

**PROSPECTUS DATED 3 JULY 2018**

**LEONE ARANCIO RMBS S.R.L.**

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

€ 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078

€ 2,665,110,000 Class A2 Residential Mortgage Backed Fixed Rate Notes due October 2078

*Issue Price: 100 per cent*

*This document constitutes a Prospetto Informativo for the purposes of article 2, sub-section 3 of Italian Law number 130 of 30 April 1999 for the Notes and a "Prospectus" (the "**Prospectus**") prepared in accordance with the Directive 2003/71/EC (as amended from time to time, the "**Prospectus Directive**") for the purpose of article 5.3 of the Prospectus Directive in connection with the application for the Rated Notes to be admitted to the Official List of the Luxembourg Stock Exchange.*

*This Prospectus has been approved, in compliance with the Prospectus Directive, by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is the competent authority in the Grand Duchy of Luxembourg for the purposes of the Prospectus Directive. In accordance with article 7.7 of the Luxembourg Law on Prospectuses, by approving this Prospectus, the CSSF assumes no responsibility as to the economic and financial opportuneness of the operation or the quality or solvency of the Issuer. Such approval relates only to the Rated Notes which are to be admitted to listing on the official list and to trading on the regulated market of the Luxembourg Stock Exchange.*

*In connection with the issue of the Rated Notes, the Issuer will also issue the € 1,844,530,000 Class J Residential Mortgage Backed Notes due October 2078 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**"). No application has been made to list the Junior Notes on any stock exchange. The Junior Notes are not being offered pursuant to this Prospectus, nor will this Prospectus be approved by the CSSF in relation to the Junior Notes. The Notes will be issued on the Issue Date.*

*The Notes have been issued on a partly paid basis by the Issuer, pursuant to the terms provided in the terms and condition of the Notes (the "**Conditions**"). On the Issue Date, the Notes will be issued in an amount equal to the Total Nominal Amount and the respective Notes Initial Payments will be paid by the Noteholders, in accordance with the Conditions and the relevant Subscription Agreement(s) as initial payment on the Notes in order to finance the purchase of the Initial Portfolio. During the Revolving Period, Notes Further Payments may be made and paid by the Noteholders with respect to the Notes, and those funds will form part of the Issuer Available Funds, in order to provide the Issuer with the necessary funds to proceed with the purchase of Subsequent Portfolios, subject to and in accordance with the Conditions and the terms of the Transaction Documents. Notes Further Payments on the Notes may be made and paid with respect to the Notes during the Revolving Period up to the Total Nominal Amount.*

*The principal source of payment of interest and repayment of principal on the Notes will be the collections and recoveries made in respect of monetary claims and connected rights arising out of residential mortgage loan agreements entered into by ING Bank N.V., Milan Branch, in the course of its business, and purchased by the Issuer from the Originator pursuant to the*

*Master Receivables Purchase Agreement. The Issuer has purchased the Initial Portfolio on 14 June 2018 and, on a revolving basis, will purchase further Subsequent Portfolios from the Originator.*

*By virtue of the operation of article 3 of the Securitisation Law and the Transaction Documents, (i) the Issuer's right, title and interest in and to the Master Portfolio and (ii) any claim of the Issuer which has arisen in the context of the Securitisation, their collections and the financial assets purchased using those funds will, by operation of law, 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 Notes will be payable by reference to successive Interest Periods. Interest on the Notes will accrue on a daily basis and, prior to the delivery of a Trigger Notice to the Issuer, will be payable in arrears in euro on the 4<sup>th</sup> Business Day of January, April, July and October in each year. The Class A1 Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at 0.87 per cent per annum above Euribor for three months deposits in Euro (provided that such Euribor component shall never be higher than 3.00 per cent). The Class A2 Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at 1.60 per cent per annum. The Class J Notes will not bear any interest on their Principal Amount Outstanding.

