

Generally, if a loan is secured by a mortgage, the loan agreement may be signed as a notarial deed (*atto notarile*).

It is noted that:

- the notarial deed (*atto notarile*) constitutes a "*titolo esecutivo*" in relation to the obligations undertaken therein;
- if the loan is secured by a mortgage on real estate or car or a lien, then the agreement must take the form of a notarial deed (*atto notarile*) or a private agreement authenticated by notary (*scrittura privata autenticata*);

- for loans which are secured by guarantees different from a mortgage on real estate or car or a lien (*privilegio*), the relevant loan agreement may be executed by means of a non-authenticated private agreement (*scrittura privata non autenticata*) to be registered at the "*Ufficio del Registro*" within 20 days from the date of the signing of the relevant loan agreement.

It should be noted that the date of the deed of constitution of the mortgage or lien on plant, works, machinery and equipment must be the same as the date of the loan agreement.

The repayment plan must be drawn up in accordance with the procedures used to manage loans and attached to the loan agreement.

The disbursement of the loan (to be made by a single payment) is subject to the execution of the formalities provided for in the loan agreement.

If the asset offered as a guarantee is a new construction, the loan agreement must be concluded only after the completion of the work and the evaluation by the surveyor of the conformity of the construction with the approved project (in cases of doubt, the contract will be concluded after the issue of the certificate of habitability ("*certificato di abitabilità*")). On the other hand, if the guarantee concerns a building to be renovated, the surveyor must ascertain that the work has been carried out in accordance with the approved design before the execution of the loan agreement.

Management of mortgages

Survey of collections and payment methods

Unless the contract provides for a pre-amortisation period, amortisation periods for almost all mortgage loans start on the first day of the first period (monthly, quarterly, semi-annually, annually) following the execution of the contract.

Methods of payment of the mortgage loans' instalments are substantially:

1. payment at the bank teller by cash (rare) or by debit the c/c;
2. direct debit from the bank account held by the debtor with any branch of the bank (*ordine permanente*);
3. direct debit from the bank account held by the debtor with a different bank (*procedura RID*);
4. payment by banking remittance (MAV).

The client takes decision for the payment method, however the payment referred to in point 1 is tended to be excluded.

As the due date of the instalment approaches, an advice with a breakdown of the instalment falling due (*avviso di scadenza della rata*) (MAV standard form) is sent to the domicile of clients that have not selected payment by means of direct debit, inviting them to pay the amount due at any branch of the bank or any other financial institution or any post-office branch by presenting the notice.

Monitoring activity

The client's portfolio of the bank is monitored daily for the purpose of identifying any indicator events of potential riskiness. The presence of irregular events with reference to the client's positions is reported daily and the competent offices of the bank are involved.

In the case of mortgage loans with due and unpaid instalments, or instalments which are unpaid and subject to suspension, the monitoring of such events is mandatory by an operator which shall promptly take contact whit the client in order to recognize the reason of the non-payment.

Management of late payments

Until the instalment maturity date, the mortgage loan is classified as performing ("*in bonis*").

Following the maturity date, if the instalment has not been paid, such instalment is classified as:

- past due if it remains unpaid a day after its maturity date;
- delinquent if it remains unpaid ten days after its maturity date.

For calculating accrued interest, the delinquent status normally runs from the second day following the maturity date of the relevant instalment.

If a due payment has not been made or has been only partially made, the management arrears is maintained with the competent branch, which contact the debtor by telephone and/or in person in order to understand the reason for the non-payment and remind the payment.

At the same time, the competent branch starts a procedure for the analysis of the causes of the delay in the payment.

<u>After 20 days past due:</u>

- the position is monitored by means of a software programme (the "*Cruscotto del Credito*") updated daily with all the situations of past-due/delinquent receivables ("*crediti scaduti/sconfinati*"); the position is also included in a risk list that the person responsible for the application can consult daily within the front end application that the network uses to monitor credit risk (Credit Hub);
- the aim is to settle the position and avoid the passage of the position's status to "Default" within the past-due/delinquent (*sconfinato*)/non-performing category.

<u>After 30 days past due:</u>

With regard to small company and small size positions being not significantly complex and to the extent that certain requirements are met and unless otherwise specified by the person responsible for the application, the relevant position is automatically transferred to external companies. The recovery of such position can last up to ten months.

<u>After 45 days past due:</u>

The position is classified as "High Risk" and transferred to decision-making bodies with specific skills on the management of high-risk positions. Furthermore, there is an automatic procedure providing for the sending of letter of demand within the following time periods:

- First letter 45 days;
- Second letter 100 days;
- Third letter 150 days.

If the position present the possibility for a rapid return to performing status, the mortgage loan maintains its classification as "*in bonis*". On the other hand, if the default to make prompt payment is a sign of a potential irregularity in the credit relationship, or of the possibility of future non-payments or partial payments in subsequent instalments, the position is carefully monitored and an assessment is made whether the exposure can be restructured in order to return to performing position. In case the person responsible for the "High Risk" application recognize the appropriate initiative to return to performing position, he must assess the deterioration of the financial conditions and proceed to classify the position as Forborne; similarly, he must classify as Forborne also exposures related to counterparties with serious financial conditions. In the event that is certified that the financial condition of the counterparty is deteriorated and the restructuring of the loan is no longer possible, the relevant position is converted to Unlikely to pay ("*Inadempienza Probabile*") and transferred to the person responsible for the management of non-performing loans ("*gestore non-performing del rischio anomalo*"). For the purpose of monitoring the phenomenon, all cases of "*inadempienza probabile rischio anomalo*" (IPRA) are managed by a specific office in each of the Local Areas which provides for in each case an analytical examination aimed at predicting difficulties which in certain cases results in a devaluation.

The management of "IPRA" positions has the following possible solutions:

- immediate payment request of all outstanding instalments;
- *piano di rientro*;
- restructuring of the loan.

All the restructured loans are automatically classified as Forborne. If the situation is considered no longer transitory and the state of insolvency is judged to be irreversible, the position is classified as a non-performing loan (*In Sofferenza*) and therefore transferred to *Area Rischio Anomalo e Recupero Crediti*. Having authorized a change of status to contentious (*passaggio a contenzioso*), the position is automatically converted to non-performing at the Central Risk Register.

The definition of a non-performing loan is the same as the meaning ascribed by the Bank of Italy pursuant the to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) which includes "all cash credits due from parties that are in a state of insolvency, even if the state of insolvency has not been declared by a court, or in substantially equivalent situations".

The Network is entitled to reschedule the amortization plans in case of non-payment that is temporarily not remediable.

Recovery procedures

Recovery procedures are carried out in part by Area Work Out (direct management) and in part by an external servicing platform (Juliet). The external servicing platform manage about 80% of the practices and all the exposures less than €150,000.000.

Both Area Work Out and Juliet apply substantially the same recovery procedures.

The recovery procedures involve all steps necessary for recovery of loans, whether by means of judicial or out-of-court initiatives, including the possibility of write-offs or waiving actions against the debtors.

The recovery process contemplates also periodical reports related to recovery activities in the context of the autonomy granted pursuant to the various mandates, establishing at the same time the estimate of the recoverable amount with reference to each position, which is then subject to approval by the holders of the different portfolios.

In the context of the recovery process, non-performing assets remain on the books of the holders of the different portfolios, even though the staff of ARARC responsible for the procedures directly manage them.

In particular:

a) if there are enforceable assets (*attivi aggredibili*):

- initiatives aimed at an out-of-court recovery are evaluated, researched and promoted;
- appropriate legal procedures are adopted for the enforcement of the guarantee or for the petition for a bankruptcy proceeding if debtor is insolvent.

b) if there are no enforceable assets:

- initiatives aimed at an out-of-court recovery are evaluated, researched and promoted;
- at the end of the recovery procedures, in the absence of capital appropriate for recovery, a proposal for write off the loan is made.

Debtors make payments directly to the various banks of the group.

Actions to improve the credit quality

The Bank has implemented guidelines and processes with the aim of supporting companies that find it difficult to repay their debts to the Bank. Interventions are managed in the presence of several creditor banks and of significant amounts by a dedicated structure located within the CLO (*Area Ristrutturazioni*) department. The remaining transactions are negotiated by managers in charge of the local network with the support, in the most complex cases, of specialists in the High Risk sector also located within the CLO department.

Transactions managed by the Area Ristrutturazioni mainly include transactions governed by the *codice della crisi di impresa e di insolvenza*. Restructuring agreements may include, for example but not limited to:

1. the amendment of the original contractual conditions, rescheduling of the terms, reduction of the debt and/or interest, extension of the repayment plan, evaluating request for partial release of the guarantees;
2. commitments to maintain revolving facilities (*fidi*);
3. consolidation of existing exposures;
4. the granting of new revolving and/or medium/long-term credit lines;
5. conversion of receivables into equity or quasi-equity instruments;
6. total or partial cancellation of debt (*remissione del debito*).

The process of restructuring/rescheduling a debt starts with the presentation by the debtor of a corporate restructuring project prepared to present the actions to be taken to overcome a state of economic and financial crisis that is looming or is already underway.

The formalisation of the request for renegotiation takes place on the direct initiative of the customer or of its consultants, sometimes on the occasion of the first meeting with the banking group (*Ceto Bancario*) in the case of more than one foster bank.

A decision-making body separate from the ones that decides on performing loans take the decision whether join the agreement or not. When the agreement is executed, the MPS Group's lending banks provide for the management coding of "restructured positions". Periodic reporting to the Central Risks Office of forborne exposures (including "restructured positions") and of the classification of the position is carried out in accordance with Bank of Italy Circular No. 272 and the ITS issued by the EBA.

With regard to the remaining operations, the activity of the bank is aimed at evaluating the most effective solution between suspension of instalments payment and the rescheduling of the repayment plan, in order to manage immediate difficulties of the debtor and assists the customer to regular repayment of the loan.

In the event of a restructuring, the Bank reserves the right to evaluate case-by-case and with instruments already in place, the possibility of implementing this measure based on the internal policies in force from time to time and the specific financial conditions of the customer. The resolution on loans subject to restructuring is governed by internal regulations, starting with bodies at a higher level than the branches. As already reported in the case of a concession to a customer in difficulty, the exposure is classified as "Forborne" and in the case of serious difficulties, the counterparty is simultaneously classified as "Unlikely to Pay" (*Inadempienza probabile*).

The action is based on two underlying synergies: (i) suspension of instalment payments, as immediate relief, and/or (ii) extension of the amortisation plan period, as a stable and hopefully final solution.

This second action affects the mortgage amortisation plan to the extent necessary to tailor a reduction in the instalment having regard to the effective disposable family income.

In any case, to receive a suspension a new mini-mortgage procedure needs to be carried out to up-date the assessment of financial performance indicators of the company to establish its effective needs and, consequently, the most effective solution.

A suspension from payment of instalment is temporary and has short-term benefit for the debtor. This situation allows the management of immediate problems, but does not guarantee the definitive resolution of a persistent situation of difficulty.

For this reason, upon request for suspension, the customer must also be offered a restructuring of the amortization plan in order to significantly reduce the instalment after debt rescheduling and help the customer to return to the regular repayment of the loan.

With regard to existing loans, a suspension of instalments is for companies which:

- show signs of actual or potential repayment difficulties and have no delinquent payments (hereinafter "customers with performing mortgages");
- hold mortgages with due and unpaid instalments (hereinafter "customers with nonperforming mortgages").

Customers with several eligible mortgages may only receive a suspension for each of the abovementioned loans once an effective state of difficulty has been established.

Customers may apply for a total suspension to instalment payments for up to a maximum of 12 continuous months, starting from the first instalment after execution of the private agreement. In some cases, a suspension of the payment of instalments has the effect of extending terms of the repayment plan by the number of instalments equal to the number of instalments subject to suspension.

Accordingly, a new credit procedure must always be carried out, even in the case of a single suspension.

Interest payable in respect of to the new repayment – to be calculate by applying the agreed rate of interest - accrue on principal amount outstanding as at the date of the last paid instalment. During the suspension period, if the suspension involves payment of both principal and interests, interests are not required to the client. The amount payable as interest in respect of the suspension period shall be calculated at the end of the suspension period and distributed equally over the remaining instalments. No further cost will be payable by the customer on such interest.

Once the suspension period has ended, the borrower may return to regularly paying instalments under the amortisation plan. Having only benefited from a suspension, upon a return to regular payments the new instalment will be greater than the original instalment.

Therefore, it is important to evaluate with the client a potential extension of the amortisation plan in order to allow future instalments to absorb the additional amount of unpaid ordinary interest related to the suspension period.

As a consequence of the suspension period and the rescheduling of the amount due with regard to each instalment, customers with mortgages with unpaid and past due instalments may return to making regular payments. In addition to recovering the unpaid and past due instalments, instalments falling due in the future may also be suspended, according to a well-defined mechanism.

In operational terms, past due instalments must be written off. In this way, the residual debt returns to being the debt outstanding on the date of the last instalment payment. This residual debt is considered "frozen", like performing mortgages, for the entire period of the suspension.

Interest accruing during the suspension period will be fully calculated at the end of this period and will be allocated in equal measure to the remaining instalments under the amortisation plan. No further cost will be payable by the customer on such interest.

During the instalment suspension period, no default interest will accrue or be due.

For the purpose of adapt the amount of the instalment to be paid to the relevant disposable income, it is also possible to assess a combination between the suspension of instalment payments and the extension of the amortisation plan period.

In the case of rescheduling the loan agreement by an extension of the amortisation period, it is necessary to realign the validity of the guarantees already present at the new maturity date of the loan; in particular, for operations benefiting from the guarantee issued by a *Consorzio Fidi*, the guarantee coverage must be extend for the suspension period or amortisation period.

With regard to medium/long-term loans that has been secured by a guarantee after the date on which such loans have been granted, it is advisable to assess, with due caution, especially in the case of a bankrupt, the acquisition of additional guarantees with greater risk coverage. Excessive and disproportionate requests for additional guarantees for parties in economic difficulty may also lead to disputes by customers with potential legal risks, including criminal ones.

The suspension of instalments payment must always be evaluated as a way to settle the financial difficulties of the client with respect to his overall financial condition and not only with reference to the individual debt relationship.

It is important to act promptly, since the first time a financial criticality occurs, understand the impact on the financial sustainability of the debt by talking together with the client and sharing the possible initiatives.

THE ISSUER

Introduction

The Issuer was incorporated in the Republic of Italy pursuant to the Securitisation Law on 14 September 2016 as a *società a responsabilità limitata* under the name "Siena PMI 2016 S.r.l.". The Issuer's by-laws provides for termination of the same on 31 December 2100. The registered office of the Issuer is in Via Vittorio Alfieri, 1, 31015 Conegliano (TV), Italy, the fiscal code and enrolment number with the companies register of Treviso-Belluno is 04831330263. 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 with number 35293.0. The LEI code of the Issuer is 815600F84F96D5CEB844. The Issuer's fax number is +39 0438 360962 and the Issuer's telephone number is +39 0438 360926. The Issuer has no employees and no subsidiaries.

The authorised and issued quota capital of the Issuer is Euro 10,000.00, paid up and held by (i) SVM Securitisation Vehicles Management S.r.l., a *società a responsabilità limitata*, incorporated under the laws of the Republic of Italy, whose registered office is at Via Vittorio Alfieri, 1, Conegliano (TV), Italy, fiscal code and enrolment with the companies' register of Treviso-Belluno under number 03546650262, as holder of 90% of the quota capital of the Issuer, and (ii) Banca Monte dei Paschi di Siena S.p.A., as holder of 10% of the quota capital of the Issuer. The Issuer is not indirectly owned or controlled by any entity other than the Quotaholders.

The Issuer has not declared or paid any dividends or, save for the previous indebtedness incurred in respect of the Previous Securitisation or save as otherwise described in this Prospectus, incurred any indebtedness.

Issuer's principal activities

The sole corporate object of the Issuer as set out in article 4 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 was established in Italy as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Previous Securitisation and the Securitisation, subject to the provisions set forth in Condition 5 (*Covenants*).

Board of directors

The directors of the Issuer are:

Mr. Alberto Nobili, an employee of FISG S.r.l., a limited liability company with sole quotaholder providing services related to securitisation transactions, appointed on 10 April 2019. The domicile of Mr. Alberto Nobili, in his capacity as Chairman of the Board of Directors of the Issuer, is at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy;

Mr. Igor Rizzetto, an employee of FISG S.r.l., a limited liability company with sole quotaholder providing services related to securitisation transactions, appointed on 10 April 2019. The domicile of Mr. Igor Rizzetto, in his capacity as Director of the Issuer, is at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy;

Mr. Samuele Trombini, an employee of the Originator, appointed on 10 April 2019. The domicile of Mr. Samuele Trombini, in his capacity as Director of the Issuer, is at Viale Mazzini 23, 53100 Siena, Italy.

Statutory Auditor of the Issuer

The sole Statutory Auditor of the Issuer is Mr. Corrado Arnosti, appointed on 10 April 2019. The domicile of Mr. Corrado Arnosti, in his capacity as sole Statutory Auditor of the Issuer, is at Via Vittorio Alfieri 1, 31015 Conegliano (TV), Italy. The sole Statutory Auditor does not perform other activities that are significant with respect to the Issuer.

The previous securitisation

On 27 October 2016, the Issuer carried out a securitisation transaction having as its object receivables deriving from loans granted to small and medium enterprises assigned by Banca Monte dei Paschi di Siena S.p.A. through the issuance, pursuant to the Securitisation Law, of €470,000,000 Class A1 Asset-Backed Floating Rate Notes due 2052, €400,000,000 Class A2 Asset-Backed Floating Rate Notes due 2052, €150,000,000 Class B Asset-Backed Floating Rate Notes due 2052, €313,000,000 Class C Asset-Backed Floating Rate Notes due 2052 and €406,300,000 Junior Asset-Backed Variable Return Notes due 2052.

The Quotaholders' Agreement

Pursuant to the terms of the Quotaholders' Agreement entered into on 25 October 2016 in the context of the Previous Securitisation and subsequently extended on or about the Issue Date in the context of the Securitisation, between the Issuer, the Quotaholders and the Representative of the Noteholders, the Quotaholders have 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 Quotaholders' 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 Quotaholders' Agreement and of the other Transaction Documents are adequate to ensure that the participation by the Quotaholders in the quota capital of the Issuer is not abused.

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:

Quota capital	**Euro**
Issued, authorised and fully paid up capital	10,000.00
Loan capital	**Euro**
Previous Securitisation	
€313,000,000 Class C Asset Backed Floating Rate Notes due in 2052	300,273,120.13
€406,300,000 Junior Asset Backed Variable Return Notes due in 2052	285,017,306.40
Subordinated loan advanced by BMPS on 25 October 2016 in an aggregate amount of €47,100,000.00	2,694,114.25
Securitisation	
€519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060	519,400,000.00

€813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060	813,000,000.00
€225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060	225,800,000.00
€271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060	271,000,000.00
€248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060	248,500,000.00
€180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060	180,700,000.00
Subordinated Loan	44,243,540.74
Total loan capital (Euro)	**2,890,628,081.52**
Total capitalisation and indebtedness (Euro)	**2,890,638,081.52**

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.

Financial statements and auditors' report

The Issuer's accounting reference date is 31 December in each year.

The Issuer's financial statements as of 31 December 2017 and 31 December 2018 have been audited by independent auditors.

The financial statements of the Issuer as at 31 December 2017 and 31 December 2018 are incorporated by reference in this Prospectus.

Copy of the financial statements of the Issuer for each financial year since the Issuer's incorporation may be inspected and obtained free of charge during usual business hours at the specified offices of the Issuer and the Representative of the Noteholders.

The financial statements of the Issuer as at 31 December 2017 and 31 December 2018 have been duly audited by EY S.p.A., an auditing company incorporated under the laws of Italy, enrolled with the Companies' Register of Rome under number 00434000584 and registered with the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by Minister of Economy and Finance with registration number no: 70945, having its registered office at Via Po, 32, 00198 Rome, Italy.

THE REPRESENTATIVE OF THE NOTEHOLDERS, THE CALCULATION AGENT, THE BACK-UP SERVICER AND THE CORPORATE SERVICER

Securitisation Services S.p.A. will act as Representative of the Noteholders, Calculation Agent, Back-up Servicer and Corporate Servicer under the transaction.

Securitisation Services S.p.A. is a company with a sole shareholder incorporated as a "*società per azioni*", having its registered office at Via Alfieri, 1, Conegliano (TV), Italy, share capital of Euro 2,000,000.00 fully paid up, fiscal code and enrolment in the companies' register of Treviso-Belluno under the number 03546510268, VAT Group "Gruppo IVA FININT S.P.A." - VAT number 04977190265, currently enrolled under number 50 in the register of the Intermediari Finanziari held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, belonging to the banking group known as "Gruppo Banca Finanziaria Internazionale", registered with the register of the banking group held by the Bank of Italy, company subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Finanziaria Internazionale S.p.A.

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

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

Securitisation Services S.p.A. is subject to the auditing activity of Deloitte & Touche S.p.A.

The information contained in this section of this Prospectus relates to and has been obtained from Securitisation Services S.p.A. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of the Securitisation Services 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 AND THE PRINCIPAL PAYING AGENT

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

BNP Paribas Securities Services has a local presence in 36 countries across five continents, effecting global coverage of more than 90 markets.

At March 2019 BNP Paribas Securities Services has USD 11,213 billion of assets under custody, USD 2,805 billion assets under administration, 10,667 administered funds and more than 12,000 employees.

BNP Paribas Securities Services, Milan Branch acts as Principal Paying Agent and Account Bank pursuant to the Cash Allocation Management Payments Agreement.

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

USE OF PROCEEDS

The proceeds available to the Issuer on the Issue Date, consisting of:

(i) the proceeds from the issue of the Class A1 Notes, being €519,400,000.00;

(ii) the proceeds from the issue of the Class A2 Notes, being €813,000,000.00;

(iii) the proceeds from the issue of the Class B Notes, being €225,800,000.00;

(iv) the proceeds from the issue of the Class C Notes, being €271,000,000.00;

(v) the proceeds from the issue of the Class D Notes, being €248,500,000.00;

(vi) the proceeds from the issue of the Junior Notes being €180,700,000.00; and

(vii) the proceeds from the utilisation of the Subordinated Loan being €44,243,540.74,

will be applied by the Issuer on the Issue Date as follows:

(a) to pay the Originator a portion of the Purchase Price payable by the Issuer pursuant to the terms of the Transfer Agreement;

(b) to credit €1,345,000.00 to the Expenses Account; and

(c) to credit €36,584,000.00 to the Cash Reserve Account.

In particular, a portion (equal to €6,314,540.74) of the Subordinated Loan, will be applied by way of set off to discharge *pro tanto* the obligation of the Issuer to pay to the Originator on the Issue Date the consideration for the purchase of the Portfolio pursuant to the Transfer Agreement.

Likewise, the amount payable by the Originator to the Issuer on the Issue Date as consideration for the subscription of the Notes being equal to €1,858,400,000.00 under the Subscription Agreement will be off-set against a portion (of equal amount) of the Purchase Price payable by the Issuer to the Originator on the Issue Date as consideration for the purchase of the Portfolio pursuant to the Transfer Agreement.

The amount credited into the Expenses Account will be used by the Issuer to pay certain initial transaction costs and to fund the Retention Amount.

DESCRIPTION OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents (other than the Subscription Agreement) upon request at the specified office of each of the Representative of the Noteholders and the Principal Paying Agent.

1 THE TRANSFER AGREEMENT

On 24 April 2019, the Originator and the Issuer entered into the Transfer 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.

The Purchase Price for the Portfolio payable pursuant to the Transfer Agreement is equal to the aggregate of the Individual Purchase Prices of the Receivables comprised in the Portfolio. The Individual Purchase Price for each Receivable is equal to the aggregate amount of (i) the Principal Instalments not yet due as at the Valuation Date (excluded), (ii) the Accrued Interest and (iii) with regard to the Receivables arising from Loans that have been subject to suspension of payments of the relevant Instalments, the interest accrued on the Instalments already due as at the Valuation Date (excluded) that are distributed on Instalments not yet due as at the Valuation Date (included). Under the Transfer Agreement, the Purchase Price for the Receivables is payable by the Issuer to the Originator on the later of: (a) the date on which the formalities set out in clause 9.1.1 of the Transfer Agreement have been completed, or (b) the Issue Date.

The Originator has sold to the Issuer, and the Issuer has purchased from the Originator, the Receivables comprised in the Portfolio, which meet the Criteria, described in detail in the section headed "Th*e Portfolio*". The sale of each Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of the Securitisation Law). Notice of the transfer of the Portfolios was published in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 52 of 4 May 2019 and was registered in the companies register of Treviso-Belluno on 2 May 2019.

The Transfer 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, charge, lien or encumbrance or other right in favour of any third party in respect of the Receivables. The Originator has also undertaken not to modify or cancel any term or condition of the Loan Agreements or any document to which it is a party relating to the Receivables which may prejudice the Issuer's rights to the Receivables or the then current rating of the Rated Notes, save in the event such modifications or cancellations are provided for by the Transaction Documents or required by law.

Furthermore, under the Transfer Agreement, the Issuer, pursuant to article 1331 of the Italian civil code, has granted to the Originator an option right to repurchase *pro soluto* (in whole but not in part) the outstanding Receivables in accordance with article 58 of the Consolidated Banking Act, provided that the repurchase price of the residual Portfolio is sufficient to redeem (a) all the Rated Notes, (b) all the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders' having consented to such partial redemption), (c) the interests due but unpaid on the Rated Notes, and (d) any amount required to be paid under the Post Trigger Notice Priority of Payments in priority to or *pari passu* with letters (a), (b)

and (c) above, (e) minus the moneys standing to the credit of the Accounts to be applied in accordance with the Post Trigger Notice Priority of Payments as at the date of repurchase of the residual Portfolio. Such option right may be exercised subject to the Originator delivering to the Issuer (a) a solvency certificate issued by the Originator, (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 and (c) a solvency certificate issued by the competent *Tribunale Ordinario - Sezione Fallimentare* for the registered office of the Originator. The above certificates must be dated not earlier than 10 calendar days before the date of the relevant exercise of such repurchase right.