*The Class A1 Notes are expected, on issue, to be rated "AA (high)(sf)" by DBRS and "AAsf" by Fitch and the Class A2 Notes are expected, on issue, to be rated "AA (high)(sf)" by DBRS and "AAsf" by Fitch.*

***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 at the date of this Prospectus, payments of interest and other proceeds in respect of the Notes may be subject to withholding or deduction for or on account of Italian substitute tax, in accordance with Italian Legislative Decree No. 239 of 1 April 1996, 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, whether or not in the form of a substitute tax, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes. For further details see the section entitled "Taxation".*

*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 Dutch Account Bank, the Liquidity Facility Provider, the Principal Paying Agent, the Corporate Services Provider, the Listing Agent, the Sole Arranger, or the Quotaholder. 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 are in bearer form and 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. 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 Italian Legislative Decree number 58 of 24 February 1998 and with the Regulation issued jointly by the Bank of Italy and the Commissione Nazionale per le Società e la Borsa on 22 February 2008, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.*

*Before the relevant maturity date, the Rated Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Rated Notes Condition 9 (Redemption, Purchase and Cancellation)). Unless previously redeemed in full in accordance with the Rated Conditions, the Rated Notes will be redeemed on the Final Maturity Date. Save as provided in the Rated Notes Conditions, the Rated Notes will start to amortise on the Payment Date falling on the Initial Amortisation Date, subject to there being sufficient Principal Available Funds and in accordance with the Priority of Payments for application of the Principal Available Funds.*

*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".*

***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".***

*Sole Arranger*

*ING BANK N.V.*

*None of the Issuer, the Sole Arranger or any other party to the Transaction Documents other than the Originator has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold and to be sold by the Originator to the Issuer, nor has any of the Issuer and the Sole Arranger or any other party to the Transaction Documents undertaken, nor will they undertake, any investigations, searches, or other actions to establish the creditworthiness of any Debtor. In the Warranty and Indemnity Agreement the Originator has given certain representations and warranties to the Issuer in relation to, inter alia, the Receivables, the Mortgage Loan Agreements 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 is in accordance with the facts and does not omit anything likely to affect the import of such information. The information in respect of which each of ING Bank N.V. and TMF Trustee Limited accepts, jointly with the Issuer, responsibility in the paragraphs identified below has been obtained by the Issuer from each of them. 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 in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.*

*ING Bank N.V. has provided information included in this Prospectus in the sections entitled "The Master Portfolio", "The Originator, the Servicer, the Liquidity Facility Provider, the Dutch Account Bank, the Calculation Agent, the Principal Paying Agent and the Cash Manager" and "Credit and Collection Policy" and any other information contained in this Prospectus relating to itself, the Receivables and the Mortgage Loan Agreements. To the best of the knowledge and belief of ING Bank N.V. (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not contain any omission likely to affect the import of such information.*

*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 Sole Arranger, the Representative of the Noteholders, the Issuer, the Quotaholders, ING Bank N.V., Milan Branch (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of any of the Notes shall, 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 ING Bank N.V., Milan Branch 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 Master Portfolio 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 Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider,*

*the Liquidity Facility Provider, the Principal Paying Agent, the Dutch Account Bank 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 derived from the Receivables 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 outlined in Condition 7 (Priority of Payments).*

*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 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 THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR FEDERAL SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT. IN ADDITION, THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"). THE NOTES MAY NOT BE TRANSFERRED EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER "**SUBSCRIPTION, SALE AND SELLING RESTRICTIONS – SELLING RESTRICTIONS**" HEREIN.

*Except with the prior written consent of the Originator and where such sale falls within the exemption provided by Section 20 of the final rules promulgated under section 15 of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). 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" in Regulation S, and persons who are not "U.S. Persons" under Regulation S may be U.S. Persons under the U.S. Risk Retention Rules. Each purchaser of Notes, including beneficial interests therein, will be deemed to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person (unless it has obtained a prior written consent of the Originator), (2) is acquiring such note or a beneficial interest therein for its own account and not with a view to distribute such Note, and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.*

*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 Grand Duchy of Luxembourg, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus see the section entitled "Subscription, Sale and Selling Restrictions" below.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Rated 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 Rated 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 Rated Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

The Rated Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For these purposes, a retail investor means a person who is one (or more) of: (a) a retail client as defined in point (11) of Article 4 (1) of MiFID II; (b) a customer within the meaning of Directive 2016/97/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) a person who is not a qualified investor as defined in the Prospectus Directive. Accordingly, none of the Issuer or the Arranger expects to be required to prepare, and none of them has prepared, or will prepare, a "key information document" in respect of the Rated Notes for the purposes of Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPs Regulation**") and therefore offering or selling the Rated Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

Interests payable under the Rated Notes will be calculated by reference to Euribor, which is provided by the European Money Markets Institute, as specified in the Conditions. As at the date of this Prospectus, the administrator of Euribor do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**").