In addition, under the Transfer Agreement, the Issuer has granted to the Originator, pursuant to article 1331 of the Italian civil code, an option right to repurchase *pro soluto* 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 (i) 25% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (ii) in respect of each year, 5% of the Outstanding Principal of the Portfolio as of the Valuation Date, provided that the repurchase price of the relevant Receivable is equal to: (1) the aggregate amount of the outstanding Principal Instalments due but not payable under the relevant Loan Agreement as of the repurchase date, plus (2) the aggregate amount of the outstanding Principal Instalments due and payable under the relevant Loan Agreement as of the repurchase date, plus (3) an amount equal to the accrued but unpaid interest under the relevant Loan Agreement as of the repurchase date, plus (4) an aggregate amount equal to the weighted interest rate applicable to the Rated Notes outstanding as of the repurchase date (such amount shall be calculated on the amounts provided for under numbers (1) and (2) above as referred to the period starting from the relevant repurchase date and the immediately following Payment Date on an ACT/360 basis). In addition, such option right may be exercised subject to the Originator delivering to the Issuer (a) a solvency certificate issued by the Originator, (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 and (c) a solvency certificate issued by the competent *Tribunale Ordinario - Sezione Fallimentare* for the registered office of the Originator. The above certificates must be dated not earlier than 10 calendar days before the date of the relevant exercise of such repurchase right.

Furthermore, under the Transfer Agreement, the Issuer has granted to the Originator, pursuant to article 1331 of the Italian civil code, an option right to repurchase *pro soluto* individual Defaulted Receivables. 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 (i) 3% of the Outstanding Principal of the Portfolio as of the Valuation Date, and (ii) in respect of each year, 0.75% of the Outstanding Principal of the Portfolio as of the Valuation Date, provided that the repurchase price of the relevant Defaulted Receivable is equal to the net book value as recorded in the financial statements of the Issuer. In addition, such option right may be exercised subject to the Originator delivering to the Issuer (with copy to Representative of the Noteholders and the Rating Agencies) (a) a solvency certificate issued by the Originator, (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 and (c) a solvency certificate issued by the competent *Tribunale Ordinario - Sezione Fallimentare* for the registered office of the Originator, in each case dated not earlier than 10 calendar days before the date of the relevant exercise of such repurchase right.

The Transfer 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 24 April 2019, the Originator, the Back-up Servicer and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed Banca Monte dei Paschi di Siena S.p.A. as Servicer of the Receivables. The receipt of the Collections is the responsibility of the Servicer acting as agent (*mandatario*) of the Issuer. Under the Servicing Agreement, the Servicer shall credit on a daily basis any amounts collected from the Receivables to the Collection Account. The Servicer will also act as the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law. In such capacity, the Servicer shall also be responsible for ensuring that such operations comply with the applicable law and this Prospectus.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables. The Servicer shall be entitled to sub-delegate such activities, provided that the Servicer shall remain fully liable *vis-à-vis* the Issuer for the performance of any activity so delegated.

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 transmission of such data to the Corporate Servicer in order to permit the processing and the management of such data by the Corporate Servicer. The Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement.

Under the Servicing Agreement, with regard to the Defaulted Receivables and in accordance with the Credit and Collection Policies, the Servicer has the possibility to reach settlements and agreements with the relevant Debtors in case it is necessary to maximise and facilitate the recovery of the relevant Defaulted Receivables.

The Servicing Agreement further provides for the possibility for the Servicer to renegotiate, subject to certain limitations and conditions specified in the Servicing Agreement and in accordance with the Credit and Collection Policy and the Loan Agreements. In particular the Servicer may renegotiate certain Loan Agreements related to Receivables not classified as Defaulted Receivables, provided that the renegotiations (each one, a "**Renegotiation**") (i) have been expressly requested by the relevant Debtors, (ii) are compliant with the Credit and Collection Policies and (iii) are compliant with the following limitations.

The Servicer is permitted to authorise Renegotiations consisting of:

(a) change of the interest rate applicable to the relevant Loan from a floating interest rate to a fixed one, provided that the aggregate amount of the Outstanding Principal of the Receivables having been renegotiated pursuant to this point (a) (including the Receivable relating to the relevant Renegotiation) does not exceed 2% of the Outstanding Principal of all the Receivables comprised in the Portfolio as of the Valuation Date; and/or

(b) change of the interest rate applicable to the relevant Loan from a fixed interest rate to a floating one, provided that (i) the aggregate amount of the Outstanding Principal of the Receivables having been renegotiated pursuant to this point (b) (including the Receivable relating to the

relevant Renegotiation) does not exceed 2% of the Outstanding Principal of all the Receivables comprised in the Portfolio as of the Valuation Date and (ii) the margin of the applicable floating interest rate shall be equal to at least 200 basis points; and/or

(c) reduction of the spread of the floating interest rate applicable to the relevant Loan, provided that (i) the aggregate amount of the Outstanding Principal of the Receivables having been renegotiated pursuant to this point (c) (including the Receivable relating to the relevant Renegotiation) does not exceed 3% of the Outstanding Principal of all the Receivables comprised in the Portfolio as of the Valuation Date and (ii) the margin of the applicable floating interest rate shall be equal to at least 200 basis points, it being understood that, for the aims of this point (c), the Renegotiations granted pursuant to point (b) above shall not be considered (in light of the different nature and purpose) as reduction of a fixed interest rate nor reduction of the spread of a floating interest rate; and/or

(d) extension of the final maturity date of the relevant Loan within a maximum of 5 years, provided that, as of each Payment Date, the aggregate amount of the Outstanding Principal of the Receivables having been renegotiated pursuant to this point (d) (including the Receivable relating to the relevant Renegotiation) does not exceed 5% of the Outstanding Principal of all the Receivables comprised in the Portfolio as of the relevant Payment Date, it being understood that, in any case, the final maturity date of the Loans cannot be extended beyond 31 December 2042; and/or

(e) granting of suspension of any payment duty of the relevant Debtor with regard to the outstanding Principal Instalments for a maximum (with respect to each suspension) of 12 months, provided that the aggregate amount of the Outstanding Principal of the Receivables having been renegotiated pursuant to this point (e) (including the Receivable relating to the relevant Renegotiation) does not exceed 5% of the Outstanding Principal of all the Receivables comprised in the Portfolio as of the same date; and/or

(f) in case of any prepayment, variation of any amounts due as connected fee and/or penalty or indemnity, it being understood that the Renegotiations provided under this point (f) may be granted by the Servicer to the relevant Debtor with no limitations.

In addition to the above, the Servicer may grant the substitution of the expired financial instruments being object of a Guarantee securing the relevant Receivables with other financial instruments having the same nature, purpose and value, provided that the deed of the relevant Guarantee permits the substitution.

Without prejudice to the Renegotiations described above, the Servicer may also grant to the Debtors certain kinds of renegotiations provided for under law provisions and/or regulations or conventions and agreements entered into by the Originator with trade associations (see also the sections headed "*Risk Factors – Changes in the Portfolio composition*" and "*Risk Factors - Yield and payment considerations*").

The Servicer has undertaken to use all due diligence to maintain all accounting records relating to the Receivables and the Defaulted Receivables and to supply all relevant information to the Issuer to enable it to prepare its financial statements.

Under the Servicing Agreement, the Servicer, for the benefit of the Noteholders pursuant to article 2, paragraph 3, letter d) of the Securitisation Law, is permitted to sell to third parties, in the name and on

behalf of the Issuer, one or more Defaulted Receivables in compliance with the Credit and Collection Policies and/or any applicable law, provided however that:

(i) the recovery measures provided for under the Credit and Collection Policies have been unsuccessfully carried out by the Servicer;

(ii) the Servicer has unsuccessfully attempted to reach agreements and amendments in order to maximise the recovery of the relevant Defaulted Receivables;

(iii) in the prudent opinion of the Servicer, there are no alternative measures to maximise the recovery of the Defaulted Receivables;

(iv) the assignment to third parties shall be *pro soluto* and shall not be secured by any Issuer's warranty about the solvency of the relevant Debtors;

(v) if applicable, it has been provided (a) a solvency certificate of the relevant assignee issued by the competent *Tribunale Ordinario - Sezione Fallimentare* dated no more than 10 Business Days prior to the date of assignment (unless the relevant *Tribunale Ordinario* does not release such certificate for technical internal reasons), and (b) a solvency certificate of the relevant assignee issued by the competent 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 relevant assignee dated no more than 10 Business Days prior to the date of assignment, stating that in the last 5 years no bankruptcy or insolvency proceedings have been commenced against the relevant assignee;

(vi) the purchase price for the assignment of each Defaulted Receivable is compliant with the evaluations to be performed by the Servicer pursuant to the Credit and Collection Policies and has been determined on the basis of the Servicer's expertise and the customary common practises;

(vii) the purchase price for the assignment is paid by one-off payment;

(viii) the Servicer indicates the Defaulted Receivables assigned to third parties in the Servicer's Report.

In return for the services provided by the Servicer, the Issuer will pay to the Servicer on each Payment Date, in accordance with the applicable Priority of Payments:

(a) for the activity of management of the Receivables (other than the Defaulted Receivables) included in the Portfolio, an annual fee equal to Euro 25,000.00 (plus VAT, if due) to be paid by quarterly instalments in arrear, each one for the same amount;

(b) for the activity of recovery of any Defaulted Receivables included in the Portfolio, (i) an annual fee to be calculated as 0.01% (including VAT, if applicable), calculated on an ACT/360 basis, of the aggregate Outstanding Principal of the Defaulted Receivables as at the first day of the Collection Period immediately preceding such Payment Date, and (ii) an annual fee to be calculated as 0.01% (including VAT, if applicable), calculated on an ACT/360 basis, of the Collections made in respect of the Defaulted Receivables during the Collection Period immediately preceding such Payment Date; and

(c) for the monitoring and reporting activity carried out by the Servicer, an annual fee of Euro 5,000.00 (including VAT, if applicable).

The Servicer has undertaken to prepare and submit to the Issuer quarterly reports containing, a summary of the performance of the Portfolio, a detailed summary of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Portfolio, for delivery to, *inter alios*, the Issuer, the Corporate Servicer and the Representative of the Noteholders.

The Issuer may terminate the Servicer's appointment and appoint a successor servicer if certain events occur (each a "**Servicer Termination Event**"). The Servicer Termination Events include the following events:

(a) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited and such failure continues unremedied for 2 Business Days (in the case of Collection or Recoveries) or 7 Business Days (in the case of any other amount) after the due date thereof and cannot be attributed to force majeure;

(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 Transfer Agreement and/or the Warranty and Indemnity Agreement, and the continuation of such failure for a period of 7 Business Days following receipt by the Servicer of a written notice from the Issuer or the Representative of the Noteholders;

(c) any of the representations and warranties given by the Servicer, pursuant to the Servicing Agreement and the other Transaction Documents to which it is a party, has been proved to be untrue, false or misleading in any material respect and such untrue, false or misleading representation and warranty is materially prejudicial to the Issuer or the Noteholders and is not remedied within 7 Businesses Days following receipt by the Servicer of a written notice thereof;

(d) an Insolvency Event occurs with respect to the Servicer;

(e) 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 a party;

(f) the Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a securitisation transaction.

The occurrence of a Servicer Termination Event shall be notified to the Rating Agencies and the Underwriters.

The Issuer has appointed Securitisation Services S.p.A. as Back-up Servicer. In particular, Securitisation Services S.p.A. in its capacity as Back-up Servicer as agreed to act as servicer on the terms set forth in the Servicing Agreement, should the appointment of BMPS, as servicer, be terminated pursuant to the terms of the Servicing Agreement due to the occurrence of a Servicer Termination Event. Securitisation Services S.p.A. as new Servicer will have to assume the duties and obligations vested to the Servicer pursuant to the Servicing Agreement within 90 Business Days from the receipt of a written notice by the Issuer of the occurrence of a Servicer Termination Event, provided however that BMPS will continue to act as servicer in accordance with the terms of the Servicing Agreement until Securitisation Services S.p.A. has effectively assumed the duties and obligations as Servicer.

Notwithstanding the termination of the appointment of BMPS as Servicer, pursuant to the Servicing Agreement, BMPS will continue to:

(i) manage, *inter alia*: (a) the renegotiation activities; (b) the collection of the Receivables in the Collection Account; (c) the activities in respect of the insurance policies connected to the Loans; and (d) the custody of the Loan documentation;

(ii) maintain the Collection Account subject to (i) BMPS holding the legal requirements and the Bank of Italy's regulations requirements for entities acting as servicers in the context of a securitisation transaction; (ii) BMPS long-term unsubordinated and unsecured debt rating not falling below "CCC" by Fitch or "CCC" by DBRS; and (iii) compliance by BMPS with its obligations to transfer timely the Collections in accordance with the terms of the Servicing Agreement.

The new Servicer will be responsible to supervise and monitor the correct performance by BMPS of any such activities in accordance with the provisions of the Securitisation Law and will perform any such activity in case of default of BMPS.

With respect to the designation of the Securitisation as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation, in the Servicing Agreement the Servicer has undertaken to: (i) prepare and deliver, within 30 calendar days from each Payment Date, to the Issuer, the Representative of the Noteholders, the Calculation Agent, the Back-up Servicer and the Rating Agencies a Loan by Loan Report, and make such report available to the current and prospective Noteholders in accordance with articles 7(1)(a) and 22(5) of the Securitisation Regulation; and (ii) in compliance with article 22(5) of the Securitisation Regulation, to make the information referred to in point (f) of article 7(1) of the Securitisation Regulation (and its implementing regulations), of which the Servicer is aware, available without delay to the Issuer, the Representative of the Noteholders, the Arrangers and the Calculation Agent. In addition, under clause 12.1.8 of the Servicing Agreement, the Servicer has represented and warranted to the Issuer, *inter alia*, that (i) it has an accrued experience of more than 5 years in managing exposures having similar nature of the Receivables and (ii) it has established well-documented and adequate risk management policies, procedures and controls regarding the management of such of such exposures (see also section headed "*The Originator, the Servicer, the Subordinated Loan Provider and the Cash Manager*").

Furthermore, under clause 9.3 of the Servicing Agreement, the Back-up Servicer has represented and warranted to the Issuer, *inter alia*, that (i) it has experience (acquired directly and/or through subsidiaries or parent companies) in managing and administering loans of the same nature of the Loans from which the Receivables arise and (ii) it has established well-documented and adequate risk management policies, procedures and controls regarding the management of such loans (see also section headed "*The Representative of the Noteholders, the Calculation Agent, the Back-up Servicer and the Corporate Servicer*").

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 24 April 2019, the Issuer and the Originator entered into the Warranty and Indemnity Agreement, pursuant to which the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables comprised in the Portfolio and certain other matters and has agreed 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.

The Warranty and Indemnity Agreement contains representations and warranties given by the Originator as to matters of law and fact affecting the Originator including, without limitation, that the Originator validly exists as a juridical person, has the corporate authority and power to enter into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations therefor.

The Warranty and Indemnity Agreement sets out standard representations and warranties in respect of the Receivables including, *inter alia*, that, as of the date of execution of the Warranty and Indemnity Agreement, the Receivables comprised in the Portfolio (i) were valid, in existence and in compliance with the Criteria, and (ii) related to Loan Agreements which had been entered into, executed and performed by the Originator in compliance with all applicable laws, rules and regulations (including the Usury Law). In addition, the Originator represented, *inter alia*, that each of the Debtors and the guarantors is resident in Italy and that the Real Estate Assets are located in Italy.

Pursuant to the Warranty and Indemnity Agreement, the Originator has agreed to indemnify and hold harmless the Issuer, its officers or agents or any of its permitted assignees from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, (a) any representations and/or warranties made by the Originator under the Warranty and Indemnity Agreement, being false, incomplete or incorrect; (b) the failure by the Originator to comply with any of its obligations under the Transaction Documents; (c) any amount of any Receivable not being collected as a result of the proper and legal exercise of any right of set-off against the Originator by the relevant Debtor and/or any insolvency receiver of the relevant Debtor; (d) the failure of the terms and conditions of any Loan Agreement on the Valuation Date to comply with the provision of article 1283 or article 1346 of the Italian civil code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Loan Agreement up to the Valuation Date.

In addition to the above, with respect to the designation of the Securitisation as "STS" or "simple, transparent and standardised" within the meaning of article 18 of the Securitisation Regulation, in the Warranty and Indemnity Agreement the Originator has represented and warranted that:

(a) for the purposes of EU Insolvency Regulation, the centre of main interest of the Originator is situated in Italy;

(b) the Originator is solvent and there are no facts or circumstances that could make the Originator insolvent or incapable of diligently comply with its obligations or determining the submission of the Originator to extraordinary administration or any other insolvency proceedings. No corporate measures have been taken for the liquidation or dissolution of the Originator itself and no actions have been taken against the Originator which may adversely affect its ability to perform the transfer of the Portfolio under the terms and conditions contained in the Transfer Agreement or to perform its obligations under any other Transaction Documents to which it is a party, nor will the Originator become insolvent as a result of the signing and execution of any of the Transaction Documents to which it is or will become a party;

(c) the Receivables included in the Portfolio have been originated in the ordinary course of business of the Originator and/or of banks subsequently merged by incorporation into the Originator, in compliance with credit granting parameters which have been no less stringent than those applied by the Originator (or, as the case may be, by the other banks subsequently

merged into the Originator) to Comparable Assets at the time the Receivables came into existence;

(d) the Originator has selected the Receivables comprised in the Portfolio in compliance with the Criteria;

(e) to the best of the Originator's knowledge, the Receivables included in the Portfolio are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the transfer of the Portfolio pursuant to the provisions of the Transfer Agreement;

(f) the Portfolio comprises Receivables which are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including the contractual, credit-risk and prepayment characteristics of the Loan. The Portfolio includes only one asset-type of receivables, that is Originator's receivables *vis-à-vis* the Debtors that qualify as Italian micro, small and medium-sized enterprises in accordance with Recommendation 2003/361/EC of the European Commission of 6 May 2003, published in the Official Gazette of the European Union n. L 124 of 20 May 2003, or other types of enterprises and companies with registered offices in Italy which, pursuant to the classification criteria adopted by the Bank of Italy in Circular n. 140 of 11 February 1991, as amended on 30 September 2008, belong to the following the sub-sectors of business activity (*Sotto-settore/Sottogruppo*): 430 ("*Imprese Private*"/"*Imprese produttive*"), 432 ("*Imprese Private*"/"*Holding operative private*"), 450 ("*Associazioni fra imprese non finanziarie*"/"*Associazioni fra imprese non finanziarie*"), 480 ("*Quasi-Società Non Finanziarie Artigiane*"/"*Unità o società con 20 o più addetti*"), 481 ("*Quasi-Società Non Finanziarie Artigiane*"/"*Unità o società con più di 5 e meno di 20 addetti*"), 482 ("*Quasi- Società Non Finanziarie Artigiane*"/"*Società con meno di 20 addetti*"), 490 ("*Quasi-Società Non Finanziarie Altre*"/"*Unità o società con 20 o più addetti*"), 491 ("*Quasi-Società Non Finanziarie Altre*"/"*Unità o società con più di 5 e meno di 20 addetti*"), 492 ("*Quasi-Società Non Finanziarie Altre*"/"*Società con meno di 20 addetti*"), 614 ("*Famiglie Produttrici*"/"*Artigiani*"), 615 ("*Famiglie Produttrici*"/"*Altre Famiglie Produttrici*"). Under the terms of the relevant Loan Agreements, the receivables entail binding and enforceable obligations with full right of recourse against the Debtors, the relevant Guarantors and/or Mortgagors;

(g) save for the Loans originated by banks other than the Originator and then subsequently merged by incorporation into the Originator: (i) each Loan Agreement has been entered into substantially in the form of the standard agreement adopted by the Originator from time to time, (ii) in comparison with the standard agreement of the Originator, no Loan Agreements have been substantially amended since the relevant date of conclusion, (iii) each Loan was granted in accordance with the credit-granting procedures adopted by the Originator, and (iv) in granting each Loan, in order to estimate the repayment capacity of the relevant Debtor, the Originator evaluated all the documentation and information acquired as evidence of the economic and financial situation of the relevant Debtor;

(h) the Originator utilises credit-granting procedures consistent with common banking practices and has applied to the Loans the same - sound and well defined - criteria for the granting, the renewal, the modification and/or the refinancing commonly applied by the Originator to non-securitised loans from which the Comparable Assets have been originated. The Originator has put in place effective systems to apply these 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 verifying the prospect of the Debtor meeting his obligations under the relevant loan agreement;

(i) no Receivables, as of the Valuation Date, had registered any due and payable Instalment. As a consequence, the Portfolio does not include receivables to be qualified in default within the meaning of article 178(1) of Regulation (EU) No 575/2013 or receivables *vis-à-vis* a credit-impaired debtor or guarantor, who, to the best of the Originator's knowledge: (i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt restructuring process with regard to his non-performing exposures in the three years preceding the Valuation Date; (ii) was, at the time of origination of the relevant Receivable, where applicable, on a public credit registry of persons with adverse credit history; or (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for not securitised Comparable Assets;

(j) In determining the relevant Debtor's creditworthiness, the Originator (or other banks successively merged by incorporation with the Originator) has not predominantly relied on the possible sale of the Real Estate Assets following the enforcement of the relevant Mortgage;

(k) the Portfolio does not include receivables which exclusively originate from derivatives;

(l) the interest rates applicable to the Loan Agreements as of the Valuation Date are true and correct and, without prejudice to the provisions of the Usury Law, the criteria on the basis of which they are calculated are not subject to reductions or variations other than those related to the floating interest rate. With regard to the Loans bearing a floating interest rate, the interest payments are based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives;

(m) the Receivables do not include: (i) transferable securities, as defined in point (44) of article 4(1) of Directive 2014/65/EU; and (ii) no exposure *vis-à-vis* any securitisation transaction;

(n) the Receivables included in the Portfolio have been originated in the ordinary course of business of the Originator (or of other banks subsequently merged by incorporation into the Originator), which has proven experience in generating and administering receivables of a similar nature to the Receivables included in the Portfolio. The Originator has established well-documented risk management procedures and controls that are adequate for the management of receivables;

(o) as at the Valuation Date, no Receivable has been fully repaid and each Debtor has made at least one payment, for any reasons, with respect to the relevant Receivable; and

(p) the Debtors may be individual entrepreneurs, craftsmen, families of producers, companies having a sole ownership, simple partnership, general partnerships, limited partnerships, limited liability companies, companies limited by shares, limited partnerships or cooperatives based in Italy. No Debtor is (i) a public administration or a similar entity or (ii) an ecclesiastical institution recognised by the religious denominations with which the Republic of Italy has entered into agreements, pacts or arrangements, (iii) a non-profit organization of social utility (*ONLUS*); or (iv) a securitisation company or other special purpose vehicle. All Debtors may

be classified as Italian micro, small and medium-sized enterprises in accordance with Recommendation 2003/361/EC of the European Commission of 6 May 2003, published in the Official Gazette of the European Union n. L 124 of 20 May 2003, or legal persons or other types of enterprises and companies with registered offices in Italy. In accordance with the provisions of article 20(10) of the Securitisation Regulation, the assessment of the Debtors' creditworthiness meets the requirements set out in article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

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 CASH ALLOCATION, MANAGEMENT AND PAYMENTS AGREEMENT

On or about the Issue Date, the Issuer, the Originator, the Servicer, the Account Bank, the Cash Manager, the Representative of the Noteholders, the Corporate Servicer, the Calculation Agent and the Principal Paying Agent entered into the Cash Allocation, Management and Payments Agreement.

Under the terms of the Cash Allocation, Management and Payments Agreement:

(a) the Servicer has agreed to establish and maintain, in the name and on behalf of the Issuer, the Collection Account and to provide the Issuer with certain account handling services in relation to monies from time to time standing to the credit of the above mentioned account;

(b) the Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Cash Reserve Account, the Securities Account, the Expenses Account and the Transaction 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;

(c) the Corporate Servicer has agreed to operate the Expenses Account, in accordance with the instructions of the Issuer;

(d) the Calculation Agent has agreed to provide the Issuer with calculation services and reporting services, to prepare and deliver the Payments Report and the Investors Report, and to provide the Issuer with certain calculation services in relation to the Notes. In addition, the parties to the Cash Allocation, Management and Payments Agreement have agreed exceptional provisions for the determination of the Issuer Available Funds and their allocation on Payment Dates, in the event of the Servicer failing to deliver a Servicer Report;

(e) the Principal Paying Agent has agreed to establish and maintain, in the name and on behalf of the Issuer, the Payments Account, to provide the Issuer with certain payment services, to determine the Euribor on each Determination Date and to provide the Issuer with certain calculation services in relation to the Notes; and

(f) the Cash Manager has agreed to invest in Eligible Investments, on behalf of the Issuer, any funds standing to the credit of the Cash Reserve Account and the Transaction Account.

The Accounts shall be opened in the name of the Issuer and shall be operated by the Servicer, the Account Bank or the Principal Paying Agent (as the case may be) and the amounts or securities (as the case may be) standing to the credit thereof shall be debited and credited in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

The Issuer may (with the prior approval of the Representative of the Noteholders and prior notice to the Rating Agencies) revoke its appointment of any Agent by giving not less than three months 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 is rendered unable to perform its obligations under the Cash Allocation, Management and Payment Agreement for a period of 60 days by circumstances beyond its control. The appointment of an Agent may terminate in accordance with article 1373 of the Italian civil code or 78 of the Italian Bankruptcy Law, 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 Payment Agreement, upon giving not less than three months (or such shorter period as the Representative of the Noteholders may agree) prior written notice of resignation to the Issuer and the Representative of the Noteholders. 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 Servicer, Calculation Agent, Cash Manager, Principal Paying Agent 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 Payment Agreement; (iii) no Agent being released from its obligations under the Cash Allocation, Management and Payment 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.

5 THE INTERCREDITOR AGREEMENT

On or about the Issue Date, the Issuer, the Arrangers 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.

With respect to the compliance of BMPS, in its capacities as Originator and Reporting Entity, with the retention undertaking and the other duties set forth under the Securitisation Regulation and addressed

in the Intercreditor Agreement, please refer to section headed "*Regulatory Disclosure, Retention Undertaking and STS Compliance*".

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.

6 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.

7 THE CORPORATE SERVICES AGREEMENT

Under the Corporate Services Agreement entered into on 25 October 2016 in the context of the Previous Securitisation and subsequently extended on or about the Issue Date in the context of the Securitisation, between the Issuer, the Corporate Servicer and the Representative of the Noteholders, the Corporate Servicer has agreed to provide certain corporate administration and management services to the Issuer in relation to the Securitisation.

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.

8 THE SUBORDINATED LOAN AGREEMENT

Under the Subordinated Loan Agreement entered into on or about the Issue Date, the Subordinated Loan Provider has agreed to advance to the Issuer a subordinated loan, in an aggregate amount of €44,243,540.74 on the Issue Date (the "**Subordinated Loan**"). A portion of the proceeds from the utilisation of the Subordinated Loan being €37,929,000.00, will be applied by the Issuer on the Issue Date as follows:

(a) €36,584,000.00 will be credited to the Cash Reserve Account on the Issue Date; and

(b) €1,345,000.00, being an amount equal to the aggregate of the Retention Amount and the amount required to pay certain initial up front expenses of the Issuer, will be credited to the Expenses Account on the Issue Date.