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

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 "**euro**", "**cents**" and "**€**" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended; references 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.*

*The language of this Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Prospectus.*

**In connection with the issue of the Notes, ING Bank N.V., Milan Branch (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.**

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## TRANSACTION OVERVIEW INFORMATION

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.

### 1. THE PRINCIPAL PARTIES

<b>Issuer</b>	Leone Arancio RMBS S.r.l. a company incorporated under the laws of the Republic of Italy as a <i>società a responsabilità limitata</i> , having its registered office at Foro Buonaparte 70, Milan, fiscal code and enrolment with the companies register of Milan number 07013020966, 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, having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.
<b>Originator</b>	ING Bank N.V., a public company with limited liability ( <i>naamloze vennootschap</i> ) incorporated under the laws of The Netherlands, with official seat in Amsterdam, The Netherlands and with registered office address at Bijmerplein 888, 1102 MG Amsterdam Zuidoost, in Amsterdam, The Netherlands (" <b>ING Bank</b> ") acting through its Milan branch, with offices in Milan, Viale Fulvio Testi 250, Italy, fiscal code and enrolment with the companies register of Milan number 11241140158, enrolled under number 5229 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act (" <b>ING Bank N.V., Milan Branch</b> ").
<b>Servicer</b>	ING Bank N.V. Milan Branch pursuant to the Servicing Agreement.
<b>Representative of the Noteholders</b>	TMF Trustee Limited, a company whose principal place of business is at 6 St. Andrew Street, EC4A 3AE London, United Kingdom.
<b>Cash Manager</b>	ING Bank N.V..
<b>Calculation Agent</b>	ING Bank N.V..
<b>Back-up Calculation Agent</b>	Any entity appointed in accordance with the Cash Allocation, Management and Payments Agreement.
<b>Dutch Account Bank</b>	ING Bank N.V..
<b>Principal Paying Agent</b>	ING Bank N.V..

<b>Liquidity Facility Provider</b>	ING Bank N.V. Milan Branch.
<b>Back-up Servicer</b>	Any eligible entity appointed in accordance with the Servicing Agreement.
<b>Corporate Services Provider</b>	TMF Management Italy S.r.l., a company incorporated under the laws of the Republic of Italy as limited liability company ( <i>società a responsabilità limitata</i> ) having its registered offices at Foro Buonaparte 70, Milan, Italy. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
<b>Quotaholder</b>	Stichting Leone Arancio, a Dutch foundation ( <i>stichting</i> ) incorporated under the laws of The Netherlands, having its registered office at Luna ArenA, Herikerbergweg 238, Amsterdam 1101 CM, The Netherlands, enrolled with the chamber of commerce of Amsterdam under number 34.389.665.
<b>Sole Arranger</b>	ING Bank N.V..
<b>Underwriter</b>	ING Bank N.V..
<b>Listing Agent</b>	The Bank of New York Mellon (Luxembourg) S.A., a bank incorporated under the laws of Grand Duchy of Luxembourg, having its registered office at Vertigo Building - Polaris – 2-4 rue Eugène Ruppert - L-2453, Luxembourg.

## 2. THE PRINCIPAL FEATURES OF THE NOTES

<b>The Notes</b>	The Notes will be issued by the Issuer on the Issue Date in the following Classes:
<b>Rated Notes</b>	<p>Euro 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078 (the "<b>Class A1 Notes</b>").</p> <p>Euro 2,665,110,000 Class A2 Residential Mortgage Backed Fixed Rate Notes due October 2078 (the "<b>Class A2 Notes</b>").</p>
<b>Junior Notes</b>	Euro 1,844,530,000 Class J Residential Mortgage Backed Notes due October 2078 (the " <b>Class J Notes</b> ")
<b>Nominal amount</b>	<p>The Notes will be entirely issued on the Issue Date for the following nominal amounts:</p> <ul style="list-style-type: none"> <li>• Euro 4,949,490,000 for the Class A1 Notes (the "<b>Class A1 Notes Nominal Amount</b>");</li> </ul>

- Euro 2,665,110,000 for the Class A2 Notes (the "**Class A2 Notes Nominal Amount**"); and
- Euro 1,844,530,000 for the Class J Notes (the "**Class J Notes Nominal Amount**" and together with the **Class A1 Notes Nominal Amount**, the **Class A2 Notes Nominal Amount**, the "**Total Nominal Amount**").