The remaining portion of the proceeds from the utilisation of the Subordinated Loan, being €6,314,540.74, will be applied by way of set off to discharge *pro tanto* the obligation of the Issuer to pay to the Originator on the Issue Date the consideration for the purchase of the Portfolio pursuant to the Transfer Agreement.

The Subordinated Loan will be repaid in accordance with the applicable Priority of Payments.

The Subordinated Loan 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.

9 THE MASTER DEFINITIONS AGREEMENT

Pursuant to the Master Definitions Agreement, the Issuer and the other parties to the Transaction have agreed the meanings of certain definitions used in the Transaction Documents.

The Master Definitions 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.

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 Monte Titoli in accordance with the provisions of (i) article 83-bis of the Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette number 201 of 30 August 2018, as subsequently amended and supplemented from time to time. 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 €519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060, the €813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060, the €225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060, the €271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060, the €248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 and the €180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law to finance the purchase by the Issuer of the Portfolio pursuant to the Transfer Agreement and to pay of certain initial expenses incurred by the Issuer in relation to the Securitisation. The principal source of payment of any amounts related to the Notes will be the Collections and other amounts received in respect of the Portfolio and the other Transaction Documents.

Any reference below to a "Class" of Notes or a "Class" of Noteholders shall be a reference to the to the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Junior Notes, as the case may be, or to the respective ultimate owners thereof.

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 (other than the Subscription Agreement) are:

1.3.1 available for inspection by the Noteholders during normal business hours at the registered office of the Issuer and the Representative of the Noteholders, both being, as at the Issue Date, Via V. Alfieri, 1, 31015 Conegliano (TV), Italy and at the specified office of the Principal Paying Agent, being, as at the Issue Date, Piazza Lina Bo Bardi, 3, 20124 Milan, Italy; and

1.3.2 pursuant to article 7 of the Securitisation Regulation, available for inspection by the Noteholders, the competent authorities referred to in article 29 of the Securitisation Regulation and, upon request to the Issuer, by potential investors in the Notes through the Temporary Website.

1.4 **Description of Transaction Documents**

1.4.1 Pursuant to the Subscription Agreement, the Underwriters have agreed to subscribe for the Notes and appointed the Representative of the Noteholders to perform the activities described in the Subscription Agreement, these Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is a party.

1.4.2 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 indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

1.4.3 Pursuant to the Servicing Agreement, the Servicer has agreed to administer, service and collect amounts in respect of the Portfolio on behalf of the Issuer. The Servicer will be the *soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento* pursuant to the Securitisation Law and will be responsible for ensuring that such transactions comply with the provisions of the applicable law and the Prospectus.

1.4.4 In the Agreement for the Extension of the Corporate Services Agreement, the Issuer, the Corporate Servicer and the Representative of the Noteholders have agreed to extend to the Securitisation the provisions of the Corporate Services Agreement, pursuant to which the Corporate Servicer has agreed to provide to the Issuer certain services in relation to the management of the Issuer.

1.4.5 Pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, the Principal Paying Agent, the Account Bank, the Servicer, the Corporate Servicer and the Cash Manager have agreed to provide the Issuer with certain calculation, notification, reporting and agency services together with account handling, cash management and payment services in relation to moneys and securities from time to time standing to the credit of the Accounts and the Expenses Account. The Cash Allocation, Management and Payments Agreement also contains provisions relating to, *inter alia*, the payment of principal, interest and Variable Return in respect of the Notes of each Class.

1.4.6 Pursuant to the Intercreditor Agreement, provision is made as to the order of application of 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.

1.4.7 Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider has agreed to make available to the Issuer the Subordinated Loan for an amount of Euro 44,243,540.74 for the purpose of (i) crediting to the Cash Reserve Account Euro 36,584,000.00 on the Issue Date, to form the Cash Reserve, (ii) crediting to the Expenses Account Euro 1,345,000.00 on the Issue Date, to form the Retention Amount and fund the payment by the Issuer of certain initial up front expenses, (ii) paying by way of set-off a portion of the consideration for the purchase of the Portfolio pursuant to the Transfer Agreement.

1.4.8 Pursuant to the Mandate Agreement, the Representative of the Noteholders, subject to a Trigger Notice being served upon the Issuer following the occurrence of a Trigger Event and, subject to the fulfilment of certain conditions, upon failure by the Issuer to exercise its rights under the Transaction Documents, is authorised 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.

1.4.9 In the Agreement for the Extension of the Quotaholders' Agreement, the Quotaholders have agreed to extend to the Securitisation the provisions of the Quotaholders' Agreement, pursuant to which certain rules have been set forth in relation to the corporate management of the Issuer.

1.4.10 Pursuant to the Master Definitions Agreement, the definitions and interpretation of certain terms and expressions used in the Transaction Documents have been agreed by the parties to the Transaction Documents.

1.4.11 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. The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders. The Rules of the Organisation of the Noteholders constitute an integral and essential part of these Conditions and the Noteholders shall be bound by the provisions of such Rules as if they had been set out herein in full.

1.5 Acknowledgement

Each Noteholder, by reason of holding a Note acknowledges and agrees that the Arrangers and the Underwriters 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 Securitisation Services 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:

"**Account Bank**" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Accounts**" means, collectively, the Payments Account, the Collection Account, the Transaction Account, the Cash Reserve Account, the Securities Account and the Expenses Account and "**Account**" means any of them.

"**Accrued Interest**" means the portion of Interest Instalments accrued on the Portfolio or, as the context may require, on a Receivable on such date but not yet due.

"**Adjustment Purchase Price**" means, in relation to any Receivable erroneously excluded from the Portfolio pursuant to clause 4.1.1 of the Transfer Agreement, an amount calculated in accordance with clause 4.2 of the Transfer Agreement.

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the

Noteholders, (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Euribor with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines is recognised or acknowledged as being in customary and prevailing market usage in international debt capital markets transactions which reference the Euribor, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or if no such customary and prevailing market usage can be determined or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Agents**" means the Calculation Agent, the Principal Paying Agent, the Cash Manager and the Account Bank collectively and "**Agent**" means any of them.

"**Agreement for the Extension of the Corporate Services Agreement**" means the agreement entered into on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Agreement for the Extension of the Quotaholders' Agreement**" means the agreement entered into on or about the Issue Date between the Quotaholders, the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines has replaced the Euribor in customary and prevailing market usage in the international capital markets for the purposes of determining rates of interest in respect of asset-backed securities denominated in Euro and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines that there is no such rate, such other rate as the Independent Adviser, in its discretion (acting in good faith and in a commercially reasonable manner), or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines is most comparable to the relevant Reference Rate.

"**Arrangers**" means Banca Monte dei Paschi di Siena S.p.A. and J.P. Morgan.

"**Arrears Level**" means, in respect of a Loan on a Collection Date, the ratio between:

(i) all amounts due but unpaid in relation to such Loan on the relevant Collection Date; and

(ii) an amount equal to the last Instalment in relation to such Loan which has become payable on or prior to the relevant Collection Date,

the resulting figure being rounded to the nearest whole number (with 0.50 and above being rounded up).

"**Back-up Servicer**" means Securitisation Services S.p.A. or any other person for the time being acting as Back-up Servicer pursuant to the Servicing Agreement.

"**Benchmark Disruption Event**" means any event which could have a material impact on the Euribor, including but not limited to:

(i) a material disruption to the Euribor, a material change in the methodology of calculating the Euribor or the Euribor ceasing to exist or be published, or the administrator of the Euribor having used a fall-back methodology for calculating the Euribor for a period of at least 30 calendar days; or

(ii) the insolvency or cessation of business of the administrator of the Euribor (in circumstances where no successor administrator has been appointed); or

(iii) a public statement by the administrator of the Euribor that it will cease publishing the Euribor permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Euribor) with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(iv) a public statement by the supervisor of the administrator of the Euribor that the Euribor has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology of calculating the Euribor with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(v) a public statement by the supervisor of the administrator of the Euribor that means the Euribor will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(vi) a change in the generally accepted market practice in the market to refer to a Euribor endorsed in a public statement by the prudential regulation authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, despite the continued existence of the Euribor; or

(vii) it having become unlawful and/or impossible and/or impracticable for the Principal Paying Agent or the Issuer to calculate any payments due to be made to any Bondholders using the Euribor.

"**Business Day**" means (i) with reference to and for the purposes of any payment obligation provided for under the Transaction Documents, any day on which TARGET2 (or any successor thereto) is open, and (ii) with reference to any other provision specified under the Transaction Documents, any day which is not a bank holiday or a public holiday in Milan, Siena, Luxembourg and London and on which TARGET2 (or any successor thereto) is open.

"**Calculation Agent**" means Securitisation Services S.p.A., 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 12th calendar day of February, May, August and November of each year, provided that the first Calculation Date will fall on 12 August 2019.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Account Bank, the Corporate Servicer, the Back-up Servicer, the Cash Manager, the Calculation Agent and the Principal Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Cash Manager**" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve**" means a reserve fund created by the Issuer with part of the proceeds of the Subordinated Loan on the Issue Date in an initial amount equal to €36,584,000.00, to be applied in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Account**" means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 14 Z 03479 01600 000802302201), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Amount**" means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

"**Cash Reserve Available Amount**" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the lower of (a) the balance of the funds standing to the credit of the Cash Reserve Account and (b) the absolute value of the difference, if negative, between (i) the Issuer Available Funds (net of any Cash Reserve Available Amount) available to pay items from *First* to *Seventh* of the Pre Trigger Notice Priority of Payments on such Payment Date; and (ii) the amounts payable by the Issuer under items from *First* to *Seventh* of the Pre Trigger Notice Priority of Payments on such Payment Date.

"**Cash Reserve Excess Amount**" means, in respect of any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Target Cash Reserve Amount on such Payment Date.

"**Class A1 Noteholders**" means the holders for the time being of the Class A1 Notes.

"**Class A1 Notes**" means the €519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class A2 Noteholders**" means the holders for the time being of the Class A2 Notes.

"**Class A2 Notes**" means the €813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class B Notes**" means the €225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class C Notes**" means the €271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class D Notes**" means the €248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Junior Noteholders**" means the holders for the time being of the Class J Notes.

"**Class J Notes**" or "**Junior Notes**" means the €180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 issued by the Issuer on the Issue Date.

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

"**Clean Up Option Date**" means the date falling on the Payment Date on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"**Clearstream**" means Clearstream Banking, Luxembourg with offices at 42 Avenue JF Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

"**Collection Account**" means the Euro denominated account established in the name of the Issuer with the Servicer (IBAN: IT 13 P 01030 14200 000012946593), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Collection Date**" means (i) prior to the service of a Trigger Notice, the 25th calendar day of January, April, July and October in each year; and (ii) following the service of a Trigger Notice, each date determined by the Representative of the Noteholders as such.

"**Collection Period**" means:

(i) prior to the service of a Trigger Notice, each period commencing on (and including) a Collection Date and ending on (but excluding) the following Collection Date; and

(ii) following the service of a Trigger Notice, each period commencing on (and including) the last day of the preceding Collection Period and ending on (but excluding) the next following Collection Date as determined by the Representative of the Noteholders; and

(iii) in the case of the first Collection Period, the period commencing on (and including) the Valuation Date and ending on (but excluding) the Collection Date falling in July 2019.

"**Collections**" means all amounts received by the Servicer or any other person on its behalf in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person on its behalf in respect of the Receivables.

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

"**CONSOB**" means *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.

"**Corporate Servicer**" means Securitisation Services S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the agreement entered into on 25 October 2016 in the context of the Previous Securitisation between the Issuer, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**CRA Regulation**" means the Regulation (EC) No. 1060/2009, as amended by Regulation (EC) No. 513/2011 and Regulation (EC) No. 462/2013.

"**DBRS**" means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings GmbH, and (ii) in any other case, any entity of DBRS Ratings GmbH which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority ("**ESMA**") on the ESMA website.

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

"**DBRS Minimum Rating**" means: (a) if a Fitch public long term rating, a Moody's long term public rating and an S&P long term public rating (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS

Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"**Decree 239 Deduction**" means any withholding, deduction, imposition or other payment of Taxes to be made under Decree 239.

"**Defaulted Receivables**" means any Receivable arising under a Loan that:

(i) with respect to a Loan providing for monthly instalments, there are 10 unpaid instalments;

(ii) with respect to a Loan providing for quarterly instalments, there are 5 unpaid instalments;

(iii) with respect to a Loan providing for or half yearly instalments, there are 3 unpaid instalments;

(iv) is classified as *credito in sofferenza* by the Servicer in accordance with the supervisory instructions of the Bank of Italy, as amended and supplemented for time to time.

"**Determination Date**" means:

(a) with respect to the Initial 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.

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

(a) whose ratings are the following:

(i) with respect to DBRS, at least equal to "A", considering:

(1) in case a public or private rating has been assigned by DBRS, the higher of (x) the rating one notch below the institution's Critical Obligations Rating ("**COR**") (if assigned), and (y) the long-term senior unsecured debt rating or deposit rating; or

(2) in case of a long-term COR has not been assigned by DBRS, the higher of the relevant institution's issuer rating, long-term senior unsecured debt rating or deposit rating; or

(3) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating; and

(ii) with respect to Fitch, at least "A-" as a long-term rating or at least "F1" as short term rating; or

(b) whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee (followed by, if requested, a legal opinion rendered by a reputable firm in the relevant jurisdictions) issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America and have at least the ratings set out in paragraphs (a)(i) and (a)(ii) above, provided that such guarantee and the relating opinion have been notified to the Rating Agencies and comply with the Rating Agencies' criteria.

"**Eligible Investment**" means any Euro denominated senior (unsubordinated) dematerialised debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments with the followings characteristics:

(a) with respect to DBRS:

(i) the securities or other debt instruments shall be issued or guaranteed (on the basis of an unconditional, irrevocable, independent first demand guarantee) by an institution rated at least as follows by DBRS: (1) "BBB (high)" in respect of Senior Long-Term Debt and Deposit rating or "R-1 (low)" in respect of Short-Term Debt and Deposit rating, with regard to investments having a maturity of less than or equal to 30 (thirty) days, or (2) "AA (low)" in respect of Senior Long-Term Debt and Deposit rating or "R-1 (middle)" in respect of Short-Term Debt and Deposit, with regard to investments having a maturity between 31 (thirty-one) and 90 (ninety) days; or

(ii) the bank account deposits shall be held with an Eligible Institution; or

(iii) instruments having such other lower rating being compliant with the DBRS's published criteria applicable from time to time; and

(b) with respect to Fitch:

(i) to the extent that such investment has a maturity not exceeding 30 calendar days, a long term rating of at least "A-" or a short term rating of at least "F1"; and

(ii) to the extent such investment has a maturity exceeding 30 calendar days but not exceeding 365 days a long term rating of at least "AA-" or a short term rating of at least "F1+"; or

(iii) the bank account deposits shall be held with an Eligible Institution; or

(iv) instruments having such other lower or higher rating being compliant with the Fitch's published criteria applicable from time to time.

It remains understood that in the case of clauses (a) and (b) above, such Euro denominated senior (unsubordinated) debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments:

(1) shall be immediately repayable on demand, disposable without penalty, cost or loss or have a maturity not later than its Eligible Investments Maturity Date;

(2) shall 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,

provided that,

(A) in no case such investment above 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; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral;

(B) in case of downgrade below the rating allowed with respect to DBRS or Fitch, as the case may be, the Issuer shall:

(i) in case of Eligible Investments being securities or time deposits, sell the securities or terminate in advance the time deposit, if it could be achieved without a loss, otherwise the relevant security or time deposit shall be allowed to mature; or

(ii) in case of Eligible Investments being bank deposits, transfer within 30 calendar days the deposits to another account opened in the name of the Issuer with an Eligible Institution;

(C) in any case, if such investments above consisting of repurchase transactions, shall be made only on Euro denominated debt securities or other debt instruments, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investments Maturity Date and in any case shorter than 60 days, (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer, and (iv) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount).

In any case, the Eligible Investments may not include (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivative instruments, or synthetic securities; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral.

"**Eligible Investments Maturity Date**" means the date falling one Business Days prior to each Calculation Date.

"**Euribor**" means:

(a) prior to the delivery of a Trigger Notice, the Euro Zone inter-bank offered rate for three-month Euro deposits which appears on the display page on Bloomberg (save that for the Initial Interest Period, the rate will be obtained upon linear interpolation of Euribor for one and three month deposits in Euro); or

(b) following the delivery of a Trigger Notice, the Euro Zone inter-bank offered rate for Euro deposits applicable to any period in respect of which interest on the Notes is required to be determined which appears on a Bloomberg display page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as indicated by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or

(c) in the case of (a) and (b), Euribor shall be determined by reference to such other page as may replace the relevant Bloomberg page on that service for the purpose of displaying such information; or

(d) in the case of (a) and (b), Euribor shall be determined, if the Bloomberg service ceases to display such information, by reference to such page as displays such information on such other service as may be nominated information vendor for the purpose of displaying comparable rates and approved by the Representative of the Noteholders,

(the rate determined in accordance with paragraphs (a) to (d) above being the "**Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Determination Date; and

(e) if the Screen Rate is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be:

(i) the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in Euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro Zone inter-bank market at or about 11.00 a.m. (Brussels time) on the Determination Date; or

(ii) if only two of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Bank providing such quotations; or

(iii) if only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of subparagraphs (a) or (b) above shall have applied.

"**Euro**", "**cents**" 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) No. 974 of 3 May 1998 on the introduction of the euro, as amended and supplemented from time to time.

"**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.

"**Euro Zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with Council Regulation (EC) No. 974 of 3 May 1998 on the introduction of the euro, as amended.

"**Expected Amortisation Amount**" means, on each Calculation Date, an amount equal to the positive difference between: (i) the aggregate Principal Amount Outstanding of the Notes on such Calculation

Date; and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

"**Expenses**" means:

(a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transactions carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and

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

"**Expenses Account**" means the Euro denominated account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. (IBAN: IT 91 X 01030 61622 000001842337), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"**Final Maturity Date**" means the Payment Date falling in February 2060.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"**Financial Stability Board**" means the international monitoring and reform body of the global financial system established in April 2009 with the aim of promoting international financial stability through information exchange and international cooperation, or any successor thereof.

"**First Payment Date**" means the Payment Date falling in August 2019.

"**Fitch**" means (i) for the purpose of identifying the entity which will assign the credit rating to the Rated Notes, Fitch Italia S.p.A., and (ii) in any other case, any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

"**Holder**" or "**holder**" means the ultimate owner of a Note.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"**Initial Interest Period**" means the first Interest Period, which shall begin on (and including) the Issue Date and end on (but excluding) the First Payment Date.

"**Insolvency Event**" means in respect of any company, entity or corporation that:

(a) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without

limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any 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 legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a legal adviser 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, entity 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 of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); 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, entity or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company, entity or corporation (except in any such case a winding up or other proceeding 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, entity 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; or

(f) such company, entity or corporation becomes subject to any proceedings resulting from the implementation of directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**").

"**Instalment**" means, with respect to each Loan Agreement, each instalment due from the relevant Debtor there under and which consists of an Interest Instalment and a Principal Instalment.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Issue Date between the Issuer 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.

"**Interest Amount Arrears**" means the portion of the relevant Interest Payment Amount for the Rated Notes of any Class, calculated pursuant to Condition 7.7 (*Determination of Rate of Interest and calculation of Interest Payment Amounts*), which remains unpaid on the relevant Payment Date including, for the avoidance of doubt, the Interest Payment Amount calculated in respect of the Class B Notes following the occurrence of the Priority Event Two and the Class C Notes following the occurrence of the Priority Event One.

"**Interest Instalment**" means the interest component of each payment due from a Debtor in respect of a Receivable.

"**Interest Payment Amount**" has the meaning ascribed to that term in Condition 7.7 (*Determination of Rate of Interest 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.

"**Issue Date**" means 25 June 2019, or such other date on which the Notes are issued.

"**Issuer**" means Siena PMI 2016 SPV 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 Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso-Belluno number 04831330263, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Monte dei Paschi di Siena S.p.A., enrolled in the register of special purpose vehicle held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017 and having as its sole corporate object the performance of securitisation transactions in accordance with the Securitisation Law.

"**Issuer Available Funds**" are, as at each Calculation Date and by reference to the immediately following Payment Date, constituted by the aggregate of:

(i) all Collections and Recoveries collected by the Issuer (also through the Servicer) in respect of the Receivables (excluding Collections and Recoveries collected by the Servicer in respect of the Receivables in relation to which a limited recourse loan has been disbursed by the Originator in accordance with the provisions of clause 4.1 of the Warranty and Indemnity Agreement) during the immediately preceding Collection Period and credited to the Transaction Account;

(ii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Transaction Account during the immediately preceding Collection Period;

(iii) all amounts in respect of principal repaid on Eligible Investments up to the Eligible Investments Maturity Date and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date, to the extent not already accounted for in other paragraphs above or below;

(iv) all positive amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Collection Period;

(v) all the proceeds deriving from the sale, if any, of the Portfolio or of Individual Receivables in accordance with the provisions of the Transaction Documents;

(vi) 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 any proceeds deriving from the enforcement of the Issuer's Rights);

(vii) the Cash Reserve Available Amount and any Cash Reserve Excess Amount in respect of such Payment Date standing to the credit of the Cash Reserve Account on the Calculation Date immediately preceding such Payment Date;

(viii) on the Calculation Date immediately preceding the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes will be repaid in full, the amounts standing to the credit of the Cash Reserve Account;

(ix) the amounts standing to the credit of the Expenses Account upon its closure in accordance with the Cash Allocation, Management and Payments Agreement,

but excluding, for the avoidance of any doubt any Limited Recourse Loan Receivable Collections.

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

"**J.P. Morgan**" means J.P. Morgan Securities plc.

"**Junior Notes Retained Amount**" means an amount equal to 10% of the Principal Amount Outstanding of the relevant class of Junior Notes upon issue.

"**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.

"**Limited Recourse Loan Receivable**" means any Receivable in relation to which a limited recourse loan has been granted to the Issuer by the Originator in accordance with the terms of article 4.1 of the Warranty and Indemnity Agreement.

"**Limited Recourse Loan Receivable Collections**" means the Collections received by or on behalf of the Issuer in relation to any Limited Recourse Loan Receivable.

"**Loan**" means each loan granted to a Debtor, on the basis of a Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"**Loan Agreement**" means each loan agreement entered into between the Originator and a Debtor from which each Receivable included in the Portfolio arises.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about the Issue Date between the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Meeting**" means a meeting of Noteholders of any Class or Classes whether originally convened or resumed following an adjournment.

"**Mandate Agreement**" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Mezzanine Noteholders**" means the holders for the time being of any of the Class B Notes, the Class C Notes and the Class D Notes.

"**Mezzanine Notes**" means, together, the Class B Notes, the Class C Notes and the Class D Notes.

"**Monte Titoli**" means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza degli Affari 6, 20123 Milan, Italy.

"**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

"**Mortgage**" means each mortgage granted on the relevant Real Estate Asset, pursuant to Italian law, in order to secure a specified Receivable comprised in the Mortgage Pool.

"**Mortgage Pool**" means the portion of the Portfolio which includes the Receivables secured by a Mortgage and identified as such in the List of Receivables.

"**Most Senior Class of Notes**" means the Senior Notes (which, for these purposes, will be considered as one Class), while they remain outstanding, thereafter, the Class B Notes while they remain outstanding, thereafter the Class C Notes while they remain outstanding, thereafter the Class D Notes while they remain outstanding and thereafter the Junior Notes.

"Most Senior Class of Noteholders" means (i) the Senior Noteholders, (ii) at any date following the date of full repayment of all the Senior Notes, the Class B Noteholders, (iii) at any date following the date of full repayment of all the Class B Notes, the Class C Noteholders, (iv) at any date following the date of full repayment of all the Class C Notes, the Class D Noteholders, and (v) at any date following the date of full repayment of all the Class D Notes, the Junior Noteholders.

"**Noteholders**" means, together, the Senior Noteholders, the Mezzanine Noteholders and the Junior Noteholders.

"**Notes**" means, together, the Senior Notes, the Mezzanine Notes and the Junior Notes.

"**Notice**" means any notice delivered under or in connection with any Transaction Document.

"**Notional Outstanding Amount**" means, on any Collection Date and in respect of each Receivable comprised in the Portfolio, an amount equal to the product of: (i) the Outstanding Principal of the relevant Receivable; and (ii) the Performance Factor applicable to such Receivable.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Obligations**" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

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

"**Originator**" means Banca Monte dei Paschi di Siena S.p.A.

"**Other Issuer Creditors**" means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Account Bank, the Back-up Servicer, the Subordinated Loan Provider and the Cash Manager and any party who at any time accedes to the Intercreditor Agreement.

"**Outstanding Principal**" means, on any relevant date, in relation to any Receivable, the aggregate of (i) the Principal Instalments due and unpaid on such date and (ii) the Principal Instalments not yet due on such date.

"**Paying Agent**" means the Principal Paying Agent and any additional paying agent appointed pursuant to Condition 10.4 (*Change of Principal Paying Agent and appointment of additional paying agents*).

"**Payment Date**" means (a) prior to the delivery of a Trigger Notice, the 20th calendar day of February, May, August and November in each year, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any Business Day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Post Trigger Notice Priority of Payment, these Conditions and the Intercreditor Agreement, provided that the First Payment Date will fall on 20 August 2019.

"**Payments Account**" means the Euro denominated account established in the name of the Issuer with the Principal Paying Agent with IBAN: IT 81 A 03479 01600 000802302202, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report setting out all the payments to be made on the following Payment Date under the applicable Priority of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payments Agreement before the delivery of a Trigger Notice.

"**Performance Factor**" means, on each Collection Date in relation to a Receivable, the factor applicable to the relevant Outstanding Principal on the basis of the then current Arrears Level, as set out in the following table:

Arrears Level			
monthly Instalments	**quarterly Instalments**	**semi-annual Instalments**	**Performance Factor**
0-4	0-2	0-1	100%
5-8	3-4	2	75%
9-11	5-6	3	65%
≥12	≥7	≥4	0%
classified as *credito in sofferenza*	classified as *credito in sofferenza*	classified as *credito in sofferenza*	0%

provided that, in addition to the above, also Receivables in relation to which a limited recourse loan has been granted by the Originator in accordance with the provisions of clause 4.1 of the Warranty and Indemnity Agreement shall be assigned a 0% Performance Factor.

"**Portfolio**" means the portfolio of Receivables purchased on 24 April 2019 by the Issuer from the Originator in accordance with the terms of the Transfer Agreement.