**Issue price**

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

<i>Class</i>	<i>Issue Price</i>
Class A1	100 per cent
Class A2	100 per cent
Class J	100 per cent

**Partly Paid Notes**

The Notes will be issued on a partly paid basis, pursuant to the terms provided in Condition 5 (*Partly Paid Notes*). On the Issue Date, the Notes will be issued in an amount equal to the Total Nominal Amount and the respective Notes Initial Payments will be paid by the Underwriter, in accordance with the Conditions and the relevant Subscription Agreement(s) as initial payment on the Notes in order to finance the purchase of the Initial Portfolio. Subject to and in accordance with the procedures set forth in Condition 5 (*Partly Paid Notes*) and in the relevant Subscription Agreement(s), during the Revolving Period the Issuer may deliver to the Noteholders a Notes Further Payment Request requesting to pay the relevant Notes Further Payments and to increase, up to the Total Nominal Amount, the Principal Amount Outstanding of the Notes in order to finance the purchase of Subsequent Portfolio(s), in accordance with the relevant Priority of Payments.

**Notes Initial Payments**

The Notes Initial Payments will be paid on the Issue Date to the Issuer in the amount set forth under the relevant Subscription Agreement(s).

**Notes Further Payments**

During the Revolving Period, the Issuer, in accordance with the Conditions and the Transaction Documents, may request the Noteholders to make the Notes Further Payments, in respect of the relevant Class of Notes, up to the Total Nominal Amount. The Notes Further Payments will provide the Issuer with the necessary funds to proceed with the purchase of Subsequent Portfolios, subject to and in accordance with the Conditions and the

terms of the Transaction Documents. Each Notes Further Payment may be requested once every three months and provided that the total amount of Notes Further Payments in any twelve month period shall not exceed Euro 600,000,000.

#### **Interest on the Notes**

The Class A1 Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at 0.87 per cent per annum above Euribor for three months deposits in Euro, provided that such Euribor component shall never be higher than 3.00 per cent.

The Class A2 Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at 1.60 per cent per annum.

The Class J Notes will not bear any interest on their Principal Amount Outstanding.

Interest in respect of each of the Rated 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 each Class of Notes will be due on the Payment Date falling in July 2018 in respect of the period from (and including) the Issue Date to (but excluding) such date.

The Interest Rate shall never be less than zero.

#### **Premium on the Junior Notes**

A Premium may be payable on the Junior Notes on each Payment Date in accordance with the Junior Notes Conditions. The Premium 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 Premium on the Junior Notes in accordance with the applicable Priority of Payments.

#### **Junior Notes Conditions**

Except for Junior Notes Conditions 3.1 (*Denomination*), 9 (*Premium*) and 10.12 (*Early redemption through the disposal of the Portfolio following full redemption of the Rated Notes*) the Junior Notes Conditions are the same, *mutatis mutandis*, as the Rated Notes Conditions.

#### **Form and denomination**

The denomination of the Notes will be Euro 100,000 and integral multiples of Euro 1,000 in excess thereof. The Notes are issued in bearer (*al portatore*) and dematerialised form (*emesse in forma dematerializzata*) and will be held by Monte Titoli in such form on behalf of the relevant Noteholders until redemption and cancellation thereof for the account of each relevant Monte Titoli Account Holder. 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 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.

### **Status and subordination**

In respect of the obligation of the Issuer to pay interest and Premium (where applicable) on the Notes, prior to the delivery of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes.

In respect of the obligation of the Issuer to repay principal due on the Notes, prior to the delivery of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to pay interest and Premium (where applicable) on the Notes: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but subordinated to payment in full of all amounts due under the Class A1 Notes and the Class A2 Notes.

Following the service of a Trigger Notice, in respect of the obligations of the Issuer to repay principal on the Notes: (i) the Class A1 Notes and the Class A2 Notes will rank *pro rata* and *pari passu* without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pro rata* and *pari passu* without any preference or priority amongst

themselves, but subordinated to payment in full of all amounts due under the Class A Notes.

**Withholding on the Notes**

As at the date of this Prospectus, payments of interest, Premium and other proceeds under the Notes may be subject to withholding or deduction for or on account of Italian substitute tax (*imposta sostitutiva*), in accordance with Decree 239. 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 in full (or in part *pro rata*) on the Payment Date falling on the Initial Amortisation Date and on each Payment Date thereafter in accordance with the Rated Notes Conditions and the Junior Notes Conditions, in each case if on such dates there are sufficient Principal Available Funds and Issuer Available Funds as applicable 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, 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 (sixty) days and not less than 30 (thirty) days' notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Notes;
- (ii) delivering 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; and

- (iii) having previously notified such redemption to the Rating Agencies.

**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. The Notes, unless previously redeemed in full on their Final Maturity Date, shall be cancelled.

**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 Master Portfolio is segregated by operation of law from the Issuer's other assets; and (ii) any claim of the Issuer which has arisen in the context of the Securitisation, their collections and the financial assets purchased using those funds will, by operation of law, be segregated for all purposes from all other deposits and moneys of the relevant depository, for the exclusive benefit of the Noteholders, the Other Issuer Creditors and other creditors of the Securitisation.

Both before and after a winding up of the Issuer, amounts deriving from the Master Portfolio and any other moneys or deposits as listed above, as the case may be, 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 "*Selected Aspects of Italian Law - Ring-fencing of the assets*".

Neither the Master Portfolio nor any moneys or deposits standing to the credit of the accounts held by or on behalf of the Issuer, may be seized or attached in any form by creditors of the Issuer other than the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of costs, fees and expenses incurred in relation to the Securitisation, 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 within 10 (ten) days from notification of such failure, to exercise all the Issuer's rights, powers and

discretion under the Transaction Documents taking such action in the name and on behalf of the Issuer as the Representative of the Noteholders may deem necessary to protect the interests of the Issuer, the Noteholders and the Other Issuer Creditors in respect of the Portfolio and the Issuer's rights. Italian law governs the delegation of such power. In addition, security over certain rights of the Issuer arising out of certain Transaction Documents will be granted by the Issuer in favour of the Representative of the Noteholders pursuant to the Dutch Deed of Pledge, for the benefit of itself, the Noteholders and the Other Issuer Creditors.

### **Trigger Events**

If any of the following events occurs:

a) *Non-payment*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Rated Notes and such default is not remedied within a period of 5 (five) Business Days from the due date thereof.

b) *Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of being remedied or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of being remedied remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied.

c) *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer.

d) *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 and such unlawfulness remains unremedied for 60 (sixty) days after the Representative of the



Noteholders has given written notice of it to the Issuer requiring the same to be remedied;

then the Representative of the Noteholders, subject to Rated Notes Condition 13.3 (*Conditions to delivery of Trigger Notice*),

- (i) in the case of a Trigger Event under item (a) above, shall; and
- (ii) in the case of a Trigger Event under items (b), (c) or (d) above, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding, 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 (i) the Issuer shall refrain from purchasing any Subsequent Portfolio and the Revolving Period shall terminate; (ii) all payments of principal, interest, Premium and other amounts due in respect of the Notes shall be made according to the Post Trigger Notice Priority of Payments and on such dates as the Representative of the Noteholders may determine.

Furthermore, the Issuer undertakes to notify the Representative of the Noteholders and the Rating Agencies as soon as it becomes aware of the occurrence of a Trigger Event.