"**Post Trigger Notice Priority of Payments**" means the Priority of Payments set out in Condition 6.2 (*Post Trigger Notice Priority of Payments*).

"**Pre Trigger Notice Priority of Payments**" means the Priority of Payments set out in Condition 6.1 (*Pre Trigger Notice Priority of Payments*).

"**Previous Notes**" means, together, the €313,000,000 Class C Asset Backed Floating Rate Notes due 2052 and the €406,300,000 Junior Asset Backed Variable Return Notes due 2052.

"**Previous Securitisation**" means the securitisation carried out by the Issuer on 27 October 2016, relating to receivables arising out of loans to small and medium sized enterprises entered into by the Originator and its customers and in the context of which the Previous Notes have been issued.

"**Principal Amount Outstanding**" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

"**Principal Equivalent Amount**" means, on each Calculation Date in respect of a Class or more than one Class of Notes and by reference to the immediately following Payment Date, the lesser of:

(i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Principal Equivalent Amount in respect of the relevant Class or Classes of Notes;

(ii) the greater of (a) zero, and (b) the Expected Amortisation Amount on such Payment Date minus (if any) the Principal Equivalent Amount in respect of any Class of Notes outstanding ranking in priority to the relevant Class of Notes; and

(iii) the Principal Amount Outstanding of the relevant Class of Notes on such Payment Date (prior to any payment being made on such Payment Date in accordance with the applicable Priority of Payments).

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BNP Paribas Securities Services, Milan branch, or any other person for the time being act as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Principal Payment Amount**" shall have the meaning ascribed to it in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Priority Event One**" means the event occurring if, on any Calculation Date prior to the full redemption of the Class C Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 9% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority Event Two**" means the event occurring if, on any Calculation Date prior to the full redemption of the Class B Notes and with reference to the immediately preceding Collection Date, the aggregate

nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 19% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority Event Three**" means the event occurring if, on any Calculation Date prior to the full redemption of the Senior Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 33% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority of Payments**" means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with these Conditions and the Intercreditor Agreement.

"**Prospectus**" means the prospectus prepared by the Issuer in relation to the Notes.

"**Purchase Price**" means Euro 2,264,714,540.74.

"**Quotaholders' Agreement**" means the agreement entered into on 25 October 2016 in the context of the Previous Securitisation between the Quotaholders, the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Rate of Interest**" has the meaning ascribed to that term in Condition 7.5 (*Rate of Interest*).

"**Rating Agencies**" means DBRS and Fitch.

"**Rated Notes**" means, together, the Senior Notes and the Mezzanine Notes.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Pool.

"**Receivables**" means the receivables transferred by the Originator to the Issuer pursuant to the Transfer Agreement.

"**Reference Banks**" means three primary banks in the Euro Zone inter-bank market selected by the Principal Paying Agent from time to time with the approval of the Representative of the Noteholders.

"**Relevant Margin**" means, in respect of the relevant Class of Notes, the following margin:

(i) Class A1 Notes: 0.50 per cent per annum;

(ii) Class A2 Notes: 0.75 per cent per annum;

(iii) Class B Notes: 1.25 per cent per annum;

(iv) Class C Notes: 2.60 per cent per annum; and

(v) Class D Notes: 3.80 per cent per annum.

"**Relevant Nominating Body**" means, in respect of a reference rate or mid-swap benchmark rate:

(i) the central bank for the currency to which the Euribor relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Euribor; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate or mid-swap benchmark rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap benchmark rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Representative of the Noteholders**" means Securitisation Services S.p.A., or any other person for the time being acting as representative of the Noteholders.

"**Retention Amount**" means an amount equal to €50,000.00, provided that on the Payment Date on which the Notes are redeemed in full or cancelled the Retention Amount shall be the amount indicated by the Corporate Servicer as necessary to cover the corporate expenses of the Issuer following full redemption of the Notes.

"**Rules of the Organisation of the Noteholders**" or "**Rules**" means the rules of the organisation of the Noteholders attached as an Exhibit to these Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Securities Account**" means the account number 2302200, established in the name of the Issuer with the Account Bank or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Securitisation**" or "**Transaction**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

"**Securitisation Law**" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"**Securitisation Regulation**" means (i) the Regulation (EU) 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and (ii) any other rule, technical standard or official interpretation adopted by the European Commission or any regulatory, tax or governmental authority implementing and/or supplementing the same.

"**Security Interest**" means:

(a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;

(b) 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

(c) any other type of preferential arrangement having a similar effect.

"**Segregated Assets**" means the Portfolio, any monetary claim of the Issuer under the Transaction Documents, all cash-flows deriving from both of them and any Eligible Investments purchased therewith.

"**Senior Noteholder**" means, together, the Class A1 Noteholders and the Class A2 Noteholders.

"**Senior Notes**" means, together, the Class A1 Notes and the Class A2 Notes.

"**Servicer**" means Banca Monte dei Paschi di Siena S.p.A., or any other person acting for the time being acting as Servicer pursuant to the Servicing Agreement.

"**Servicing Agreement**" means the agreement entered into on 24 April 2019 among the Issuer, the Servicer and the Back-up Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Subordinated Loan Agreement**" means the subordinated loan agreement executed on or about the Issue Date between the Subordinated Loan Provider, the Representative of the Noteholders and the Issuer.

"**Subordinated Loan Provider**" means Banca Monte dei Paschi di Siena S.p.A. or any other person acting for the time being as subordinated loan provider pursuant to the Subordinated Loan Agreement.

"**Subordinated Loan**" means €44,243,540.74, being the maximum amount which can be drawn down by the Issuer under the Subordinated Loan Agreement.

"**Subscription Agreement**" means the subscription agreement in relation to the Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator, the Arrangers and the Underwriters, 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.

"**Successor Rate**" means the rate that the Independent Adviser or the Calculation Agent (acting in accordance with the instructions given by the Representative of the Noteholders, as applicable) determines is a successor to or replacement of the Euribor which is formally recommended by any Relevant Nominating Body.

"**Target Cash Reserve Amount**" means, prior to the delivery of a Trigger Notice and on each Payment Date, 2% of the Principal Amount Outstanding of the aggregate of the Senior Notes, the Class B Notes and the Class C Notes as at such Payment Date (prior to any payments to be made on such Payment Date in accordance with the Priority of Payments), provided that the Target Cash Reserve Amount shall be equal to zero on the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes are redeemed in full.

"**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 TARGET2 is operating.

"**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.

"**Temporary Website**" means the web site located at www.eurodw.eu, managed by European DataWarehouse.

"**Transaction Account**" means the Euro-denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 37 Y 03479 01600 000802302200), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Transaction Documents**" means, together, the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Subscription Agreement, the Intercreditor Agreement, the Cash Allocation Management and Payments Agreement, the Mandate Agreement, the Corporate Services Agreement, the Quotaholders' Agreement, the Subordinated Loan Agreement, these Conditions and the Rules of the Organisation of the Noteholders, the Master Definitions Agreement and any other document which may be entered into, from time to time in connection with the Securitisation.

"**Transaction Party**" means any party to a Transaction Document.

"**Transfer Agreement**" means the receivables purchase agreement entered into on 24 April 2019 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.

"**Trigger Event**" means any of the events described in Condition 12 (*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*).

"**Underwriters**" means Banca Monte dei Paschi di Siena S.p.A. and the European Investment Bank, and "**Underwriter**" means each of them.

"**Valuation Date**" means 12 April 2019.

"**Variable Return**" means the amount which may be payable on the Junior Notes on each Payment Date subject to these Conditions, determined in accordance with Condition 7 (*Interest and Variable Return*) by reference to the residual Issuer Available Funds, if any, after satisfaction of the items ranking in priority pursuant to the Priority of Payments on such Payment Date.

"**Variable Return Amount**" has the meaning ascribed to that term in Condition 7.17 (*Calculation of the Variable Return*).

"**Warranty and Indemnity Agreement**" means the agreement entered into on 24 April 2019 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.

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 the Master Definitions Agreement, any other document defined as a "**Transaction Document**" or any other agreement or document shall be construed as a reference to the Master Definitions Agreement, such other 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.

2.2.4 **Master Definitions Agreement**

Words and expressions used herein and not otherwise defined shall have the meanings and constructions ascribed to them in the Master Definitions Agreement.

3 DENOMINATION, FORM AND TITLE

3.1 Denomination

The Notes of each Class are issued in the denomination of €100,000 plus integral multiples of €1,000 in addition to the said sum of €100,000.

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 Financial Laws Consolidation Act, and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended and supplemented from time to time.

3.3 Title and Monte Titoli

The Notes will be held by Monte Titoli on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holders. No physical documents of title will be issued in respect of the Notes.

3.4 **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, PRIORITY AND SEGREGATION

4.1 **Status**

The Notes constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Notes is limited to the 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 of article 1469 of the Italian civil code.

4.2 **Segregation by law**

By virtue of the Securitisation Law, the Issuer's right, title and interest in and to the Portfolio and the other Segregated Assets are segregated from all other assets of the Issuer and any amount deriving therefrom will only be available both before and after a winding-up of the Issuer to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any third party creditors of the Issuer in respect of costs, fees and expenses incurred by the Issuer in relation to the Securitisation.

4.3 **Ranking**

4.3.1 In respect of the obligation of the Issuer to pay interest and Variable Return (as applicable) on the Notes, prior to the delivery of a Trigger Notice and subject to the Pre Trigger Notice Priority of Payments:

(a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Mezzanine Notes and the Variable Return on the Junior Notes, and the repayment of principal due on the Senior Notes, the Mezzanine Notes and the Junior Notes;

(b) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Class C Notes and the Class D Notes and the Variable Return on the Junior Notes and repayment of principal due and payable on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event Three, repayment of principal due and payable on the Senior Notes, and subordinated to payments of interest due on the Senior Notes and, following the occurrence of a Priority Event Three, repayment of principal due and payable on the Senior Notes;

(c) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest on the Class D Notes and the Variable Return on the Junior Notes and repayment of principal due and payable on the Class C Notes, the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event Two, repayment of principal due and payable on the Senior Notes and

the Class B Notes, and subordinated to payments of interest on the Senior Notes and the Class B Notes and, following the occurrence of a Priority Event Two, repayment of principal due and payable on the Senior Notes and the Class B Notes;

(d) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payment of the Variable Return on the Junior Notes and repayment of principal due and payable on the Class D Notes and the Junior Notes and, prior to the occurrence of the Priority Event One, repayment of principal due and payable on the Senior Notes, the Class B Notes and the Class C Notes, and subordinated to payments of interest on the Senior Notes, the Class B Notes and the Class C Notes and, following the occurrence of a Priority Event One, repayment of principal due and payable on the Senior Notes, the Class B Notes and the Class C Notes; and

(e) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to the Junior Notes Retained Amount and subordinated to payments of interest and repayment of principal due and payable on the Rated Notes and on the Junior Notes.

4.3.2 In respect of the obligation of the Issuer to repay principal due on the Notes, prior to the delivery of a Trigger Notice and subject to the Pre Trigger Notice Priority of Payments:

(a) the Class A1 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes and, prior to the occurrence of a Priority Event One, interest on the Class B Notes, the Class C Notes and the Class D Notes, prior to the occurrence of a Priority Event Two, interest on the Class B Notes and C Notes and, prior to the occurrence of a Priority Event Three, interest on the Class B Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, the Class A1 Notes rank in priority to payments of interest on the Class D Notes, following the occurrence of a Priority Event Two, in priority to payments of interest on the Class C Notes and the Class D Notes, and following the occurrence of a Priority Event Three, in priority to payments of interest on the Class B Notes, Class C Notes and the Class D Notes;

(b) the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes and, prior to the occurrence of a Priority Event One, interest on the Class B Notes, the Class C Notes and the Class D Notes, prior to the occurrence of a Priority Event Two, interest on the Class B Notes and C Notes and, prior to the occurrence of a Priority Event Three, interest on the Class B Notes, repayment of principal due and payable on the Class A1 Notes but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class B Notes, the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, the Class A2 Notes rank in priority to payments of interest on the Class D Notes, following the occurrence of a Priority Event Two, in priority to payments of interest on the Class C Notes and the Class D Notes, and following the occurrence of a Priority Event Three, in priority to payments of interest on the Class B Notes, Class C Notes and the Class D Notes;

(c) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, and, prior to the occurrence of a Priority Event Two, the Class C Notes, and, prior to the occurrence of a Priority Event One, the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class C Notes, the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, Class B Notes rank in priority to payments of interest on the Class D Notes and, following the occurrence of a Priority Event Two, Class B Notes rank in priority to payments of interest on the Class C Notes and the Class D Notes;

(d) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, the Class C Notes, and, prior to the occurrence of a Priority Event One, the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal due and payable on the Class D Notes and the Junior Notes; moreover, following the occurrence of a Priority Event One, Class C Notes rank in priority of payments of interest on the Class D Notes;

(e) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, subordinated to payments of interest on the Senior Notes, the Class B Notes, the Class C Notes and the Class D Notes, but in priority to payments of Variable Return on the Junior Notes and repayment of principal and payable due on the Junior Notes;

(f) the Junior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but subordinated to payments of interest and repayment of principal due and payable on the Senior Notes and the Mezzanine Notes and in priority to the Variable Return for an amount up to the Junior Notes Retained Amount and subordinated to the Variable Return for an amount equal to the Junior Notes Retained Amount.

4.3.3 Following the delivery of a Trigger Notice and subject to the Post Trigger Notice Priority of Payments, in respect of the obligation of the Issuer to pay interest and Variable Return (as applicable) and to repay principal on the Notes:

(a) the Senior Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Mezzanine Notes and the Junior Notes;

(b) the Class B Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class C Notes, the Class D notes and the Junior Notes and subordinated to the Senior Notes;

(c) the Class C Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Class D Notes and the Junior Notes and subordinated to the Senior Notes and the Class B Notes;

(d) the Class D Notes rank *pari passu* and *pro rata* without any preference or priority among themselves for all purposes, but in priority to the Junior Notes and subordinated to the

Senior Notes, the Class B Notes and the Class C Notes; and

(e) the Junior Notes rank *pari passu* and without any preference or priority among themselves for all purposes, but subordinated to the Senior Notes and the Mezzanine Notes.

4.3.4 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 the 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.

5 **COVENANTS**

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 any of the Transaction Documents:

5.1 **Negative pledge**

(1) create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or any of its present or future business, undertaking, assets or revenues relating to this Securitisation and/or (2) sell, lend, part with or otherwise dispose of all or any part of the Portfolio or any of its present or future business, undertaking, assets or revenues relating to this Securitisation whether in one transaction or in a series of transactions, except in connection with the Previous Securitisation or with any 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, the Previous Securitisation or 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 subsidiary (*società controllata*) or affiliate company (*società collegata*), each as defined in article 2359 of the Italian civil code, any branch, subsidiary or establishment 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 holders of the Most Senior Class of Notes 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 holders of the Most Senior Class of Notes under the Transaction Documents; or

5.2.4 become the owner of any real estate asset including in the context of enforcement or

foreclosure proceedings relating to the Real Estate Assets; or

5.2.5 enter into derivative contracts save as expressly permitted by article 21(2) of the Securitisation Regulation; or

5.3 **Dividends or distributions**

pay any dividend or make any other distribution or return or repay any quota capital to its Quotaholders, 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, unless in order to comply with the provisions of law applicable to it as a financial intermediary; or

5.5 **Borrowings and guarantees**

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness incurred in respect of the Previous Securitisation or any 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**

5.7.1 without prejudice to the provisions of these Conditions, permit any of the Transaction Documents to which it is a party: (a) to be amended, terminated or discharged, or (b) to become invalid or ineffective or the priority of the Security Interests created thereby to be reduced or consent to any variation thereof; or

5.7.2 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

5.7.3 permit any party to any of the Transaction Documents to which it is a party to be released from its obligations thereunder *vis-à-vis* the Issuer; or

5.8 **Bank accounts**

(1) open or have an interest in any bank account other than the Accounts, the account on which its quota capital is deposited or any bank accounts opened in relation to the Previous Securitisation or any further securitisation permitted pursuant to Condition 5.11 (*Further securitisations*) below; or (2) allow the Accounts and the account on which its quota capital is deposited to be used for the purposes of any transaction other than the Securitisation or for the deposit of any amounts or securities other than those pertaining to the Securitisation; or

5.9 **Statutory documents**

amend, supplement or otherwise modify its by-laws (*statuto*) or *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 book of account**

cease to maintain corporate records, financial statements and book of account separate from those of the Originator and any other person or entity; or

5.11 **Further securitisations**

carry out any other securitisation transactions 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 Rated Notes, and (b) the assets relating to any such further securitisation are segregated in accordance with the Securitisation Law; or

5.12 **Compliance**

cease to comply with all relevant laws and regulations and/or all corporate formalities necessary to ensure its corporate existence and good standing; or

5.13 **Centre of interest**

move its "centre of main interests" (as that term is used in article 3(1) of Regulation (EU) No. 848/2015 of 20 May 2015 on insolvency proceedings) outside the Republic of Italy.

6 PRIORITY OF PAYMENTS

6.1 Pre Trigger Notice Priority of Payments

Prior to the delivery of a Trigger Notice or redemption of the Notes pursuant to Conditions 8.1 (*Redemption, Purchase and Cancellation – Final redemption*), 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*) and 8.4 (*Redemption, Purchase and Cancellation – Optional redemption in whole for taxation reasons*), the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

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

Second, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to credit into the Expenses Account such an amount as will bring the balance of such account up to (but not in excess of) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Paying Agents, the Calculation Agent, the Back-up Servicer, the Cash Manager, the Corporate Servicer and the Servicer;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes (which, for these purposes, will be considered as one Class) on such Payment Date;

Sixth, subject to no Priority Event Three having occurred prior to such Payment Date, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Seventh, subject to no Priority Event Two having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Eighth, for so long as there are Senior Notes, Class B Notes and Class C Notes outstanding, to credit into the Cash Reserve Account such an amount as will bring the balance of such account up to (but not in excess of) the Target Cash Reserve Amount;

Ninth, subject to no Priority Event One having occurred prior to such Payment Date to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

Tenth, on any Payment Date, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class A1 Notes up to the Principal Equivalent Amount in respect of the Class A1 Notes on such Payment Date;

Eleventh, on any Payment Date after the Class A1 Notes have been repaid in full, to pay, *pari passu* and *pro rata* amounts in respect of principal on the Class A2 Notes up to the Principal Equivalent Amount in respect of the Class A2 Notes on such Payment Date;

Twelfth, following the occurrence of a Priority Event Three, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Thirteenth, on any Payment Date after the Senior Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class B Notes up to the Principal Equivalent Amount in respect of the Class B Notes on such Payment Date;

Fourteenth, following the occurrence of a Priority Event Two, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Fifteenth, on any Payment Date after the Senior Notes and the Class B Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class C Notes up to the Principal Equivalent Amount in respect of the Class C Notes on such Payment Date;

Sixteenth, following the occurrence of a Priority Event One, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

Seventeenth, on any Payment Date after the Senior Notes, the Class B Notes and the Class C Notes have been repaid in full, to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Class D Notes up to the Principal Equivalent Amount in respect of the Class D Notes on such Payment Date;

Eighteenth, to pay all amounts of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

Nineteenth, to repay principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement up to but not in excess of the Cash Reserve Excess Amount;

Twentieth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3.2 of the Transfer Agreement;

Twenty-first, to pay to any Transaction Party any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Twenty-second, on any Payment Date after the Rated Notes have been repaid in full to pay, *pari passu* and *pro rata*, amounts in respect of principal on the Junior Notes up to the Principal Equivalent Amount in respect of the Junior Notes on such Payment Date until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – the Principal Amount Outstanding of the Junior Notes is equal to the Junior Notes Retained Amount;

Twenty-third, to pay, *pari passu* and *pro rata*, the Variable Return on the Junior Notes; and

Twenty-fourth, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date, or (ii) the date on which there are no longer outstanding Receivables, or (iii) the date on which the Junior Notes are to be redeemed in full or cancelled, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Junior Notes Retained Amount on the Junior Notes.

6.2 **Post Trigger Notice Priority of Payments**

On each Payment Date following the delivery of a Trigger Notice and upon redemption of the Notes pursuant to Conditions 8.1 (*Redemption, Purchase and Cancellation – Final redemption*), 8.3 (*Redemption, Purchase and Cancellation – Optional redemption*) and 8.4 (*Redemption, Purchase and Cancellation – Optional redemption in whole for taxation reasons*), the Issuer Available Funds shall be applied in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

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

Second, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due under and any proper costs and expenses incurred by the Representative of the Noteholders under the provisions of, or in connection with, any of the Transaction Documents;

Third, to credit into the Expenses Account such an amount to bring the balance of such account up to (but not in excess of) the Retention Amount;

Fourth, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount due and payable on account of remuneration, indemnities or proper costs and expenses incurred by the relevant agent on such Payment Date to the Account Bank, the Cash Manager, the Calculation Agent, the Paying Agents, the Corporate Servicer, the Back-up Servicer and the Servicer;

Fifth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Senior Notes (which, for these purposes, will be considered as one Class) on such Payment Date;

Sixth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Senior Notes, (which, for these purposes, will be considered as one Class);

Seventh, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class B Notes on such Payment Date;

Eighth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class B Notes;

Ninth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class C Notes on such Payment Date;

Tenth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class C Notes;

Eleventh, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class D Notes on such Payment Date;

Twelfth, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class D Notes;

Thirteenth, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

Fourteenth, to repay, *pari passu* and *pro rata*, all amounts in respect of principal due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

Fifteenth, to pay to the Originator any Adjustment Purchase Price pursuant to clause 4.3.2 of the Transfer Agreement;

Sixteenth, to pay to any Transaction Party any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items of this Priority of Payments;

Seventeenth, to pay, *pari passu* and *pro rata*, the Principal Amount Outstanding of the Junior Notes, until – on each Payment Date other than the Payment Date on which the Notes are redeemed in full or cancelled or the Final Maturity Date – such Principal Amount Outstanding is equal to the relevant Junior Notes Retained Amount;

Eighteenth, to pay, *pari passu* and *pro rata*, the Variable Return on the Junior Notes; and

Nineteenth, on the Payment Date falling on or after the earlier of (i) the Final Maturity Date, or (ii) the date on which there are no longer outstanding Receivables, or (iii) the date on which the Junior Notes are to be redeemed in full or cancelled, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of Junior Notes Retained Amount on the Junior Notes.

7 INTEREST AND VARIABLE RETURN

7.1 Accrual of interest

Each Rated Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date.

7.2 **Payment Dates and Interest Periods**

Interest on each Rated Note will accrue on a daily basis and will be payable in Euro in arrears on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling in August 2019 in respect of the Initial Interest Period.

7.3 **Termination of interest accrual**

Each Rated Note of each Class (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 Rated 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 Rated Note until the day on which either all sums due in respect of such Rated Note up to that day are received by the relevant Noteholder or the Representative of the Noteholders or the Principal 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, with the corresponding adjustment of interests due, if applicable.

7.5 **Rate of Interest**

The rate of interest applicable to each Class of Rated Notes (the "**Rate of Interest**") for each Interest Period, including the Initial Interest Period, shall be the higher of:

7.5.1 zero; and

7.5.2 the Euribor for three months deposits in Euro (so long as no Trigger Notice has been served and except in respect of the Initial Interest Period, where an interpolated interest rate based on one and three month deposits in Euro will be substituted for three month Euribor), plus the Relevant Margin.

7.6 **Benchmark Disruption Event**

If a Benchmark Disruption Event occurs (even if the rate continues to be published), when any Rate of Interest (or the relevant component part thereof) remains to be determined by reference to Euribor, then the following provisions shall apply:

7.6.1 the Representative of the Noteholders, acting on behalf of the Issuer, shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine (acting in good faith and in a commercially reasonable manner), no later than 5 Business Days prior to the relevant Determination Date relating to the next succeeding Interest Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Reference Rate for purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Rated Notes;

7.6.2 if the Representative of the Noteholders is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or an Alternative Reference Rate prior to the IA Determination Cut-off Date, the Representative of the

Noteholders shall instruct the Calculation Agent (which shall act in good faith and in a commercially reasonable manner) in order to determine a Successor Rate or, if there is no Successor Rate, an Alternative Reference Rate;

7.6.3 if a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Reference Rate (as applicable) shall be the reference rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in Condition 7.6.4); provided however that, if Condition 7.6.2 applies and the Calculation Agent is unable to or does not determine a Successor Rate or an Alternative Reference Rate prior to the relevant Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Rated Notes of each Class in respect of the preceding Interest Period (subject to the subsequent operation of, and to adjustment as provided in Condition 7.6.4); for the avoidance of doubt, the provision in this sub-paragraph shall apply to the relevant Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in the Condition 7.6.4);

7.6.4 if the Independent Adviser or the Calculation Agent determines a Successor Rate or, failing which, an Alternative Reference Rate (as applicable) in accordance with the above provisions, the Conditions may be amended without Noteholders' consent in order to follow the prevailing market practice in relation to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders (as applicable), determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Reference Rate (as applicable). If the Independent Adviser or the Calculation Agent (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread; and

7.6.5 the Issuer, acting through the Representative of the Noteholders, shall promptly, following the determination of any Successor Rate or Alternative Reference Rate (as applicable), give written notice thereof to the Principal Paying Agent and the Noteholders specifying (i) which of the Benchmark Disruption Event occurred, (ii) the effective date(s) for such Successor Rate or Alternative Reference Rate (as applicable) and (iii) any consequential changes made to the Conditions, provided that a prior written notice has been sent to the Rating Agencies within an appropriate period of time.

7.7 **Determination of Rate of Interest and calculation of Interest Payment Amounts**

The Issuer shall on each Determination Date determine or cause the Principal Paying Agent to determine:

7.7.1 the Rate of Interest applicable to each Class of Rated Notes for the Interest Period beginning after such Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date);

7.7.2 the Euro amount (the "**Interest Payment Amount**") payable as interest on each Euro 1,000 of nominal amount of each Note of each Class of Rated Notes in respect of such Interest Period calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of Euro 1,000 of nominal amount of each Note of the relevant Class of Rated Notes 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 in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up), with the corresponding adjustment of interests due, if applicable.

7.8 **Notification of the Rate of Interest, Interest Payment Amount and Payment Date**

As soon as practicable (and in any event not later than the close of business on the relevant Determination Date), the Issuer (or the Principal Paying Agent on its behalf) will cause:

7.8.1 the Rate of Interest for each Class of Rated Notes for the related Interest Period;

7.8.2 the Interest Payment Amount for each Class of Rated Notes for the related Interest Period; and

7.8.3 the Payment Date in respect of each such Interest Payment Amount,

to be notified to the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, Monte Titoli (and, if applicable, Euroclear and Clearstream) and the Luxembourg Stock Exchange and will cause the same to be published in accordance with Condition 16.1 (*Notices Given Through Monte Titoli*) on or as soon as possible after the relevant Determination Date.

7.9 **Amendments to publications**

The Rate of Interest and the Interest Payment Amount for each Class of Rated Notes 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.

7.10 **Determination by the Representative of the Noteholders**

If the Issuer does not at any time for any reason determine (or cause to be determined) the Rate of Interest or calculate the Interest Payment Amount for any Class of Rated Notes in accordance with this Condition 7 (*Interest and Variable Return*), the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall:

7.10.1 determine (or cause to be determined) the Rate of Interest for each Class of Rated Notes at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or

7.10.2 determine (or cause to be determined) the Interest Payment Amount for each Euro 1,000 of nominal amount of each Note of each Class of Rated Notes in the manner specified in Condition 7.7 (*Determination of Rate of Interest and calculation of Interest Payment Amounts*),

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

It remains understood that the Representative of the Noteholders shall not be liable for any such calculation in the absence of gross negligence, wilful default, bad faith of the Representative of the Noteholders.

7.11 **Notifications to be final**

Each notification, calculation and quotation given, expressed, made or obtained for the purposes of this Condition 7 (*Interest and Variable Return*), whether by the Reference Banks (or any of them), the Principal Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of gross negligence, wilful default, bad faith or manifest error) be binding on all persons.

7.12 **Principal Paying Agent**

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall at all times be a Principal Paying Agent. The Principal Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed.

7.13 **Interest Amount Arrears**

Without prejudice to the right or, if so directed by an Extraordinary Resolution, the obligation of the Representative of the Noteholders to serve to the Issuer a Trigger Notice pursuant to Condition 12.1.1 (*Non-payment*), prior to the service of a Trigger Notice, in the event that on any Payment Date there are any Interest Amount Arrears, such Interest Amount Arrears shall be deferred on the following Payment Date or on the day a Trigger Notice is served to the Issuer, whichever comes first. Any such Interest Amount Arrears shall not accrue additional interest. A *pro rata* share of such Interest Amount Arrears shall be aggregated with the amount of, and treated for the purpose of this Condition as if it were, interest due, subject to this Condition 7.13, on each Class A1 Note, Class A2 Note, Class B Note, Class C Note or Class D Notes, as the case may be, on the next succeeding Payment Date.

7.14 **Notification of Interest Amount Arrears**

If, on any Calculation Date, the Calculation Agent determines that any Interest Amount Arrears in respect of one or more Classes of Notes will arise on the immediately succeeding Payment Date, notice to this effect shall be given or procured to be given by the Issuer to the Representative of the Noteholders, the Principal Paying Agent, Monte Titoli, the Rating Agencies, each stock exchange on which the relevant Class of Notes is then listed, for so long as such Notes are listed on the relevant stock exchange, and (if so required by the rules of the relevant stock exchange) to the Noteholders in accordance with Condition 16 (*Notices*), specifying the amount of the Interest Amount Arrears to be deferred on such following Payment Date in respect of each Class of Notes.

7.15 **Unpaid interest with respect to the Senior Notes**

Unpaid interest on the Senior Notes shall accrue no interest.

7.16 **Variable Return**

The Issuer may pay the Variable Return on the Principal Amount Outstanding of each Junior Note on each Payment Date, in accordance with the applicable Priority of Payments.

7.17 **Calculation of the Variable Return**

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 as Variable Return on each Junior Note in respect of such Interest Period.

The Variable Return Amount payable in respect of any Interest Period in respect of each Euro 1,000 of nominal amount of each Junior Note is calculated by multiplying the amounts available to make the payment in respect of the Variable Return on the Junior Notes, in accordance with the relevant Priority of Payments, by a fraction, the numerator of which is the then Principal Amount Outstanding of a nominal amount of Euro 1,000 of each Junior Note and the denominator of which is the then Principal Amount Outstanding of all the Junior Notes, and rounding down the resultant figure to the nearest cent.

7.18 **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 Payment Report, as the case may be, to the Representative of the Noteholders, the Principal Paying Agent, the Corporate Servicer and the Servicer, and will cause notice of the Variable Return Amount in respect of each Junior Note to be given in accordance with Condition 16 (*Notices*).

7.19 **Determination or calculation by the Representative of the Noteholders**

If the Issuer does not for any reason determine or cause to be determined the Variable Return Amount in accordance with the foregoing provisions of this Condition 7 (*Interest and Variable Return*), the Representative of the Noteholders shall (having regard to the procedure described above) determine (or cause to be determined) the Variable Return Amount and any such determination and/or calculation shall be deemed to have been made by the Issuer. It remains understood that the Representative of the Noteholders shall not be liable for any such calculation in the absence of gross negligence, wilful default, bad faith or manifest error of the Representative of the Noteholders.

7.20 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Interest and Variable Return*), whether by the Issuer or the Representative of the Noteholders, shall (in the absence of wilful default or bad faith) be binding on the Principal Paying Agent, the Calculation Agent, the Corporate Servicer, the Issuer, the Representative of the Noteholders and all Junior Noteholders and (in such absence as aforesaid) no liability to the Junior Noteholders shall attach to the Principal Paying 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.

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, with regard to the Rated Notes, any accrued but unpaid interest, 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*), 8.4 (*Optional redemption in whole for taxation reasons*) and 8.12 (*Early Redemption through the disposal of the Portfolio following full redemption of the Rated Notes*), but without prejudice to Condition 12 (*Trigger Events*) and Condition 13 (*Enforcement*).

8.2 **Mandatory redemption**

If no Trigger Notice has been delivered to the Issuer by the Representative of the Noteholders, 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 Priority of Payments set out in Condition 6 (*Priority of Payments*), the Issuer will cause:

8.2.1 each Class A1 Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class A1 Note, determined on the related Calculation Date;

8.2.2 each Class A2 Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class A2 Note, determined on the related Calculation Date;

8.2.3 each Class B Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class B Note determined on the related Calculation Date;

8.2.4 each Class C Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class C Note determined on the related Calculation Date;

8.2.5 each Class D Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Class D Note determined on the related Calculation Date; and

8.2.6 each Junior Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount in respect of such Junior Note determined on the related Calculation Date.

8.3 **Optional redemption**

Provided that no Trigger Notice has been served on the Issuer, on any Payment Date falling on or after the Clean Up Option Date, the Issuer may redeem the Rated Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding (plus any accrued but unpaid interest thereon), in accordance with the Post Trigger Notice Priority of Payments, subject to the Issuer:

8.3.1 giving not more than 60 days and not less than 30 days' notice to the Representative of the Noteholders, to the Noteholders and to the Rating Agencies of its intention to redeem the Notes; and

8.3.2 delivering, prior to the notice referred to in Condition 8.3.1 above being given, to the Representative of the Noteholders a certificate duly signed by the Issuer to the effect that it will have the necessary funds (free and clear of any Security Interest of any third party) on such Payment Date to discharge all of its outstanding liabilities in respect of the Rated Notes and any other payment in priority to, or *pari passu* with, the Rated Notes in accordance with the Post Trigger Notice Priority of Payments and all its outstanding liabilities in respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented

to such partial redemption) and any other payment ranking higher or *pari passu* therewith in accordance with the Post Trigger Notice Priority of Payments,

it being understood that pursuant to the Transfer Agreement, the Issuer has granted to the Originator, in accordance with article 1331 of the Italian civil code, an option right pursuant to which the Originator may repurchase, without recourse, from the Issuer the outstanding Portfolio, in accordance with the provisions of article 58 of the Consolidated Banking Act and subject to the conditions set out in the Transfer Agreement, at a purchase price which (together with the other Issuer Available Funds) shall be sufficient to pay at least (i) the Rated Notes at their Principal Amount Outstanding, (ii) the Junior Notes at their Principal Amount Outstanding or any other lower amount determined by the Meeting of the Junior Noteholders, (iii) the accrued and unpaid interest on the Rated Notes and (iv) any other payment in priority to or *pari passu* with any payment due under paragraphs from (i) to (iii) above in accordance with the Post Trigger Notice Priority of Payments. The Issuer has undertaken, in the Transfer Agreement, to apply the purchase price received by the Originator following the exercise by the latter of the option referred to above in performing the optional redemption of the Notes in accordance with the Post Trigger Notice Priority of Payments.

8.4 **Optional redemption in whole for taxation reasons**

Provided that no Trigger Notice has been served on the Issuer, the Issuer may redeem in whole (but not in part) the Rated Notes and in whole (or in part) the Junior Notes at their Principal Amount Outstanding together with accrued and unpaid interest up to and including the relevant Payment Date in accordance with the Post Trigger Notice Priority of Payments, upon the imposition, at any time, of:

8.4.1 any Tax Deduction in respect of any payment to be made by the Issuer (other than in respect of a Decree 239 Deduction but irrespective of whether such Tax Deduction arises or may arise from any change in the tax law of Italy or any change in the official interpretation of the tax law of Italy); or

8.4.2 any changes in the Tax law of Italy (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),

subject to the following:

8.4.3 that the Issuer has given prior notice to the Representative of the Noteholders, the Noteholders and to the Rating Agencies in accordance with Condition 16 (*Notices*) of its intention to redeem all (but not some only) of the Notes of each Class; and

8.4.4 that prior to giving such notice, the Issuer has provided to the Representative of the Noteholders:

(a) 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

(b) a certificate signed by the Issuer confirming that the Issuer will, on the relevant Payment Date, have the funds to discharge all of its outstanding liabilities in respect of the Rated Notes and any other payment in priority to or *pari passu* with the Rated Notes in

accordance with the Post Trigger Notice Priority of Payments and all its outstanding liabilities in respect of the Junior Notes (or, in case of redemption in part of the Junior Notes, the relevant portion of its outstanding liabilities in respect of the Junior Notes, the Junior Noteholders having consented to such partial redemption) and any other payment ranking higher or *pari passu* therewith in accordance with the Post Trigger Notice Priority of Payments.

8.5 **Conclusiveness of certificates and legal opinions**

Any certificate or opinion given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption in whole 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.

8.6 **Calculation of Principal Payment Amount and Principal Amount Outstanding**

8.6.1 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 Principal Equivalent Amount applicable to the Notes of each Class of Notes;

(c) the aggregate principal payment (if any) due on each Class of Note on the next following Payment Date and the Principal Payment Amount (if any) due on each Note of that Class; and

(d) 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 such Class).

8.6.2 The principal amount redeemable in respect of each Euro 1,000 of nominal amount of each Note of each Class (the "**Principal Payment Amount**") on any Payment Date shall be a *pro rata* share of the principal payment due in respect of such Class of Notes, in accordance with the relevant Priority of Payments, on such date. The Principal Payment Amount is calculated by multiplying the Issuer Available Funds available to make the principal payment in respect of a Class of Notes, in accordance with the relevant Priority of Payments, on such date by a fraction, the numerator of which is the then Principal Amount Outstanding of a nominal amount of Euro 1,000 of all the Notes 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 a nominal amount of Euro 1,000 of the relevant Note.

8.7 **Calculation by the Representative of the Noteholders in case of Issuer's default**

If the Issuer does not at any time for any reason calculate (or cause the Calculation Agent to calculate) the Issuer Available Funds, the amount thereof available for principal payments in respect of the Notes, the Principal Equivalent Amount and the Principal Payment Amount in respect of each Note of each Class or the Principal Amount Outstanding in relation to each Note of each Class in accordance with this Condition, such amounts shall be calculated by (or on behalf of) the Representative of the

Noteholders in accordance with this Condition (based on information supplied to it by the Issuer or the Calculation Agent) and each such calculation shall be deemed to have been made by the Issuer.

8.8 **Notice of calculation of Principal Payment Amount and Principal Amount Outstanding**

The Issuer will cause each calculation of the Principal Payment Amount and Principal Amount Outstanding in relation to each Class of Notes to be notified immediately after calculation (through the Payments Report) to the Representative of the Noteholders, the Principal Paying Agent, the Corporate Servicer, the Servicer and the Back-up Servicer and, (i) for so long as the Rated Notes are listed on the official list of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and will cause notice of each calculation of a Principal Payment Amount and Principal Amount Outstanding in relation to each Note of each Class of Rated Notes to be given in accordance with Condition 16 (*Notices*) not later than two Business Days prior to each Payment Date; and (ii) will cause notice of each calculation of a Principal Payment Amount and Principal Amount Outstanding in relation to each Junior Note to be given in accordance with Condition 16 (*Notices*) not later than two Business Days prior to each Payment Date.

8.9 **Notice Irrevocable**

Any such notice as is referred to in Condition 8.3 (*Optional redemption*), Condition 8.4 (*Optional redemption in whole for taxation reasons*) and Condition 8.8 (*Notice of calculation of Principal Payment Amount and Principal Amount Outstanding*) shall be irrevocable and, upon the expiration of notice pursuant to Condition 8.3 (*Optional redemption*) or Condition 8.4 (*Optional redemption in whole for taxation reasons*), the Issuer shall be bound to redeem the Notes at their Principal Amount Outstanding. Any such notice shall also be given to the Rating Agencies.

8.10 **No purchase by Issuer**

The Issuer is not permitted to purchase any of the Notes at any time.

8.11 **Cancellation**

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

8.12 **Early redemption through the disposal of the Portfolio following full redemption of the Rated Notes**

Unless previously redeemed in full, the Issuer may redeem the Junior Notes in whole (but not in part) on any Payment Date following the date on which all the Rated Notes have been redeemed in full through the transfer to the Junior Noteholders of the Portfolio, along with any Issuer Available Funds (but net of any amounts to be paid by the Issuer in priority to any payment due to the Junior Noteholders in accordance with the Post Trigger Priority of Payments), in full satisfaction of its payment obligations under the Junior Notes, provided that the transferee is then holding 100% of the Junior Notes. The transfer of the Portfolio and any Issuer Available Funds, as described above, shall cause the full and irrevocable satisfaction of any and all Issuer's obligations under the Junior Notes, regardless of the status and value of the Portfolio at the time of the transfer and irrespective of the actual receipt by the transferee of any proceeds or collection under the Portfolio. Notice to the Junior Noteholders of redemption of the Junior Notes hereunder shall be given by the Issuer in accordance with Condition 16 (*Notices*).

9 LIMITED RECOURSE AND NON PETITION

9.1 Noteholders not entitled to proceed directly against Issuer

9.1.1 Only the Representative of the Noteholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Obligations and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations. In particular no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer, provided however that this Condition 9.1.1 shall not prevent any Noteholder from taking any steps against the Issuer which do not amount to the commencement or to the threat of commencement of legal proceedings against the Issuer or to procuring the appointment of an administrative receiver for, or to making an administration order against, or to the winding up or liquidation of, the Issuer;

9.1.2 until the date falling on the later of (i) one year and one day (or, in the event of prepayment or early cancellation of the Notes, two years and one day) after the date on which the Notes have been redeemed in full or cancelled in accordance with the Conditions and (ii) one year and one day (or, in the event of prepayment or early cancellation of the notes, two years and one day) after the date on which the Previous Notes or 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, unless a Trigger Notice has been served or an Insolvency Event has occurred and the Representative of the Noteholders, having become bound so to do, fails to take such actions as the Representative of the Noteholders is entitled to take under the Transaction Documents within a reasonable period of time and such failure is continuing (provided that any such failure shall not be conclusive per se of a default or breach of duty by the Representative of the Noteholders), provided that the Noteholders may then only proceed subject to the provisions of this Conditions and the Rules, provided further that this Condition 9.1.2 shall not prejudice the right of any Noteholder to prove a claim in the insolvency of the Issuer where such insolvency follows the institution of an insolvency proceedings by a third party; and

9.1.3 no Noteholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

9.2 Limited recourse obligations of Issuer

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

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 Priority of Payments 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 (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 Priority of Payments in priority to or *pari passu* with the sums payable to such Noteholder; and

9.2.3 if the Servicer has certified to the Representative of the Noteholders (and the Representative of the Noteholders is satisfied in that respect) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and/or the other Segregated Assets which would be available to pay unpaid amounts outstanding under the Transaction Documents or the Notes and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Condition 16 (*Notices*) that there is no reasonable likelihood of there being any further realisations in respect of the Portfolio and/or the other Segregated Assets which would be available to pay amounts outstanding under the Transaction Documents, 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 deemed to be discharged in full.

10 PAYMENTS

10.1 Payments through Monte Titoli

Payment of any principal, interest and Variable Return in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer to the accounts of the Monte Titoli Account Holders in whose accounts with Monte Titoli the Notes are held and thereafter credited by such Monte Titoli 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 Monte Titoli, 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, regulations and directives in the place of payment or other laws to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 11 (*Taxation*).

10.3 Payments on Business Days

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 Principal 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 Principal Paying Agent and to appoint additional or other Paying Agents, provided that for as long as the Rated Notes

are listed on the official list of the Luxembourg Stock Exchange and should the rules of the Luxembourg Stock Exchange so require the Issuer will appoint and maintain a paying agent with a Specified Office in Grand Duchy of Luxembourg. The Issuer will cause at least 10 days' prior notice of any change in or addition to the Paying Agents or their 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 or the Principal Paying Agent or any paying agent, as the case may be, appointed under Condition 10.4 (*Change of Principal Paying Agent and appointment of additional paying agents*) is required by law to make any Tax Deduction. In that event the Issuer, the Representative of the Noteholders or such Principal Paying Agent or any paying agent (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 Principal Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Principal Paying Agent and appointment of additional paying agents*) 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 Principal 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 *Non-payment*

the Issuer defaults in (a) the repayment of any amount of principal (as resulting from the relevant Payments Report) due and payable on the Most Senior Class of Notes, and such default is not remedied within a period of five Business Days from the due date thereof; or (b) the payment of the Interest Payment Amount due and payable on the Most Senior Class of Notes (excluding the Class C Notes, the Class D Notes and the Junior Notes) on any Payment Date, and such default is not remedied within a period of five Business Days from the due date thereof; or

12.1.2 *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 or repayment of principal on the Most Senior Class of Notes pursuant to Condition 12.1.1. above) (including, for avoidance of doubt, any breach of the representations and warranties given by the Issuer under any of the Transaction Documents) 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 and certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the holders of the Most Senior Class of Notes; or

12.1.3 *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer; or

12.1.4 *Failure to take actions*

any action, condition or thing at any time required to be taken, fulfilled or done in order to:

(A) enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes and the Transaction Documents to which the Issuer is party; or

(B) to ensure that those obligations are legal, valid, binding and enforceable,

is not taken, fulfilled or done at any time and the Representative of the Noteholders has given written notice of such default to the Issuer, certifying that such default is, in the opinion of the Representative of the Noteholders, materially prejudicial to the interests of the Most Senior Class of Noteholders and requiring the same to be remedied; or

12.1.5 *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.

12.2 **Delivery of a Trigger Notice**

If a Trigger Event occurs, subject to Condition 13 (*Enforcement*) the Representative of the Noteholders may, in its absolute discretion, or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding and if the conditions set out in Condition 12.3.1 are met, shall serve a written notice (a "**Trigger Notice**") to the Issuer. The Issuer, failing which the Representative of the Noteholders, will cause notice of both the occurrence of a Trigger Event and of the service of a Trigger Notice on the Issuer to be given to the Noteholders in accordance with Condition 16 (*Notices*) without undue delay.

12.3 **Conditions to delivery of Trigger Notice**

Notwithstanding Condition 12.2 (*Delivery of a Trigger Notice*) the Representative of the Noteholders shall not be obliged to deliver a Trigger Notice unless:

12.3.1 in the case of the occurrence of any of the events mentioned in Condition 12.1.2 (*Breach of other obligations*) and Condition 12.1.5 (*Unlawfulness*), the Representative of the Noteholders shall have certified in writing that the occurrence of such event is in its sole opinion materially prejudicial to the interests of the Noteholders; and

12.3.2 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.

12.4 **Consequences of delivery of Trigger Notice**

Upon the delivery of a Trigger Notice, all payments of principal, interest, Variable Return and other amounts in respect of the Notes of each Class shall become immediately due and payable at their Principal Amount Outstanding, together with any accrued and unpaid interest and shall be payable in accordance with the order of priority set out in Condition 6.2 (*Post Trigger Notice Priority of Payments*) and on such dates as the Representative of the Noteholders shall determine as being Payment Dates.

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*), unless so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, 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 or a substantial part thereof 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.

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) from the date on which a payment in respect thereof first becomes due and payable.

16 NOTICES

16.1 Notices given through Monte Titoli

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

16.2 Notices in Luxembourg

16.2.1 As long as the Rated Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to Noteholders given by or on behalf of the Issuer shall also be published on the website of the Stock Exchange (www.bourse.lu). The website of the Stock Exchange does not form part of the information provided for the purposes of the 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 the manner referred to above.

16.2.2 In addition, as so long as the Rated Notes are listed on the Luxembourg Stock Exchange, any notice regarding the Rated Notes to the relevant Noteholders shall be given in any other manner as required by the regulation applicable from time to time, including, in particular, Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 (the "**Transparency Directive**").

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, with regard to the Rated Notes, to the rules of the stock exchange or multilateral trading facility on which the Rated 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 Reference Banks (or any of them), the Principal Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Principal 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, bad faith or manifest error) be binding on the Reference Banks, the Principal Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Principal 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 Reference Banks, the Principal Paying Agent or any paying agent appointed under Condition 10.4 (*Change of Principal 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 Transaction Documents and any non-contractual obligations arising out of or in connection with them, are governed by Italian law.

18.3 Jurisdiction of courts

The Courts of Siena 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 Siena are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with all the 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 of and subscription for the €519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060 (the "**Class A1 Notes**"), the €813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Senior Notes**"), the €225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060 (the "**Class B Notes**"), the €271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060 (the "**Class C Notes**"), the €248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 (the "**Class D Notes**" and, together with the Class B Notes and the Class C Notes, the "**Mezzanine Notes**"; the Mezzanine Notes and the Senior Notes, together, the "**Rated Notes**"), the €180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 (the "**Junior Notes**" and, together with the Senior Notes and the Mezzanine Notes, the "**Notes**"), issued by Siena PMI 2016 S.r.l. 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 of the date of maturity of one or more relevant Classes of Notes;

(b) to change any date fixed for the payment of principal, interest or Variable Return in respect of the Notes of any Class;

(c) to change, 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 in any other way the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;

(d) to change the quorum required to validly hold any Meeting or the majority required to pass any Ordinary Resolution or Extraordinary Resolution (including by means of a modification which would have the effect of altering any authorisation or consent by the Noteholders);

(e) to change the currency in which payments due in respect of any Class of Notes are payable;

(f) to alter the priority of payments of interest, Variable Return or principal in respect of any of the Notes;

(g) 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;

(h) on the appointment or removal of the Representative of the Noteholders;

(i) to resolve on the matter set out in Condition 9.1 (*Noteholders not entitled to proceed directly against Issuer*); or

(j) a change to this definition.

"Block Voting Instruction" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

(a) certifying that certain specified Notes are held under the control of a Monte Titoli 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 Principal 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 Principal 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 Principal 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.

"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 a Monte Titoli Account Holder for the purpose of voting at a Meeting, on terms that they will not be released until after the conclusion of the Meeting.

"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.

"Condition" means a condition of the terms and conditions of the Notes as from time to time modified in accordance with the provisions herein contained and including any other document expressed to be supplemental thereto and any reference to a particular numbered Condition shall be construed accordingly.

"Extraordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in the Rules by a majority of not less than three quarters of the votes cast.

"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.

"Monte Titoli" means Monte Titoli S.p.A.

"Monte Titoli Account Holder" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with article 83-*quater* of the Financial Laws Consolidation Act and includes any depositary banks appointed by Clearstream and Euroclear.

"Most Senior Class of Noteholders" means (i) the Senior Noteholders, (ii) at any date following the date of full repayment of all the Senior Notes, the Class B Noteholders, (iii) at any date following the date of full repayment of all the Class B Notes, the Class C Noteholders, (iv) at any date following the date of full repayment of all the Class C Notes, the Class D Noteholders, and (v) at any date following the date of full repayment of all the Class D Notes, the Junior Noteholders.

"Most Senior Class of Notes" means the Senior Notes (which, for these purposes, will be considered as one Class), while they remain outstanding, thereafter, the Class B Notes while they remain outstanding, thereafter the Class C Notes while they remain outstanding, thereafter the Class D Notes while they remain outstanding and thereafter 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 by a majority of the vote cast.

"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 Principal 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 Principal 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 Principal 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 Principal Paying Agent and appointment of additional paying agents*) 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 Principal Paying Agent and appointment of additional paying agents*) 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 12.1 (*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 or a Proxy named in a Block Voting Instruction.

"Voting Certificate" means, in relation to any Meeting, a certificate issued by a clearing system or a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended and supplemented from time to time.

"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 Principal 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 Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended and supplemented from time to time.

4.1.2 A Noteholder may require the Principal 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 Principal Paying Agent) blocked in an account with a clearing system (other than Monte Titoli) 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 Monte Titoli Account Holder and any Proxy named therein in the case of a Block Voting Instruction issued by the Principal 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 Monte Titoli Account Holder shall be valid only if it is deposited at the Specified Office of the Principal 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 Monte Titoli 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 Monte Titoli 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 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 selected or approved by the Representative of the Noteholders, provided that, without prejudice to the provisions of Article 7.1 (*Notice of meeting*): (i) the place in which the relevant Meeting is to be held shall be located in a EU Member State, and (ii) the date of the Meeting shall fall on a date falling no later than 6 months from the date of publication of the notice of Meeting referred to in Article 7.1 (*Notice of meeting*) below.

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 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.

7. NOTICE

7.1 **Notice of meeting**

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Noteholders, the Principal Paying Agent and any other agent appointed under Condition 10.4 (*Change of Principal Paying Agent and appointment of additional paying agents*), 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 Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended and supplemented from time to time and that for the purpose of appointing Proxies under a Block Voting Instruction, Notes must (to the satisfaction of the Principal Paying Agent) be 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 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.

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 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 50 per cent 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 75 per cent 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 75 per cent of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class, or at an adjourned Meeting, one or more persons being or representing Noteholders of that Class whatever the Principal Amount Outstanding of the Notes so held or represented in such Class.

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 paragraphs 10.2.1 and 10.2.2 below, be adjourned to a new date no earlier than 14 days and no later than 42 days after the original date of such Meeting, and to such place 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 a quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned Meeting except business which might have been transacted at the Meeting from which the adjournment took place.

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 a quorum*).

13. PARTICIPATION

13.1 The following categories of persons may attend and speak at a Meeting:

13.1.1 Voters;

13.1.2 the directors and the auditors of the Issuer;

13.1.3 representatives of the Issuer, the Servicer and the Representative of the Noteholders;

13.1.4 financial advisers to the Issuer and the Representative of the Noteholders;

13.1.5 legal advisers to the Issuer and the Representative of the Noteholders;

13.1.6 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 €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 exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant resolution shall be deemed to have been rejected.

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 any Class of Noteholders shall be effective unless it is sanctioned by an Ordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking *pari passu* with or senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction. For the purpose of this Article 18.2, the Class A1 Notes and the Class A2 Notes shall be treated as separate Classes of Notes. Therefore, any Ordinary Resolution shall always be transacted at separate Meetings of the Class A1 Noteholders and the Class A2 Noteholders and will need to be sanctioned by both the Meetings of the Class A1 Noteholders and of the Class A2 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 in accordance with Article 28 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Noteholders;

19.1.4 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*);

19.1.5 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;

19.1.6 grant any authorisation or approval, which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;

19.1.7 authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;

19.1.8 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;

19.1.9 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;

19.1.10 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;

19.1.11 terminate the appointment of the Originator 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.

19.2 **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 each of the other Classes of Notes then outstanding. For the purpose of this Article 19.2, the Class A1 Notes and the Class A2 Notes shall be treated as separate Classes of Notes. Therefore, any Extraordinary Resolution involving a Basic Terms Modification shall always be transacted at separate Meetings of the Class A1 Noteholders and the Class A2 Noteholders and will need to be sanctioned by both the Meetings of the Class A1 Noteholders and of the Class A2 Noteholders.

19.3 **Extraordinary Resolution of a single Class**

No Extraordinary Resolution of any Class of Noteholders to approve any matter (other than a Basic Terms Modification) shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class (to the extent that there are Notes outstanding ranking *pari passu* with or senior to such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking *pari passu* with or senior to such Class would be materially prejudiced by the absence of such sanction, it being understood that, for the purpose of this Article 19.3, the Class A1 Notes and the Class A2 Notes shall be treated as separate Classes of Notes. Therefore, any Extraordinary Resolution shall always be transacted at separate Meetings of the Class A1 Noteholders and the Class A2 Noteholders and will need to be sanctioned by both the Meetings of the Class A1 Noteholders and of the Class A2 Noteholders.

20. EFFECT OF RESOLUTIONS

20.1 Binding Nature

Subject to Article 18.2 (*Ordinary Resolution of a single Class*), Article 19.2 (*Basic Terms Modification*) and Article 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:

20.1.1 any resolution passed at a Meeting of the Class A1 Noteholders and the Class A2 Noteholders (which for these purposes shall be considered as one Class of Noteholders) duly convened and held as aforesaid shall also be binding upon all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Junior Noteholders;

20.1.2 any resolution passed at a Meeting of the Class B Noteholders duly convened and held as aforesaid shall also be binding upon all the Class C Noteholders, the Class D Noteholders and the Junior Noteholders;

20.1.3 any resolution passed at a Meeting of the Class C Noteholders duly convened and held as aforesaid shall also be binding upon all the Class D Noteholders and the Junior Noteholders;

20.1.4 any resolution passed at a Meeting of the Class D Noteholders duly convened and held as aforesaid shall also be binding upon all the Junior Noteholders;

and in each case, 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 Conflict of interest

In order to avoid conflict of interests that may arise as a result of the Originator having multiple roles in the Securitisation, those Notes which are for the time being held by the Originator shall (unless and until ceasing to be so held) be deemed not to remain "outstanding" for the purposes of the right to vote at any Meeting of Noteholders duly convened by the Representative of the Noteholders in accordance with the Conditions and these Rules to transact one of the following matters:

20.2.1 the termination of the Originator in its capacity as Servicer and the appointment of a substitute servicer under the Servicing Agreement;

20.2.2 the delivery of a Trigger Notice upon the occurrence of a Trigger Event in accordance with Condition 12 (*Trigger Events*);

20.2.3 the direction of the sale of the Portfolio after the delivery of a Trigger Notice upon occurrence of a Trigger Event in accordance with Condition 12 (*Trigger Events*);

20.2.4 any amendment to any Transaction Document which, in the reasonable opinion of the Representative of the Noteholders, to be taken following the consultation with the Holders of the Most Senior Class of Notes, would be prejudicial to, or have a negative impact on, the Holders of the Most Senior Class of Notes;

20.2.5 any waiver of any breach or authorisation of any proposed breach by the Originator (in any of its capacities under the Transaction Documents) of its obligations under or in respect of the Transaction Documents to which it is a party or any other enforcement of the Issuer's rights under the Transaction Documents against Banca Monte dei Paschi di Siena S.p.A. in any of its capacities under the Securitisation;

20.2.6 any other matter in relation to which, in the reasonable opinion of the Representative of the Noteholders, may exist a conflict of interest between the Senior Noteholders (considered for this purposes as one Class of Noteholders) and/or the Mezzanine Noteholders (considered for this purposes as one Class of Noteholders) and the Originator in any role (other than as Holder of the Mezzanine Notes and the Junior Notes) under the Securitisation.

20.3 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 Principal Paying Agent (with a copy to the Issuer, the Rating Agencies 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 Servicer 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 Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D 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 JOINT 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 matters which, in the sole opinion of the Representative of the Noteholders, affects the Class A1 Noteholders and the Class A2 Noteholders shall always be transacted at a joint Meeting of the Noteholders of such Classes, except for any resolution involving a Basic Terms Modification which shall be transacted at separate Meetings;

25.1.2 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, it being understood that, for the purposes of Articles 19.2 and 19.3, the Class A1 Notes and the Class A2 Notes shall be considered as a single Class of Notes;

25.1.3 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 joint Meeting of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion, it being understood that, for the purposes of Articles 19.2 and 19.3, the Class A1 Notes and the Class A2 Notes shall be considered as a single Class of Notes; and

25.1.4 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, it being understood that, for the purposes of Articles 19.2 and 19.3, the Class A1 Notes and the Class A2 Notes shall be considered as a single Class of Notes.

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 Ordinary 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 Ordinary 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 Rule 26 shall not prejudice the right if any Noteholder, under Condition 9.1.2, 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

The appointment of the Representative of the Noteholders takes place by Extraordinary Resolution of the Most Senior Class of Noteholders in accordance with the provisions of this Article 28, except for the appointment of the first Representative of the Noteholders which will be Securitisation Services S.p.A.

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 otherwise complying with the provisions of Italian Legislative Decree 13 August 2010 number 141 as subsequently amended and the relevant implementing regulations applicable to it as a financial intermediary; 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 of the Most Senior Class of Notes 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 of and subscription for the Notes or in a separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the Priority of Payments 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 months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 28.2 (*Identity of the 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 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 undertakes to supervise the acts or proceedings of such delegate or sub-delegate and shall 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 and the Rating Agencies 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 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, 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 holders of the Most Senior Class of Notes 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.

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 so to do 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 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 and the Principal 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, damages 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 certificate of material prejudice pursuant to Condition 12.3.1 on the basis of an opinion formed by it in good faith;

31.2.17 unless and to the extent ordered so to do 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.

31.3 **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 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 Monte Titoli Account Holders**

The Representative of the Noteholders, in order to ascertain ownership of the Notes, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018, as amended and supplemented from time to time, 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, trust, authority, duty or discretion under or in relation to these Rules and the Transaction Documents, 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 as 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 or rating confirmation 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 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 party; or

32.8.3 as to such 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**

The Representative of the Noteholders may from time to time and without the consent or sanction of the Noteholders concur with the Issuer and any other relevant parties in making:

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, 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 necessary or expedient in order to comply with Regulation (EU) 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation (the "**Securitisation Regulation**"), in each case as supplemented and implemented by the relevant regulatory technical standards and delegated regulations, including to ensure that the Transaction comply with a "simple, transparent and standardised securitisation" for the purposes of the Securitisation Regulation;

33.1.3 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; and

33.1.4 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 and the fact that the execution of the relevant amendment or modification would not adversely affect the then current ratings of the Rated 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 **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.

33.3 **Modifications requested by the Noteholders**

The Representative of the Noteholders shall be bound to concur with the Issuer and any other party in making any modifications if it 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 the 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**

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 Agreement, 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 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 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 it are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

39. JURISDICTION

The Courts of Siena 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.

SELECTED ASPECTS OF ITALIAN LAW

The Securitisation Law

The Securitisation Law was enacted on 30 April 1999 and was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in Italy.

It applies to securitisation transactions involving a "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Securitisation Law and all amounts paid by the debtors in respect of the receivables are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such claims and all costs and expenses associated with the securitisation transaction.

The Securitisation Law has been recently amended by: (i) the Italian law decree (*decreto-legge*) No. 145 of 23 December 2013, which has been converted into law by the Italian Parliament with law No. 9 of 21 February 2014; (ii) the Italian law decree (*decreto-legge*) No. 91 of 24 June 2014, which has been converted into law by the Italian Parliament with law No. 116 of 11 August 2014; (iii) the Italian law decree (*decreto-legge*) No. 18 of 14 February 2016, which has been converted into law by the Italian Parliament with law No. 49 of 8 April 2016; (iv) Italian law decree (*decreto-legge*) No. 50 of 24 April 2017, which has been converted into law by the Italian Parliament with law No. 96 of 21 June 2017; and (v) law No. 145 of 30 December 2018.

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 performs the securitisation (including any other assets purchased by the such company pursuant to the Securitisation Law). Prior to and on a winding up of such a company such receivables 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 company.

The segregation principle set out in the second paragraph of article 3 of the Securitisation Law has been extended by Italian Law Decree number 91 of 24 June 2014 (as converted into law by Italian Law number 116 of 11 August 2014) and now provides that receivables relating to each securitisation transaction (meaning both the claims against the debtor or debtors and any other claim in favour of the securitisation company in the context of the relevant transaction), the cashflows deriving therefrom and any financial assets purchased with them constitute assets segregated in all respects from those of the securitisation company and those relating to other securitisation transactions. No actions against such segregated assets may be taken by creditors other than the holders of the securities issued to finance the purchase of the relevant receivables.

In addition, Italian Law Decree number 91 of 24 June 2014 (as converted into law by Italian Law number 116 of 11 August 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.

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 in the companies register, so avoiding the need for individual notification to be served on each debtor.

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

Notice of the assignment of the Receivables comprised in the Portfolio pursuant to the Transfer Agreement was published in the *Gazzetta Ufficiale della Repubblica Italiana*, *Parte Seconda*, number 52 of 4 May 2019 and was registered in the companies register of Treviso-Belluno on 2 May 2019.

The Issuer

According to the Securitisation Law, the Issuer shall be a *società di capitali*.

The enforcement proceedings in general

The enforcement proceedings can be carried out on the basis of final judgments or other legal instruments known collectively as *titoli esecutivi*.

Save where the law provides otherwise, the enforcement must be preceded by service of the order for the execution (*formula esecutiva*) and the notice to comply (*atto di precetto*).

On the other hand, the notice to comply (*atto di precetto*) is a formal notice by a creditor to his debtor advising that the enforcement proceedings will be initiated if the obligation specified in the title is not fulfilled within a given period (not less than ten days but not more than 90 days from the date on which the notice to comply (*atto di precetto*) is served. If delay would be prejudicial, the court may reduce or eliminate this period upon a justified request of the creditor.

Enforcement of an obligation to pay an amount of money is performed in different ways, according to the kind of the debtor's assets the creditor wants to seize. Therefore and mentioning the most important only, the Italian code of civil procedure provides for different rules concerning respectively:

- distraint and forced liquidation of mobile goods in possession of the debtor;
- distraint and forced liquidation of debtor's receivables or mobile goods in possession of third parties; and
- distraint and forced liquidation of real estate properties.

The Italian code of civil procedure provides for some common provisions applicable to any form of enforcement of an obligation to pay an amount of money and specific rules applicable to each form of enforcement.

Distraint and forced liquidation of assets are carried out in the following steps:

- first, the debtor's goods are seized;
- second, other creditors may intervene;
- third, the debtor's assets are liquidated; and
- fourth, the creditor is paid, or the proceeds from the liquidation of the debtor's assets are distributed amongst the creditors.

Seizure of assets is the necessary first step in forcing the liquidation of a property, when it is not already held in pledge.

Enforcement proceedings of mobile goods in possession of the debtor

With reference to the seizure and forced liquidation of mobile goods in possession of the debtor, seizure begins with the application of the lawyer to the bailiff to proceed at the debtor's house/office or other place and to seize all the debtor's movable assets he will find there. The bailiff may look for the movables assets to seize in the debtor's house or in other places related to him and he is free to evaluate assets found and keep them seized. However, certain items of personal property cannot be seized.

Normally the debtor is named as custodian of the assets since any interference by causing the destruction, deterioration, or removal of seized property is a criminal offence.

After the seizure, the bailiff must deposit the record and the title executed and the notice to comply in the chancery of the execution judge. In this moment the chancellor will open the file of the execution.

After the deposit of the written petition above, the judge fixes the hearing to define the formalities of the sale. At that hearing the parties can pass their proposals about the formalities of the sale. This hearing is also the last possibility for the parties to raise remedies against the enforcement procedure. If there are no oppositions to the procedure or if the parties reach an agreement about the oppositions, the judge fixes the sale. The judge may choose to delegate the sale to a commission agent. In the delegation, the judge fixes the lowest price of the sale and the total amount who must be obtained from the sale. Otherwise the judge may choose to realise the sale by auction.

After the sale, if there is only one secured creditor without other creditors intervened in the execution, the judge will pay the secured creditor's principal debt and the interests and also the costs of the enforcement proceedings with the sale's proceeds. If there are more than one secured creditor or if there are intervened creditors, they may prepare a project of distribution and propose it to the judge. If the judge agrees, he provides consequently to the distribution. If there is no agreement between the creditors the judge provides to the distribution on the basis of the ranking of the creditors.

In addition to securing the creditor's rights, seizure serves the purpose of identifying the property to be liquidated. When movables in the possession of the debtor are seized, the bailiff must draw up a protocol describing the seized assets and indicating their value. When real estates are seized, distraint is recorded in the land registry, and the value should be set by a special technician appointed by the judge.

The seized assets are entrusted to a custodian. Although the debtor himself may be appointed custodian, he normally may neither use seized property nor keep rents, profits, interest, and similar revenues. Seizure also covers rents, profits, interest, and other revenues of the seized property.

The debtor may avoid the seizure by paying the amount due to the bailiff for delivery to the creditor. Such payment does not constitute recognition of the debt and the debtor is not precluded from bringing an action for restitution of the amount, even though he should prove that the enforcement procedure was wrongfully instituted.

If the value of seized property exceeds the amount of the debt and costs, the judge, after hearing the creditor and any creditors who have intervened, may order that part of the properties are released.

The creditor may select the property that is to be liquidated. He may select various types of property and may bring proceedings in more than one district. However, if he selects more properties than necessary to satisfy his right, the debtor may apply to have this selection restricted. The creditor who requested the seizure must apply for the sale by auction of the seized assets within a deadline of ninety days, otherwise the seizure lapses.

Normally, the debtor's distrained property is sold (*vendita forzata*). Sometimes, however, property may be assigned to the creditors in lieu of sale (*assegnazione forzata*). Seized property may be sold or assigned solely on the motion of the creditor who started the enforcement proceeding or of one of the intervening creditors who possesses an authority to execute. Unless the property is perishable, a motion to sell or assign it may not be made until at least ten days after distraint, but within 90 days.

The creditor who applies for the sale has the duty to anticipate court expenses and the sale fees.

Seized movable property may be sold through acquiring sealed bids (*vendita senza incanto*) or auction (*vendita con incanto*). Seized property may as well be offered for sale in several lots. Once the required amount has been obtained, the sale is discontinued.

Seized property may also be assigned to the creditors instead of being sold. Property may be assigned to discharge the debtor's obligation to the assignees up to the value of the assigned property. If the property is worth more than the amount of the debt, the assignees must pay the balance.

Unless the debtor's assets are assigned to the creditors in satisfaction of their claims, the proceeds of the liquidation must be distributed. The proceeds include:

(a) money received upon the sale or assignment of the debtor's assets;

(b) rents, profits, interest, and other revenues accruing from the debtor's assets during the period of distraint; and

(c) penalties or damages paid to the Court by the defaulting purchasers or assignees.

Distribution of the proceeds is made according to the following steps:

- costs and expenses of the proceeding are paid first;
- preferred creditors are paid in the order of their degree of priority;
- unsecured creditors who commenced or intervened into the proceeding in due time are paid: they share equally, in proportion to the amount of their claims, if there are insufficient funds to satisfy them;
- creditors who intervened after the hearing set for the authorisation of the liquidation of assets: they share the balance in proportion to their claims; and
- any surplus is returned to the debtor.

If there is any dispute concerning the distribution of proceeds, the judge hears the parties and he will decide. In this case distribution of the proceeds is suspended except to the extent to which it can be effected without prejudicing the rights of the claimants.

TAXATION

The statements herein regarding taxation of the Notes are based on the laws in force in Italy as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made also on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. This summary will not be updated by the Issuer after the date of this Prospectus to reflect changes in laws after the Issue Date and, if such a change occurs, the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes

Italian legislative decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**"), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or bond-like securities (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies incorporated pursuant to Italian Law No. 130 of 30 April 1999.

For these purposes, under article 44(2)(c) of Italian Presidential Decree No. 917 of 22 December 1986 ("**Decree 917**"), bonds and bond-like securities (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to pay, at maturity (or at any earlier full redemption of the securities), an amount not lower than their nominal/par value/principal and that do not grant the holder any direct or indirect right of participation in (or control on) the management of the Issuer or of the business in connection with which these securities are issued.

Italian resident Noteholders

Noteholders not Engaged in an Entrepreneurial Activity

Where an Italian resident beneficial owner of the Notes (a "**Noteholder**") is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-business partnership;

(c) a non-business private or public entity (other than Italian undertakings for collective investment); or

(d) an investor exempt from Italian corporate income tax,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*) levied at the rate of 26 per cent., unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and, if meeting the relevant conditions, has validly opted for the application of the "Risparmio Gestito" regime provided for by article 7 of Italian Legislative Decree No. 461 of 21 November 1997 ("**Decree 461**"). In such latter case the Noteholder is subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each fiscal year (which increase would include interest accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary. For more information, see also "*Tax Treatment of Capital Gains*" below.

Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Italian Legislative Decree No. 509 of 30 June 1994 and Italian Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in article 1(100-114) of Law No. 232 of 11 December 2016 ("**Finance Act 2017**"), as amended by article 1(211-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**").

Noteholders Engaged in an Entrepreneurial Activity

In the event that the Italian resident Noteholders described under clauses (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be subject to *imposta sostitutiva* on a provisional basis and will then be included in the relevant beneficial owner's income tax return. As a consequence, interest will be subject to the ordinary income tax and *imposta sostitutiva* may be recovered as a credit that can be offset against the income tax due.

If a Noteholder is an Italian resident company or similar business entity, a business partnership, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest from the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income tax ("**IRES**") plus, in case of banks and certain financial institutions (other than asset management companies and Italian *società di intermediazione mobiliare*), an IRES surtax of 3.5 percent and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**").

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Under Italian Law Decree No. 351 of 25 September 2001 ("**Decree 351**"), converted into law with amendments by Italian Law No. 410 of 23 November 2001, article 32 of Italian Law Decree No. 78 of 31 May 2010, converted into law with amendments by Law No. 122 of 30 July 2010, and article 2(1)(c) of Decree 239, payments of interest deriving from the Notes to Italian resident real estate investment funds are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Italian real estate investment fund, provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary. However, a withholding tax or a substitute tax at the rate of 26 per cent. will generally apply to income realised by unitholders in the event of distributions, redemption or sale of the units.

Subject to certain conditions, income realised by Italian real estate investment funds is attributed *pro rata* to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Under article 9 of Italian Legislative Decree No. 44 of 4 March 2014 ("**Decree 44**"), the above regime applies also to interest payments made to closed-ended real estate investment companies (*società di investimento a capitale fisso immobiliari*, or "**Real Estate SICAFs**") which meet the requirements expressly provided by applicable law.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

If an Italian resident Noteholder is an open-ended or a closed-ended collective investment fund ("**Fund**") other than a real estate investment fund, a closed-ended investment company (*società di investimento a capitale fisso*, or "**SICAF**") other than a Real Estate SICAF or an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAV**") established in Italy and either (i) the Fund, the SICAF or the SICAV or (ii) their

manager is subject to supervision by the competent regulatory authority and the Notes are deposited with an authorised intermediary, interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. Interest must, however, be included in the management results of the Fund, the SICAF or the SICAV accrued at the end of each tax period. The Fund, the SICAF or the SICAV will not be subject to IRES, IRAP and *imposta sostitutiva*, but a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Pension Funds

If an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the pension fund as calculated at the end of the tax period, which will be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in article 1(100-114) of Finance Act 2017 (as amended by the Finance Act 2019).

Application of Imposta Sostitutiva

Under Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIM**"), fiduciary companies, *società di gestione del risparmio* ("**SGR**"), stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary or an organisation or a company not resident in the Republic of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited. If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary (or permanent establishment in Italy of a non-resident financial intermediary) paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian Resident Noteholders

If the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

(a) resident, for tax purposes, in a country which is included in the list of countries and territories that allow an adequate exchange of information as contained (I) as at the date of this Offering Circular in the Decree of the Ministry of Economy and Finance of 4 September 1996, as subsequently amended and restated ("**White List**"), or (II) once effective in any other decree or regulation that may be issued in the future under the authority of article 11(4)(c) of Decree 239 to provide the list of such countries and territories ("**New White List**"); or

(b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or

(c) a central bank or an entity which manages, *inter alia*, official reserves of a foreign State (including sovereign wealth funds); or

(d) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List (or in the New White List once this is effective), even if it does not have the status of a taxpayer in its own country of establishment.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of interest and must timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with:

(a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or brokerage company (SIM), acting as depositary or sub depositary of the Notes appointed to maintain direct relationships, via telematics link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organisations and companies that are not resident of Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to article 80 of Italian Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239. In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

(a) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(b) the submission, at the time or before the deposit of the Notes, to the First Level Bank or the Second Level Bank (as the case may be) of an affidavit by the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

This affidavit, which is required neither for international bodies or entities set up in accordance with international agreements that have entered into force in Italy nor for foreign central banks or entities which manage, *inter alia*, official reserves of a foreign State, must comply with the requirements set forth by the Italian Ministerial Decree of 12 December 2001 and is valid until withdrawn or revoked (unless some information provided therein has changed). The affidavit need not be submitted if a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to interest paid to Noteholders who do not qualify for the exemption or do not timely and properly comply with set requirements.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied (including documentary fulfilments).

Tax Treatment of Capital Gains

Italian Resident (and Italian Permanent Establishment) Noteholders

Noteholders Not Engaged in an Entrepreneurial Activity

If an Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-business partnership, (iii) a non-business private or public entity, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax ("**CGT**"), levied at the rate of 26 per cent. Noteholders may set off any losses against their capital gains subject to certain conditions.

In respect of the application of CGT, taxpayers may opt for any of the three regimes described below.

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given fiscal year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any fiscal year, net of any relevant incurred capital loss, in the annual tax return and pay CGT on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward and offset against capital gains realised in any of the four following fiscal years.

(b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay CGT separately on capital gains realised on each sale or redemption of the Notes (nondiscretionary investment portfolio regime, "*regime del risparmio amministrato*") (optional). Such separate taxation of capital gains is allowed subject to:

(i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of non-resident intermediaries); and

(ii) an express election for the nondiscretionary investment portfolio regime being timely made in writing by the relevant Noteholder.

The depository must account for CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the nondiscretionary investment portfolio regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same fiscal year or in the following fiscal years up to the fourth. Under the nondiscretionary investment

portfolio regime, the Noteholder is not required to declare the capital gains / losses in the annual tax return.

(c) Under the discretionary investment portfolio regime (*regime del risparmio gestito*) (optional), any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any decrease in value of the managed assets accrued at the year-end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following fiscal years.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26 per cent. CGT) if the Noteholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Italian Legislative Decree No. 509 of 30 June 1994 and Italian Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in article 1(100-114) of Finance Act 2017, as amended by the Finance Act 2019.

Noteholders Engaged in an Entrepreneurial Activity

Any gain realised upon the sale or the redemption of the Notes would be treated as part of the taxable business income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar business entity (including the Italian permanent establishment of non-resident entities to which the Notes are connected), a business partnership or an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Italian Real Estate Alternative Investment Funds (Real Estate Investment Funds and Real Estate SICAFs)

Any capital gains realised by a Noteholder which is an Italian real estate investment fund or an Italian Real Estate SICAF to which the provisions of Decree 351 or Decree 44 apply will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the Real Estate SICAF (see "*Tax Treatment of Interest*"). However a withholding tax or a substitute tax at the rate of 26 per cent. will generally apply to income realised by unitholders or shareholders in the event of distributions, redemption or sale of units / shares.

Undertakings for Collective Investment (Funds, SICAFs and SICAVs)

Any capital gains realised by a Noteholder which is a Fund, a SICAF (other than a Real Estate SICAF) or a SICAV will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAF or the SICAV, but income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units / shares may be subject to a withholding tax of 26 per cent. (see "*Tax Treatment of Interest*").

Pension Funds

Any capital gains realised by a Noteholder that is an Italian pension fund (subject to the regime provided for by article 17 of Decree 252 of 5 December 2005) will be included in the result of the pension fund as calculated at the end of the fiscal year, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the

taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in article 1(100-114) of Finance Act 2017, as amended by the Finance Act 2019.

Non-Italian Resident Noteholders

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and traded on regulated markets are subject neither to CGT nor to any other Italian income tax. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes and has no permanent establishment in Italy to which the Notes are effectively connected.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to CGT, provided that the beneficial owner is:

(a) resident in a country included in the White list (or in the New White List once effective);

(b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;

(c) a central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State (including sovereign wealth funds); or

(d) an "institutional investor", whether or not subject to tax, which is established in a country included in the White List (or in the New White List once this is effective), even if it does not possess the status of a taxpayer in its own country of establishment.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected upon the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to CGT at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or the redemption of the Notes may be taxed only in the country of residence of the transferor.

Italian Inheritance and Gift Tax

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights, including the Notes, (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose, including the segregation of assets into a trust), but only if the transferred assets are held in Italy.

In such event, Italian inheritance and gift tax applies as follows:

(a) at a rate of 4 per cent. in case of transfers in favour of the spouse or relatives in direct line on the portion of the global net value of the transferred assets exceeding, for each beneficiary, €1,000,000;

(b) at a rate of 6 per cent. in case of transfers in favour of relatives up to the fourth degree or relatives in-law up to the third degree on the entire value of the transferred assets. Transfers in favour of brothers / sisters are subject to the 6 per cent. inheritance and gift tax on the value of the transferred assets exceeding, for each beneficiary, €100,000; and

(c) at a rate of 8 per cent. in any other case.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised under Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of €1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or the donor and the beneficiary.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average trading price of the last quarter preceding the date of the succession or of the gift (including any accrued interest).

Transfer Tax

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and private deeds with notarized signatures are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of voluntary registration or if the so-called "*caso d'uso*" occurs.

Stamp Duty

Under article 13 (2-*bis* - 2-*ter*) of Italian Presidential Decree No. 642 of 26 October 1972, a 0.20 per cent. stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 for Noteholders other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the 0.20 per cent. stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Wealth Tax on Financial Products Held Abroad

Under article 19(18) of Italian Law Decree No. 201 of 6 December 2011, Italian resident individuals holding financial products – including the Notes – outside the Republic of Italy are required to pay a wealth tax at the rate of 0.2 per cent. The tax is determined in proportion to the period of ownership. This tax is calculated on the market value at the end of the relevant year or, in the lack thereof, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase price of any financial product (including the Notes) held abroad by Italian resident individuals. If the financial products are no longer held on December 31 of the relevant year, reference is made to the value in the period of ownership. A tax credit is generally granted for foreign wealth taxes levied abroad on such financial products. The tax credit

cannot be greater than the amount of the Italian tax due. If there is a double tax treaty in force between Italy and the State where the financial products are held that also covers taxes on capital and the treaty provides that only the State of residence should levy taxes on capital on the financial products, no tax credit is granted. In these cases, the taxpayer should request the refund of the wealth taxes paid abroad to the foreign tax authorities.

Certain Reporting Obligations for Italian Resident Noteholders

Under Italian Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the fiscal year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets 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), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in article 1 of Italian Law Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

The Subscription Agreement

The Underwriters have, pursuant to the Subscription Agreement entered into on or about the Issue Date among the Issuer, the Underwriters, the Originator, the Arrangers and the Representative of the Noteholders, agreed to subscribe and pay the Issuer for the Notes at their Issue Price of 100 per cent of their respective principal amounts upon issue.

The Conditions

Under the Conditions the obligations of the Issuer to make payment in respect of the Junior Notes are subordinated to the obligations of the Issuer to make payments in respect of the Rated Notes, the Other Issuer Creditors and the other creditors of the Issuer in accordance with the applicable Priority of Payments. Therefore, in case of losses by the Issuer, if the Issuer is not able to fulfil in full its obligations in respect of all its creditors, the Junior Noteholders will be the first creditors to bear any shortfall.

SELLING RESTRICTIONS

Each of the Issuer and the Underwriters undertakes to the others that it has complied with and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Prospectus or any related offering material, in all cases at its own expense.

Each of the Issuer and the Underwriters represents and warrants that it has not made or provided and undertakes that it will not make or provide any representation or information regarding the Issuer or the Notes save as contained in the Prospectus or as approved for such purpose by the Issuer or the Underwriters or which is a matter of public knowledge.

General

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

EEA standard restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Underwriters represents, warrants and undertakes to the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Rated Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in that Relevant Member State:

(a) if the Issuer expressly specifies that an offer of those Notes may be made other than pursuant to article 3, paragraph 2, of the Prospectus Directive in that Relevant Member State (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided

that any such prospectus has subsequently been completed by the final terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) at any time in any other circumstances falling within article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes referred to in (b) to (d) above shall require the Issuer or the Underwriters to publish a prospectus pursuant to article 3 of the Prospectus Directive, or supplement a prospectus pursuant to article 16 of the Prospectus Directive

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "*Prospectus Directive*" means Directive 2003/71/EC (as amended and superseded) and includes any relevant implementing measure in each Relevant Member State.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States 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 United States Internal Revenue Code and regulations thereunder.

Each of the Underwriters has agreed that it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise, until 40 days after the completion of the offering of the Notes, within the United States or to, or for the account or benefit of, any U.S. person, and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells the Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the such Notes within the United States or to, or for the account or benefit of, any U.S. person.

In addition, until 40 days after the commencement of the offering of the Notes, any 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 Securities Act.

United Kingdom

Each of the Underwriters has, pursuant to the Subscription Agreement, represented, warranted and undertaken to the Issuer that:

(a) *Financial promotion*: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment

activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of France

Each of the Underwriters, pursuant to the 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 by it 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 Underwriters, pursuant to the Subscription Agreement, has also represented and agreed in connection with the initial distribution of the Notes by it that:

(i) there has not been and there will be no offer or sale, directly or indirectly, of the Notes by it to the public in the Republic of France (an *appel public à l'épargne* 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 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**").

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*).

Italy

Each of the Underwriters has, pursuant to the Subscription Agreement, represented, warranted and undertaken to the Issuer that it has not offered, sold or delivered, and will not offer, sell or deliver, and have not distributed and will not distribute and has not made and will not make available in the Republic of Italy copy of this Prospectus nor any other offering material relating to the Notes other than to "qualified investors" ("*investitori qualificati*") as referred to in article 100 of the Financial Laws Consolidation Act and article 34-*ter*, paragraph 1, letter (b) of the CONSOB regulation number 11971 of 14 May 1999 (as amended and integrated from time to time, "**CONSOB Regulation**") and in accordance with any applicable Italian laws and regulations.

Any offer of the Notes to qualified investors in the Republic of Italy shall be made only by banks, investment firms or financial intermediaries permitted to conduct such business in accordance with the Consolidated

Banking Act, to the extent that they are duly authorised to engage in the placement and/or underwriting of financial instruments in the Republic of Italy in accordance with the relevant provisions of the Financial Laws Consolidation Act, CONSOB Regulation number 16190 of 29 October 2007, the Consolidated Banking Act and any other applicable laws and regulations.

General

Each of the Underwriters has, pursuant to the Subscription Agreement, acknowledged that:

(a) no action has or will be taken by it which would allow an offering (nor a "*offerta al pubblico di prodotti finanziari*") of the Notes to the public in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations;

(b) the Notes may not be offered, sold or delivered by it and neither this Prospectus nor any other offering material relating to the Notes will be distributed or made available by it to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy will only be made by it in accordance with Italian securities, tax and other applicable laws and regulations; and

(c) no application has been made by neither of them to obtain an authorisation from CONSOB for the public offering of the Notes in the Republic of Italy.

Prohibition of Sales to EEA Retail Investors

Each of the Underwriters has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of article 4(1) of MiFID II; or

(ii) a customer within the meaning of the 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 Prospectus Directive; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

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 board of directors of the Issuer passed on 17 June 2019.

(2) Application has been made to list the Rated Notes on the official list of the Luxembourg Stock Exchange and to trading on the Regulated Market of the Luxembourg Stock Exchange. In connection with the listing application, the constitutional documents of the Issuer will be deposited prior to listing with the Representative of the Noteholders, where such documents will be available for inspection and where copies thereof may be obtained upon request.

(3) The Issuer is not (and has not been since the date of its incorporation) involved in any litigation, arbitration, administrative or governmental proceedings relating to claims or amounts which are material in the context of the issue of the Notes and which may have, or have had, during the period covering at least the previous 12 months, a significant effect on its financial position nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.

(4) Save as disclosed in this Prospectus, there has been no material adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs or prospects of the Issuer since 31 December 2018 (being the reference date of its last published audited financial statements) 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) The Issuer's accounting reference date is 31 December in each year. 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 Monte Titoli S.p.A. (a *società per azioni* having its registered office at Piazza degli Affari 6, 20123 Milan, Italy) for the account of the relevant Monte Titoli Account Holders. If applicable, Monte Titoli shall act as depository for Euroclear and Clearstream. The Notes have been accepted for clearance through Monte Titoli with the following ISIN codes:

Class of Notes	*Common code*	*ISIN code*
Class A1 Notes	201934621	IT0005372948
Class A2 Notes	201935253	IT0005372955
Class B Notes	201935172	IT0005372963
Class C Notes	201934532	IT0005372971
Class D Notes	201934591	IT0005372989
Junior Notes	201934761	IT0005372997

(8) Copies of the following documents may be inspected by Noteholders, potential investors and competent authorities referred to in article 29 of the Securitisation Regulation and obtained free of charge during

usual business hours at the registered office of the Issuer and the Representative of the Noteholders and at the Specified Office of the Principal Paying Agent at any time after the date of this Prospectus and will be generally available, as the case may be, through the Temporary Website or the Data Repository (once appointed):

(i) the by-laws (*statuto*) and articles of association (*atto costitutivo*) of the Issuer;

(ii) the financial statements of the Issuer approved from time to time;

(iii) a copy of this Prospectus;

(iv) any information which from time to time may be deemed necessary under articles 5, 6 and 7 of the Securitisation Regulation in accordance with the market practice (including, any amendment or supplement of the Transaction Documents and the Prospectus, the draft (or, if and once it has been notified to ESMA, the final version) of the STS notification pursuant to article 27(1) of the Securitisation Regulation, the relevant notice in case the Securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions, the underwriting standards in accordance to which the Receivables were originated, any request of consent received by the Representative of the Noteholders and Written Resolutions, any information on the delivery of any Trigger Notice, any amendment to the structure of the Securitisation which may negatively affect the interest of the Noteholders, information on any other event which may trigger a change in the applicable Priority of Payments or the replacement of any Agents; any material breach of the obligations provided for in the Transaction Documents including any remedy, waiver or consent subsequently provided in relation to such a breach, and information on the material net economic interest (of not less than 5%) in the Securitisation maintained by the Originator in accordance with option 3(a) of article 6 of the Securitisation Regulation (or any permitted alternative method thereafter);

(v) any Inside Information disclosed, Loan by Loan Reports and Investors Reports;

(vi) the following agreements:

Transfer Agreement;
Servicing Agreement;
Warranty and Indemnity Agreement;
Intercreditor Agreement;
Cash Allocation, Management and Payments Agreement;
Mandate Agreement;
Quotaholders' Agreement;
Agreement for the Extension of the Quotaholders' Agreement;
Subordinated Loan Agreement;
Corporate Services Agreement;
Agreement for the Extension of the Corporate Services Agreement; and
Master Definitions Agreement.

(9) So long as any of the Rated Notes remains outstanding, copies of the Payments Reports and of the Investors Reports shall be made available for collection at the registered office of the Issuer and the Representative of the Noteholders, respectively, on each Calculation Date and on each date on which it is produced. The first Payments Report will be available at the registered office of the Issuer and the

Representative of the Noteholders on or about the Calculation Date falling in August 2019. The Payments Reports will be produced quarterly and will contain details of amounts payable on the Payment Date to which it refers in accordance with the Priority of Payments, including the amount payable as principal and interest (or Variable Return) in respect of each Note.

(10) The Calculation Agent is authorised to make available each Investors Report to Noteholders on a quarterly basis via the Calculation Agent's internet website currently located at www.securitisation-services.com. The Calculation Agent's website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon.

(11) The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately €150,000 (excluding servicing fees and any VAT, if applicable).

(12) The total expenses payable in connection with the admission of the Rated Notes to trading on the Regulated Market in an amount equal to approximately €4,000 will be borne by the Issuer, failing which the Originator.

(13) The identification code of the Securitisation on the Temporary Website is the following: SMESIT000094101220193.

(14) The LEI code of the Issuer is the following: 815600F84F96D5CEB844.

GLOSSARY

These and other terms used in this Prospectus are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

"**Account Bank**" means BNP Paribas Securities Services, Milan branch, or any other person for the time being acting as Account Bank pursuant to the Cash Allocation, Management and Payments Agreement.

"**Accounts**" means, collectively, the Payments Account, the Collection Account, the Transaction Account, the Cash Reserve Account, the Securities Account and the Expenses Account and "**Account**" means any of them.

"**Accrued Interest**" means the portion of Interest Instalments accrued on the Portfolio or, as the context may require, on a Receivable on such date but not yet due.

"**Adjustment Purchase Price**" means, in relation to any Receivable erroneously excluded from the Portfolio pursuant to clause 4.1.1 of the Transfer Agreement, an amount calculated in accordance with clause 4.2 of the Transfer Agreement.

"**Adjustment Spread**" means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable), determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Euribor with the Successor Rate or the Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines is recognised or acknowledged as being in customary and prevailing market usage in international debt capital markets transactions which reference the Euribor, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or if no such customary and prevailing market usage can be determined or acknowledged, the Independent Adviser (in consultation with the Issuer) or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable), determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

"**Agents**" means the Calculation Agent, the Principal Paying Agent, the Cash Manager and the Account Bank collectively and "**Agent**" means any of them.

"**Agreement for the Extension of the Corporate Services Agreement**" means the agreement entered into on or about the Issue Date between the Issuer, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Agreement for the Extension of the Quotaholders' Agreement**" means the agreement entered into on or about the Issue Date between the Quotaholders, the Issuer and the Representative of the Noteholders as from

time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**AIFM Regulation**" means the Regulation (EU) No 231/2013, as amended from time to time.

"**Alternative Reference Rate**" means the rate that the Independent Adviser or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines has replaced the Euribor in customary and prevailing market usage in the international capital markets for the purposes of determining rates of interest in respect of asset-backed securities denominated in Euro and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines that there is no such rate, such other rate as the Independent Adviser, in its discretion (acting in good faith and in a commercially reasonable manner), or the Calculation Agent, acting in accordance with the instructions given by the Representative of the Noteholders, (as applicable) determines is most comparable to the relevant Reference Rate.

"**Arrangers**" means Banca Monte dei Paschi di Siena S.p.A. and J.P. Morgan

"**Arrears Level**" means, in respect of a Loan on a Collection Date, the ratio between:

(i) all amounts due but unpaid in relation to such Loan on the relevant Collection Date; and

(ii) an amount equal to the last Instalment in relation to such Loan which has become payable on or prior to the relevant Collection Date,

the resulting figure being rounded to the nearest whole number (with 0.50 and above being rounded up).

"**Article 6**" means the article 6 of the Securitisation Regulation.

"**Back-up Servicer**" means Securitisation Services S.p.A. or any other person for the time being acting as Back-up Servicer pursuant to the Servicing Agreement.

"**Bankruptcy Law**" means Italian Royal Decree number 267 of 16 March 1942, as amended and supplemented from time to time.

"**Benchmark Disruption Event**" means any event which could have a material impact on the Euribor, including but not limited to:

(i) a material disruption to the Euribor, a material change in the methodology of calculating the Euribor or the Euribor ceasing to exist or be published, or the administrator of the Euribor having used a fall-back methodology for calculating the Euribor for a period of at least 30 calendar days; or

(ii) the insolvency or cessation of business of the administrator of the Euribor (in circumstances where no successor administrator has been appointed); or

(iii) a public statement by the administrator of the Euribor that it will cease publishing the Euribor permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Euribor) with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(iv) a public statement by the supervisor of the administrator of the Euribor that the Euribor has been or will be permanently or indefinitely discontinued or there will be a material change in the methodology

of calculating the Euribor with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(v) a public statement by the supervisor of the administrator of the Euribor that means the Euribor will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than 6 months after the proposed effective date of such benchmark replacement; or

(vi) a change in the generally accepted market practice in the market to refer to a Euribor endorsed in a public statement by the prudential regulation authority or any relevant committee or other body established, sponsored or approved by any of the foregoing, despite the continued existence of the Euribor; or

(vii) it having become unlawful and/or impossible and/or impracticable for the Principal Paying Agent or the Issuer to calculate any payments due to be made to any Bondholders using the Euribor.

"**BMPS**" means Banca Monte dei Paschi di Siena S.p.A.

"**Business Day**" means (i) with reference to and for the purposes of any payment obligation provided for under the Transaction Documents, any day on which TARGET2 (or any successor thereto) is open, and (ii) with reference to any other provision specified under the Transaction Documents, any day which is not a bank holiday or a public holiday in Milan, Siena, Luxembourg and London and on which TARGET2 (or any successor thereto) is open.

"**Calculation Agent**" means Securitisation Services S.p.A., 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 12th calendar day of February, May, August and November of each year, provided that the first Calculation Date will fall on 12 August 2019.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on or about the Issue Date between the Issuer, the Servicer, the Originator, the Representative of the Noteholders, the Account Bank, the Corporate Servicer, the Back-up Servicer, the Cash Manager, the Calculation Agent and the Principal Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Cash Manager**" means Banca Monte dei Paschi di Siena S.p.A., or any other person for the time being acting as Cash Manager pursuant to the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve**" means a reserve fund created by the Issuer with part of the proceeds of the Subordinated Loan on the Issue Date in an initial amount equal to €36,584,000.00, to be applied in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Account**" means the Euro denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 14 Z 03479 01600 000802302201), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Cash Reserve Amount**" means, at any time, the balance of the amounts standing to the credit of the Cash Reserve Account, net of any interest accrued and paid thereon.

"**Cash Reserve Available Amount**" means, in respect of any Payment Date, the amount to be drawn from the Cash Reserve Account equal to the lower of (a) the balance of the funds standing to the credit of the Cash

Reserve Account and (b) the absolute value of the difference, if negative, between (i) the Issuer Available Funds (net of any Cash Reserve Available Amount) available to pay items from *First* to *Seventh* of the Pre Trigger Notice Priority of Payments on such Payment Date; and (ii) the amounts payable by the Issuer under items from *First* to *Seventh* of the Pre Trigger Notice Priority of Payments on such Payment Date.

"**Cash Reserve Excess Amount**" means, in respect of any Payment Date, an amount equal to the difference, if positive, between (i) the Cash Reserve Amount (net of any Cash Reserve Available Amount on such Payment Date); and (ii) the Target Cash Reserve Amount on such Payment Date.

"**Class A1 Noteholders**" means the holders for the time being of the Class A1 Notes.

"**Class A1 Notes**" means the €519,400,000 Series 2 Class A1 Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class A2 Noteholders**" means the holders for the time being of the Class A2 Notes.

"**Class A2 Notes**" means the €813,000,000 Series 2 Class A2 Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class B Notes**" means the €225,800,000 Series 2 Class B Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class C Notes**" means the €271,000,000 Series 2 Class C Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Class D Notes**" means the €248,500,000 Series 2 Class D Asset Backed Floating Rate Notes due February 2060 issued by the Issuer on the Issue Date.

"**Junior Noteholders**" means the holders for the time being of the Class J Notes.

"**Class J Notes**" or "**Junior Notes**" means the €180,700,000 Series 2 Class J Asset Backed Variable Return Notes due February 2060 issued by the Issuer on the Issue Date.

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

"**Clean Up Option Date**" means the date falling on the Payment Date on which the aggregate Outstanding Principal of the Portfolio is equal to or less than 10 per cent of the aggregate Outstanding Principal of the Portfolio as at the Valuation Date.

"**Clearstream**" means Clearstream Banking, Luxembourg with offices at 42 Avenue JF Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

"**Collection Account**" means the Euro denominated account established in the name of the Issuer with the Servicer (IBAN: IT 13 P 01030 14200 000012946593), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Collection Date**" means (i) prior to the service of a Trigger Notice, the 25th calendar day of January, April, July and October in each year; and (ii) following the service of a Trigger Notice, each date determined by the Representative of the Noteholders as such.

"**Collection Period**" means:

(i) prior to the service of a Trigger Notice, each period commencing on (and including) a Collection Date and ending on (but excluding) the following Collection Date; and

(ii) following the service of a Trigger Notice, each period commencing on (and including) the last day of the preceding Collection Period and ending on (but excluding) the next following Collection Date as determined by the Representative of the Noteholders; and

(iii) in the case of the first Collection Period, the period commencing on (and including) the Valuation Date and ending on (but excluding) the Collection Date falling in July 2019.

"**Collections**" means all amounts received by the Servicer or any other person on its behalf in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Servicer or any other person on its behalf in respect of the Receivables.

"**Comparable Assets**" means assets having characteristics comparable to the Receivables and held in the balance sheet of the Originator.

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

"**CONSOB**" means 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.

"**Corporate Servicer**" means Securitisation Services S.p.A., or any other person for the time being acting as Corporate Servicer pursuant to the Corporate Services Agreement.

"**Corporate Services Agreement**" means the agreement entered into on 25 October 2016 in the context of the Previous Securitisation between the Issuer, the Corporate Servicer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**CRA Regulation**" means the Regulation (EC) No. 1060/2009, as amended by Regulation (EC) No. 513/2011 and Regulation (EC) No. 462/2013.

"**Credit and Collection Policy**" means the procedures for the collection and recovery of Receivables attached as annex 3 to the Servicing Agreement.

"**Criteria**" means the criteria set out in schedule 1 to the Transfer Agreement on the basis of which the Receivables are identified as "pool" (*in blocco*), pursuant to the articles 1 and 4 of the Securitisation Law.

"**CRR**" means Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 as amended and supplemented from time to time.

"**DBRS**" means (i) for the purpose of identifying the entity which has assigned the credit rating to the Rated Notes, DBRS Ratings GmbH, and (ii) in any other case, any entity of DBRS Ratings GmbH which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority ("**ESMA**") on the ESMA website.

"**Data Repository**" means the securitisation repository authorised by ESMA and enrolled in the register held by it pursuant to article 10 of the Securitisation Regulation appointed in respect of the Securitisation.

"**DBRS Equivalent Rating**" means the DBRS rating equivalent of any of the below ratings by Fitch, Moody's or S&P:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC+
CCC	Caa2	CCC	CCC
CCC(low)	Caa3	CCC-	CCC-
CC	Ca	CC	CC
C	C	D	D

"**DBRS Minimum Rating**" means: (a) if a Fitch public long term rating, a Moody's long term public rating and an S&P long term public rating (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Minimum Rating will be the DBRS Equivalent Rating of such Public Long Term Rating remaining after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below) (for this purpose, if more than one Public Long Term Rating has the same highest DBRS Equivalent Rating or the same lowest DBRS Equivalent Rating, then in each case one of such Public Long Term Ratings shall be so disregarded); and (b) if the DBRS Minimum Rating cannot be determined under (a) above, but Public Long Term Ratings by any two of Fitch, Moody's and S&P are available at such date, the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below); and (c) if the DBRS Minimum Rating cannot be determined under (a) and (b) above, but Public Long Term Ratings by any one of Fitch, Moody's and S&P are available at such date, then the DBRS Equivalent Rating will be such Public Long Term Rating (provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then the DBRS Equivalent Rating will be considered one notch below). If at any time the DBRS Minimum Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS Minimum Rating of "C" shall apply at such time.

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

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time.

"**Decree 239 Deduction**" means any withholding, deduction, imposition or other payment of Taxes to be made under Decree 239.

"**Defaulted Receivables**" means any Receivable arising under a Loan that:

(i) with respect to a Loan providing for monthly instalments, there are 10 unpaid instalments;

(ii) with respect to a Loan providing for quarterly instalments, there are 5 unpaid instalments;

(iii) with respect to a Loan providing for or half yearly instalments, there are 3 unpaid instalments;

(iv) is classified as *credito in sofferenza* by the Servicer in accordance with the supervisory instructions of the Bank of Italy, as amended and supplemented for time to time.

"**Determination Date**" means:

(a) with respect to the Initial 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.

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

(a) whose ratings are the following:

(i) with respect to DBRS, at least equal to "A", considering:

(1) in case a public or private rating has been assigned by DBRS, the higher of (x) the rating one notch below the institution's Critical Obligations Rating ("**COR**") (if assigned), and (y) the long-term senior unsecured debt rating or deposit rating; or

(2) in case of a long-term COR has not been assigned by DBRS, the higher of the relevant institution's issuer rating, long-term senior unsecured debt rating or deposit rating; or

(3) in case a public or private rating has not been assigned by DBRS, the DBRS Minimum Rating; and

(ii) with respect to Fitch, at least "A-" as a long-term rating or at least "F1" as short term rating; or

(b) whose obligations under the Transaction Documents to which it is a party are guaranteed by a first demand, irrevocable and unconditional guarantee (followed by, if requested, a legal opinion rendered by a reputable firm in the relevant jurisdictions) issued by a depository institution organised under the laws of any state which is a member of the European Union or of the United States of America and have at least the ratings set out in paragraphs (a)(i) and (a)(ii) above, provided that such guarantee and the relating opinion have been notified to the Rating Agencies and comply with the Rating Agencies' criteria.

"**Eligible Investment**" means any Euro denominated senior (unsubordinated) dematerialised debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments with the followings characteristics:

(a) with respect to DBRS:

(i) the securities or other debt instruments shall be issued or guaranteed (on the basis of an unconditional, irrevocable, independent first demand guarantee) by an institution rated at least as follows by DBRS: (1) "BBB (high)" in respect of Senior Long-Term Debt and Deposit rating or "R-1 (low)" in respect of Short-Term Debt and Deposit rating, with regard to investments having a maturity of less than or equal to 30 (thirty) days, or (2) "AA (low)" in respect of Senior Long-Term Debt and Deposit rating or "R-1 (middle)" in respect of Short-Term Debt and Deposit, with regard to investments having a maturity between 31 (thirty-one) and 90 (ninety) days; or

(ii) the bank account deposits shall be held with an Eligible Institution; or

(iii) instruments having such other lower rating being compliant with the DBRS's published criteria applicable from time to time; and

(b) with respect to Fitch:

(i) to the extent that such investment has a maturity not exceeding 30 calendar days, a long term rating of at least "A-" or a short term rating of at least "F1"; and

(ii) to the extent such investment has a maturity exceeding 30 calendar days but not exceeding 365 days a long term rating of at least "AA-" or a short term rating of at least "F1+"; or

(iii) the bank account deposits shall be held with an Eligible Institution; or

(iv) instruments having such other lower or higher rating being compliant with the Fitch's published criteria applicable from time to time.

It remains understood that in the case of clauses (a) and (b) above, such Euro denominated senior (unsubordinated) debt security, bank account deposit (including, for the avoidance of doubt, time deposit) or other debt instrument or repurchase transactions on such debt instruments:

(1) shall be immediately repayable on demand, disposable without penalty, cost or loss or have a maturity not later than its Eligible Investments Maturity Date;

(2) shall 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,

provided that,

(A) in no case such investment above 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; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral;

(B) in case of downgrade below the rating allowed with respect to DBRS or Fitch, as the case may be, the Issuer shall:

(i) in case of Eligible Investments being securities or time deposits, sell the securities or terminate in advance the time deposit, if it could be achieved without a loss, otherwise the relevant security or time deposit shall be allowed to mature; or

(ii) in case of Eligible Investments being bank deposits, transfer within 30 calendar days the deposits to another account opened in the name of the Issuer with an Eligible Institution;

(C) in any case, if such investments above consisting of repurchase transactions, shall be made only on Euro denominated debt securities or other debt instruments, provided that (i) title to the securities underlying such repurchase transactions (in the period between the execution of the relevant repurchase transactions and their respective maturity) effectively passes to the Issuer and the obligations of the relevant counterparty are not related to the performance of the underlying securities, (ii) such repurchase transactions have a maturity date falling not later than the next following Eligible Investments Maturity Date and in any case shorter than 60 days, (iii) within 30 calendar days from the date on which the institution ceases to be an Eligible Institution, such investment has to be transferred to another Eligible Institution at no costs for the Issuer, and (iv) such repurchase transactions provide a fixed principal amount at maturity (such amount not being lower than the initially invested amount).

In any case, the Eligible Investments may not include (i) tranches of other asset-backed securities; or (ii) credit-linked notes, swaps or other derivative instruments, or synthetic securities; or (iii) any other instrument not allowed by the European Central Bank monetary policy regulations applicable from time to time for the purpose of qualifying the Senior Notes as eligible collateral.

"**Eligible Investments Maturity Date**" means the date falling one Business Days prior to each Calculation Date.

"**EU Insolvency Regulation**" means Regulation (EU) 848/2015.

"**Euribor**" means:

(a) prior to the delivery of a Trigger Notice, the Euro Zone inter-bank offered rate for three-month Euro deposits which appears on the display page on Bloomberg (save that for the Initial Interest Period, the rate will be obtained upon linear interpolation of Euribor for one and three month deposits in Euro); or

(b) following the delivery of a Trigger Notice, the Euro Zone inter-bank offered rate for Euro deposits applicable to any period in respect of which interest on the Notes is required to be determined which appears on a Bloomberg display page nominated and notified by the Representative of the Noteholders for such purpose or, if necessary, the relevant linear interpolation, as indicated by the Representative of the Noteholders in accordance with the Intercreditor Agreement; or

(c) in the case of (a) and (b), Euribor shall be determined by reference to such other page as may replace the relevant Bloomberg page on that service for the purpose of displaying such information; or

(d) in the case of (a) and (b), Euribor shall be determined, if the Bloomberg service ceases to display such information, by reference to such page as displays such information on such other service as may be nominated information vendor for the purpose of displaying comparable rates and approved by the Representative of the Noteholders,

(the rate determined in accordance with paragraphs (a) to (d) above being the "**Screen Rate**") at or about 11:00 a.m. (Brussels time) on the Determination Date; and

(e) if the Screen Rate is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be:

(i) the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point with the mid-point rounded up) of the rates notified to the Principal Paying Agent at its request by each of the Reference Banks as the rate at which deposits in Euro for the relevant period in a representative amount are offered by that Reference Bank to leading banks in the Euro Zone inter-bank market at or about 11.00 a.m. (Brussels time) on the Determination Date; or

(ii) if only two of the Reference Banks provide such offered quotations to the Principal Paying Agent, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Bank providing such quotations; or

(iii) if only one or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation, the relevant rate shall be the rate in effect for the immediately preceding period to which one of subparagraphs (a) or (b) above shall have applied.

"**Euro**", "**cents**" 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) No. 974 of 3 May 1998 on the introduction of the euro, as amended and supplemented from time to time.

"**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.

"**Euro Zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with Council Regulation (EC) No. 974 of 3 May 1998 on the introduction of the euro, as amended.

"**Expected Amortisation Amount**" means, on each Calculation Date, an amount equal to the positive difference between: (i) the aggregate Principal Amount Outstanding of the Notes on such Calculation Date; and (ii) the Notional Outstanding Amount of the Portfolio on the immediately preceding Collection Date.

"**Expenses**" means:

(a) any and all documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Noteholders and the Other Issuer Creditors) arising in connection with the Securitisation and/or required to be paid (as determined in accordance with the Corporate Services Agreement, by reference to the number of then outstanding securitisation transactions carried out by the Issuer) in order to preserve the existence of the Issuer, to maintain it in good standing or to comply with applicable laws; and

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

"**Expenses Account**" means the Euro denominated account established in the name of the Issuer with Banca Monte dei Paschi di Siena S.p.A. (IBAN: IT 91 X 01030 61622 000001842337), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Extraordinary Resolution**" shall have the meaning ascribed to it in the Rules of the Organisation of the Noteholders.

"**Final Maturity Date**" means the Payment Date falling in February 2060.

"**Financial Laws Consolidation Act**" means Italian Legislative Decree number 58 of 24 February 1998, as amended and supplemented from time to time.

"**Financial Stability Board**" means the international monitoring and reform body of the global financial system established in April 2009 with the aim of promoting international financial stability through information exchange and international cooperation, or any successor thereof.

"**First Payment Date**" means the Payment Date falling in August 2019.

"**Fitch**" means (i) for the purpose of identifying the entity which will assign the credit rating to the Rated Notes, Fitch Italia S.p.A., and (ii) in any other case, any entity of Fitch Ratings Limited which is either registered or not under the CRA Regulation, as it appears from the last available list published by European Securities and Markets Authority (ESMA) on the ESMA website.

"**Holder**" or "**holder**" means the ultimate owner of a Note.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense.

"**Individual Purchase Price**" means, in respect of each Receivable, an amount equal to the aggregate of (i) the Principal Instalments not yet due as at the Valuation Date (excluded), (ii) the Accrued Interest and (iii) with regard to the Receivables arising from Loans that have been subject to suspension of payments of the relevant Instalments, the interest accrued on the Instalments already due as at the Valuation Date (excluded) that are distributed on Instalments not yet due as at the Valuation Date (included).

"**Initial Interest Period**" means the first Interest Period, which shall begin on (and including) the Issue Date and end on (but excluding) the First Payment Date.

"**Insolvency Event**" means in respect of any company, entity or corporation that:

(a) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, winding up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any 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 legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or

(b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company, entity or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Noteholders (who may

in this respect rely on the advice of a legal adviser 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, entity 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 of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); 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, entity or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company, entity or corporation (except in any such case a winding up or other proceeding 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, entity 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; or

(f) such company, entity or corporation becomes subject to any proceedings resulting from the implementation of directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**").

"**Instalment**" means, with respect to each Loan Agreement, each instalment due from the relevant Debtor there under and which consists of an Interest Instalment and a Principal Instalment.

"**Intercreditor Agreement**" means the intercreditor agreement entered into on or about the Issue Date between the Issuer 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.

"**Interest Amount Arrears**" means the portion of the relevant Interest Payment Amount for the Rated Notes of any Class, calculated pursuant to Condition 7.7 (*Determination of Rate of Interest and calculation of Interest Payment Amounts*), which remains unpaid on the relevant Payment Date including, for the avoidance of doubt, the Interest Payment Amount calculated in respect of the Class B Notes following the occurrence of the Priority Event Two and the Class C Notes following the occurrence of the Priority Event One.

"**Interest Instalment**" means the interest component of each payment due from a Debtor in respect of a Receivable.

"**Interest Payment Amount**" has the meaning ascribed to that term in Condition 7.7 (*Determination of Rate of Interest 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.

"**Investors Report**" means the investors report prepared by the Calculation Agent in accordance with the Cash Allocation, Management and Payment Agreement.

"**Investors Report Date**" means, the date falling two Business Days following the immediately preceding Payment Date.

"**Issue Date**" means 25 June 2019, or such other date on which the Notes are issued.

"**Issue Price**" means, in respect of a Class of Notes, 100% of the Principal Amount Outstanding of the Notes of the relevant Class upon issue.

"**Issuer**" means Siena PMI 2016 SPV 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 Via V. Alfieri, 1, 31015 Conegliano (TV), Italy, fiscal code and enrolment with the companies register of Treviso-Belluno number 04831330263, subject to the activity of direction and coordination (*soggetta all'attività di direzione e coordinamento*) pursuant to article 2497 of the Italian civil code of Banca Monte dei Paschi di Siena S.p.A., enrolled in the register of special purpose vehicle held by Bank of Italy pursuant to the regulation issued by the Bank of Italy on 7 June 2017 and having as its sole corporate object the performance of securitisation transactions in accordance with the Securitisation Law.

"**Issuer Available Funds**" are, as at each Calculation Date and by reference to the immediately following Payment Date, constituted by the aggregate of:

(i) all Collections and Recoveries collected by the Issuer (also through the Servicer) in respect of the Receivables (excluding Collections and Recoveries collected by the Servicer in respect of the Receivables in relation to which a limited recourse loan has been disbursed by the Originator in accordance with the provisions of clause 4.1 of the Warranty and Indemnity Agreement) during the immediately preceding Collection Period and credited to the Transaction Account;

(ii) all amounts received by the Issuer from the Originator pursuant to the Transfer Agreement and the Warranty and Indemnity Agreement and credited to the Transaction Account during the immediately preceding Collection Period;

(iii) all amounts in respect of principal repaid on Eligible Investments up to the Eligible Investments Maturity Date and interest and profit accrued or generated and paid thereon up to the Calculation Date immediately preceding such Payment Date, to the extent not already accounted for in other paragraphs above or below;

(iv) all positive amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the immediately preceding Collection Period;

(v) all the proceeds deriving from the sale, if any, of the Portfolio or of Individual Receivables in accordance with the provisions of the Transaction Documents;

(vi) 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 any proceeds deriving from the enforcement of the Issuer's Rights);

(vii) the Cash Reserve Available Amount and any Cash Reserve Excess Amount in respect of such Payment Date standing to the credit of the Cash Reserve Account on the Calculation Date immediately preceding such Payment Date;

(viii) on the Calculation Date immediately preceding the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes will be repaid in full, the amounts standing to the credit of the Cash Reserve Account;

(ix) the amounts standing to the credit of the Expenses Account upon its closure in accordance with the Cash Allocation, Management and Payments Agreement,

but excluding, for the avoidance of any doubt any Limited Recourse Loan Receivable Collections.

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

"**J.P. Morgan**" means J.P. Morgan Securities plc.

"**Joint Regulation**" means the regulation issued jointly by the Bank of Italy and CONSOB on 13 August 2018 and published in the Official Gazette number 201 of 30 August 2018, as amended and supplemented from time to time.

"**Junior Notes Retained Amount**" means an amount equal to 10% of the Principal Amount Outstanding of the relevant class of Junior Notes upon issue.

"**LCR Delegated Regulation**" means Commission Delegated Regulation (EU) 61/2015 of 10 October 2014.

"**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.

"**Limited Recourse Loan Receivable**" means any Receivable in relation to which a limited recourse loan has been granted to the Issuer by the Originator in accordance with the terms of article 4.1 of the Warranty and Indemnity Agreement.

"**Limited Recourse Loan Receivable Collections**" means the Collections received by or on behalf of the Issuer in relation to any Limited Recourse Loan Receivable.

"**Loan**" means each loan granted to a Debtor, on the basis of a Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

"**Loan Agreement**" means each loan agreement entered into between the Originator and a Debtor from which each Receivable included in the Portfolio arises.

"**Master Definitions Agreement**" means the master definitions agreement entered into on or about the Issue Date between the parties to each of the Transaction Documents, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Meeting**" means a meeting of Noteholders of any Class or Classes whether originally convened or resumed following an adjournment.

"**Mandate Agreement**" means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Mezzanine Noteholders**" means the holders for the time being of any of the Class B Notes, the Class C Notes and the Class D Notes.

"**Mezzanine Notes**" means, together, the Class B Notes, the Class C Notes and the Class D Notes.

"**Monte Titoli**" means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza degli Affari 6, 20123 Milan, Italy.

"**Monte Titoli Account Holders**" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (and includes any Relevant Clearing System which holds account with Monte Titoli or any depository banks appointed by the Relevant Clearing System).

"**Mortgage**" means each mortgage granted on the relevant Real Estate Asset, pursuant to Italian law, in order to secure a specified Receivable comprised in the Mortgage Pool.

"**Mortgage Pool**" means the portion of the Portfolio which includes the Receivables secured by a Mortgage and identified as such in the List of Receivables.

"**Mortgagor**" means any person (including the Debtor or a third party) who has granted a Mortgage in favour of the Originator, to secure the repayment of the Receivables comprised in the Mortgage Pool and/or its assignee.

"**Most Senior Class of Notes**" means the Senior Notes (which, for these purposes, will be considered as one Class), while they remain outstanding, thereafter, the Class B Notes while they remain outstanding, thereafter the Class C Notes while they remain outstanding, thereafter the Class D Notes while they remain outstanding and thereafter the Junior Notes.

"Most Senior Class of Noteholders" means (i) the Senior Noteholders, (ii) at any date following the date of full repayment of all the Senior Notes, the Class B Noteholders, (iii) at any date following the date of full repayment of all the Class B Notes, the Class C Noteholders, (iv) at any date following the date of full repayment of all the Class C Notes, the Class D Noteholders, and (v) at any date following the date of full repayment of all the Class D Notes, the Junior Noteholders.

"**Noteholders**" means, together, the Senior Noteholders, the Mezzanine Noteholders and the Junior Noteholders.

"**Notes**" means, together, the Senior Notes, the Mezzanine Notes and the Junior Notes.

"**Notice**" means any notice delivered under or in connection with any Transaction Document.

"**Notional Outstanding Amount**" means, on any Collection Date and in respect of each Receivable comprised in the Portfolio, an amount equal to the product of: (i) the Outstanding Principal of the relevant Receivable; and (ii) the Performance Factor applicable to such Receivable.

"**Official Gazette**" means the *Gazzetta Ufficiale della Repubblica Italiana*.

"**Obligations**" means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

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

"**Originator**" means Banca Monte dei Paschi di Siena S.p.A.

"**Other Issuer Creditors**" means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Servicer, the Principal Paying Agent, the Account Bank, the Back-up Servicer, the Subordinated Loan Provider and the Cash Manager and any party who at any time accedes to the Intercreditor Agreement.

"**Outstanding Principal**" means, on any relevant date, in relation to any Receivable, the aggregate of (i) the Principal Instalments due and unpaid on such date and (ii) the Principal Instalments not yet due on such date.

"**Paying Agent**" means the Principal Paying Agent and any additional paying agent appointed pursuant to Condition 10.4 (*Change of Principal Paying Agent and appointment of additional paying agents*).

"**Payment Date**" means (a) prior to the delivery of a Trigger Notice, the 20th calendar day of February, May, August and November in each year, if such day is not a Business Day, the immediately following Business Day, and (b) following the delivery of a Trigger Notice, any Business Day on which any payment is required to be made by the Representative of the Noteholders in accordance with the Post Trigger Notice Priority of Payment, the Conditions and the Intercreditor Agreement, provided that the First Payment Date will fall on 20 August 2019.

"**Payments Account**" means the Euro denominated account established in the name of the Issuer with the Principal Paying Agent with IBAN: IT 81 A 03479 01600 000802302202, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Payments Report**" means the report setting out all the payments to be made on the following Payment Date under the applicable Priority of Payments, which shall be prepared and delivered by the Calculation Agent in accordance with the Cash Allocation, Management and Payments Agreement before the delivery of a Trigger Notice.

"**PCS**" means Prime Collateralised Securities (PCS) UK Ltd.

"**Performance Factor**" means, on each Collection Date in relation to a Receivable, the factor applicable to the relevant Outstanding Principal on the basis of the then current Arrears Level, as set out in the following table:

	Arrears Level		
monthly Instalments	**quarterly Instalments**	**semi-annual Instalments**	**Performance Factor**
0-4	0-2	0-1	100%
5-8	3-4	2	75%
9-11	5-6	3	65%
≥12	≥7	≥4	0%
classified as *credito in sofferenza*	classified as *credito in sofferenza*	classified as *credito in sofferenza*	0%

provided that, in addition to the above, also Receivables in relation to which a limited recourse loan has been granted by the Originator in accordance with the provisions of clause 4.1 of the Warranty and Indemnity Agreement shall be assigned a 0% Performance Factor.

"**Portfolio**" means the portfolio of Receivables purchased on 24 April 2019 by the Issuer from the Originator in accordance with the terms of the Transfer Agreement.

"**Post Trigger Notice Priority of Payments**" means the Priority of Payments set out in Condition 6.2 (*Post Trigger Notice Priority of Payments*).

"**Pre Trigger Notice Priority of Payments**" means the Priority of Payments set out in Condition 6.1 (*Pre Trigger Notice Priority of Payments*).

"**Previous Notes**" means, together, the €313,000,000 Class C Asset Backed Floating Rate Notes due 2052 and the €406,300,000 Junior Asset Backed Variable Return Notes due 2052.

"**Previous Portfolio**" means the portfolio of receivables collateralising the Previous Notes issued in the context of the Previous Securitisation.

"**Previous Securitisation**" means the securitisation carried out by the Issuer on 27 October 2016, relating to receivables arising out of loans to small and medium sized enterprises entered into by the Originator and its customers and in the context of which the Previous Notes have been issued.

"**Principal Amount Outstanding**" means, on any date, (i) the principal amount of a Note or a Class of Notes upon issue, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date, in respect of such Note or Class of Notes.

"**Principal Equivalent Amount**" means, on each Calculation Date in respect of a Class or more than one Class of Notes and by reference to the immediately following Payment Date, the lesser of:

(i) the Issuer Available Funds on such Payment Date net of all amounts payable on such Payment Date in priority to the Principal Equivalent Amount in respect of the relevant Class or Classes of Notes;

(ii) the greater of (a) zero, and (b) the Expected Amortisation Amount on such Payment Date minus (if any) the Principal Equivalent Amount in respect of any Class of Notes outstanding ranking in priority to the relevant Class of Notes; and

(iii) the Principal Amount Outstanding of the relevant Class of Notes on such Payment Date (prior to any payment being made on such Payment Date in accordance with the applicable Priority of Payments).

"**Principal Instalment**" means the principal component of each Instalment.

"**Principal Paying Agent**" means BNP Paribas Securities Services, Milan branch, or any other person for the time being act as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Principal Payment Amount**" shall have the meaning ascribed to it in Condition 8.6 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*).

"**Priority Event One**" means the event occurring if, on any Calculation Date prior to the full redemption of the Class C Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 9% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority Event Two**" means the event occurring if, on any Calculation Date prior to the full redemption of the Class B Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 19% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority Event Three**" means the event occurring if, on any Calculation Date prior to the full redemption of the Senior Notes and with reference to the immediately preceding Collection Date, the aggregate nominal amount of the Defaulted Receivables (as at the date on which they have been classified as such) is equal to or higher than 33% of the Outstanding Principal of the Portfolio as at the Valuation Date.

"**Priority of Payments**" means the order of priority pursuant to which the Issuer Available Funds shall be applied on each Payment Date prior to and/or following the service of a Trigger Notice in accordance with the Conditions and the Intercreditor Agreement.

"**Prospectus**" means this prospectus.

"**Purchase Price**" means Euro 2,264,714,540.74.

"**Quotaholders' Agreement**" means the agreement entered into on 25 October 2016 in the context of the Previous Securitisation between the Quotaholders, the Issuer and the Representative of the Noteholders as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Rate of Interest**" has the meaning ascribed to that term in Condition 7.5 (*Rate of Interest*).

"**Rating Agencies**" means DBRS and Fitch.

"**Rated Notes**" means, together, the Senior Notes and the Mezzanine Notes.

"**Real Estate Assets**" means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Pool.

"**Receivables**" means the receivables transferred by the Originator to the Issuer pursuant to the Transfer Agreement.

"**Reference Banks**" means three primary banks in the Euro Zone inter-bank market selected by the Principal Paying Agent from time to time with the approval of the Representative of the Noteholders.

"**Regulatory Technical Standards**" means:

(i) the regulatory technical standards adopted by EBA or ESMA, as the case may be, pursuant to the Securitisation Regulation; or

(ii) the transitional regulatory technical standards applicable pursuant to article 43 of the Securitisation Regulation prior to the entry into force of the regulatory technical standards referred to in paragraph (i) above.

"**Relevant Margin**" means, in respect of the relevant Class of Notes, the following margin:

(i) Class A1 Notes: 0.50 per cent per annum;

(ii) Class A2 Notes: 0.75 per cent per annum;

(iii) Class B Notes: 1.25 per cent per annum;

(iv) Class C Notes: 2.60 per cent per annum; and

(v) Class D Notes: 3.80 per cent per annum.

"**Relevant Nominating Body**" means, in respect of a reference rate or mid-swap benchmark rate:

(i) the central bank for the currency to which the Euribor relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Euribor; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the reference rate or mid-swap benchmark rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate or mid-swap benchmark rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

"**Relevant Period**" means the period of time corresponding to the duration of the Transaction or, in case the Transaction remains outstanding for more than 4 (four) years, a period of 4 (four) years.

"**Representative of the Noteholders**" means Securitisation Services S.p.A., or any other person for the time being acting as representative of the Noteholders.

"**Retention Amount**" means an amount equal to €50,000.00, provided that on the Payment Date on which the Notes are redeemed in full or cancelled the Retention Amount shall be the amount indicated by the Corporate Servicer as necessary to cover the corporate expenses of the Issuer following full redemption of the Notes.

"**RTS Homogeneity**" means the EBA Regulatory Technical Standards on the homogeneity of the underlying exposures in securitisation under articles 20(14) and 24(21) of the Securitisation Regulation laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation dated 31 July 2018, as adopted by the European Commission on 28 May 2019 through the Commission Delegated Regulation (EU) of 28 May 2019 (in the course of being published in the Official Journal of the European Union) supplementing the Securitisation Regulation with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation.

"**Rules of the Organisation of the Noteholders**" or "**Rules**" means the rules of the organisation of the Noteholders attached as an Exhibit to the Conditions, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Securities Account**" means the account number 2302200, established in the name of the Issuer with the Account Bank or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**Securitisation**" or "**Transaction**" means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

"**Securitisation Law**" means Italian Law number 130 of 30 April 1999, as amended and supplemented from time to time.

"**Securitisation Regulation**" means (i) the Regulation (EU) 2402/2017 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and (ii) any other rule, technical standard or official interpretation adopted by the European Commission or any regulatory, tax or governmental authority implementing and/or supplementing the same.

"**Security Interest**" means:

(a) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person;

(b) 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

(c) any other type of preferential arrangement having a similar effect.

"**Segregated Assets**" means the Portfolio, any monetary claim of the Issuer under the Transaction Documents, all cash-flows deriving from both of them and any Eligible Investments purchased therewith.

"**Senior Noteholder**" means, together, the Class A1 Noteholders and the Class A2 Noteholders.

"**Senior Notes**" means, together, the Class A1 Notes and the Class A2 Notes.

"**Servicer**" means Banca Monte dei Paschi di Siena S.p.A., or any other person acting for the time being acting as Servicer pursuant to the Servicing Agreement.

"**Servicer's Report**" means the report to be prepared and delivered by the Servicer to the Issuer, the Calculation Agent, the Account Bank, the Back-up Servicer, the Principal Paying Agent, the Representative of the Noteholders, the Corporate Servicer, the Arrangers, the Underwriters and the Rating Agencies on each Servicer's Report Date in accordance with the Servicing Agreement and containing details of the Collections during a specified Collection Period, in accordance with the Servicing Agreement.

"**Servicer's Report Date**" means, the 3rd calendar day of February, May, August and November in each year or, if such day is not a Business Day, the immediately following Business Day, provided that the first Servicer's Report Date shall fall on 3 August 2019.

"**Servicing Agreement**" means the agreement entered into on 24 April 2019 among the Issuer, the Servicer and the Back-up Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Solvency II Directive**" means Directive 2009/138/EC, as amended from time to time.

"**Solvency II Regulation**" means Delegated Regulation 2015/35/EU, as amended from time to time.

"**STS Guidelines Non-ABCP Securitisations**" means the EBA's Final Report Guidelines on the STS criteria for non-ABCP securitisation of 12 December 2018.

"**Subordinated Loan Agreement**" means the subordinated loan agreement executed on or about the Issue Date between the Subordinated Loan Provider, the Representative of the Noteholders and the Issuer.

"**Subordinated Loan Provider**" means Banca Monte dei Paschi di Siena S.p.A. or any other person acting for the time being as subordinated loan provider pursuant to the Subordinated Loan Agreement.

"**Subordinated Loan**" means €44,243,540.74, being the maximum amount which can be drawn down by the Issuer under the Subordinated Loan Agreement.

"**Subscription Agreement**" means the subscription agreement in relation to the Notes entered into on or about the Issue Date between the Issuer, the Representative of the Noteholders, the Originator, the Arrangers and the Underwriters, 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.

"**Successor Rate**" means the rate that the Independent Adviser or the Calculation Agent (acting in accordance with the instructions given by the Representative of the Noteholders, as applicable) determines is a successor to or replacement of the Euribor which is formally recommended by any Relevant Nominating Body.

"**Target Cash Reserve Amount**" means, prior to the delivery of a Trigger Notice and on each Payment Date, 2% of the Principal Amount Outstanding of the aggregate of the Senior Notes, the Class B Notes and the Class C Notes as at such Payment Date (prior to any payments to be made on such Payment Date in accordance with the Priority of Payments), provided that the Target Cash Reserve Amount shall be equal to zero on the Final Maturity Date or, if earlier, the Payment Date on which the Senior Notes, the Class B Notes and the Class C Notes are redeemed in full.

"**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 TARGET2 is operating.

"**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.

"**Temporary Website**" means the web site located at www.eurodw.eu, managed by European DataWarehouse.

"**Transaction Account**" means the Euro-denominated account established in the name of the Issuer with the Account Bank (IBAN: IT 37 Y 03479 01600 000802302200), or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Transaction Documents**" means, together, the Transfer Agreement, the Servicing Agreement, the Warranty and Indemnity Agreement, the Subscription Agreement, the Intercreditor Agreement, the Cash Allocation Management and Payments Agreement, the Mandate Agreement, the Corporate Services Agreement, the Quotaholders' Agreement, the Subordinated Loan Agreement, the Conditions and the Rules of the Organisation of the Noteholders, the Master Definitions Agreement and any other document which may be entered into, from time to time in connection with the Securitisation.

"**Transaction Party**" means any party to a Transaction Document.

"**Transfer Agreement**" means the receivables purchase agreement entered into on 24 April 2019 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.

"**Trigger Event**" means any of the events described in Condition 12 (*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*).

"**Underwriters**" means Banca Monte dei Paschi di Siena S.p.A. and the European Investment Bank, and "**Underwriter**" means each of them.

"**Valuation Date**" means 12 April 2019.

"**Warranty and Indemnity Agreement**" means the agreement entered into on 24 April 2019 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.

"**Variable Return**" means the amount which may be payable on the Junior Notes on each Payment Date subject to the Conditions, determined in accordance with Condition 7 (*Interest and Variable Return*) by reference to the residual Issuer Available Funds, if any, after satisfaction of the items ranking in priority pursuant to the Priority of Payments on such Payment Date.

"**Variable Return Amount**" has the meaning ascribed to that term in Condition 7.17 (*Calculation of the Variable Return*).

"**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.

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