### **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 or enforce the Security and no Noteholder or Other Issuer Creditor shall be entitled to proceed directly against the Issuer to obtain payment of the Obligations or to enforce the Security. In particular:

- (iii) no Noteholder or Other Issuer Creditor is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security and no Noteholder or Other Issuer Creditor (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled to take any proceedings against the Issuer to enforce the Security;
- (iv) no Noteholder or Other Issuer Creditor (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;

- (v) until the date falling two years and one day after the date on which the Notes and any other notes issued in the context of any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, no Noteholder or Other Issuer Creditor (nor any person on its behalf, other than the Representative of the Noteholders when so directed by an Extraordinary Resolution of all the Noteholders and only if the representative 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; and
- (vi) no Noteholder or Other Issuer Creditor 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 and Other Issuer Creditor, are limited in recourse as set out below:

- (vii) each Noteholder and Other Issuer Creditor will have a claim only in respect of the Interest Available Funds, the Principal Available Funds or the Issuer Available Funds, as applicable, and at all times only in accordance with the applicable 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;
- (viii) sums payable to such Noteholder or Other Issuer Creditor in respect of the Issuer's obligations to such Other Issuer Creditor, shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Other Issuer Creditor, (b) the Interest Available Funds, the Principal Available Funds, or the Issuer Available Funds, as the case may be, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or pari passu with sums

payable to such Party; provided that, the Parties agree that if the Issuer Available Funds are insufficient to pay any amount due and payable to the Noteholders and the Other Issuer Creditors, the shortfall then occurring will not be due and payable until a subsequent Payment Date on which the Issuer Available Funds may be used for such purpose in accordance with the relevant Priority of Payments, provided however that any such shortfall will not accrue interest unless otherwise provided in the Transaction Documents; and

- (ix) if the Servicer has certified to the Representative of the Noteholders that there is no reasonable likelihood of there being any further proceeds in respect of the Master Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security 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 Rated Notes Condition 17 (*Notices*) that there is no reasonable likelihood of there being any further proceeds in respect of the Master Portfolio or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents, the Noteholders and Other Issuer Creditors 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 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, who is appointed by the subscriber(s) of the Rated Notes in the Rated Notes Subscription Agreement and by the subscriber(s) of the Junior Notes in the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

**Expected weighted average duration of the Rated Notes**

10.6 years

**Rating**

The Rated Notes are expected to be assigned the following ratings on the Issue Date:

<i>Class</i>	<i>DBRS</i>	<i>Fitch</i>
Class A1	AA (high)(sf)	AAsf
Class A2	AA (high)(sf)	AAsf

**A security 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 agency.**

**Listing**

Application has been made to the Luxembourg Stock Exchange for the Rated Notes to be admitted to the Official List and trading on its regulated market. The Prospectus has been approved by the CSSF, as competent authority under the Prospectus Directive. The CSSF only approves the Prospectus as meeting the requirements imposed under Luxembourg and EU law pursuant to the Prospectus Directive.

**Governing Law**

The Notes will be governed by Italian Law.

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

**Issuer Available Funds**

The Issuer Available Funds, in respect of any Payment Date, are constituted by the aggregate of the Interest Available Funds and the Principal Available Funds.

**Interest Available Funds**

The Interest Available Funds are, in respect of any Payment Date, constituted of the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Collection Period and credited to the Main Transaction Account;

- (ii) all Recoveries collected by the Servicer during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and available on the Accounts during the immediately preceding Collection Period and all amounts of interest accrued and paid on the Liquidity Reserve Account;
- (iv) any amounts drawn down by the Issuer under the Liquidity Facility Agreement;
- (v) any amounts allocated on such Payment Date under item *First* of the Pre-Trigger Notice Principal Priority of Payments;
- (vi) any amounts allocated on such Payment Date under item *Tenth* of the Pre-Trigger Notice Principal Priority of Payments;
- (vii) all amounts received by the Issuer from the Originator pursuant to the Master Receivables Purchase Agreement during the immediately preceding Collection Period;
- (viii) all other payments received from the Originator which do not qualify as Principal Available Funds and which have been credited to the Main Transaction Account during the immediately preceding Collection Period; and
- (ix) without duplication of (iii) above, an amount equal to any interest components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

**Principal Available Funds**

The Principal Available Funds are, in respect of any Payment Date, constituted of the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (ii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date under item *Sixth* of the Pre-Trigger Notice Interest Priority of Payments;
- (iii) any funds transferred under item *Seventh* of the Pre-Trigger Notice Interest Priority of Payments;

- (iv) all the proceeds deriving from the sale, if any, of the Portfolio in accordance with the Transaction Documents;
- (v) any amounts (if any) paid by the Originator to the Issuer pursuant to the Warranty and Indemnity Agreement including any amount advanced as limited recourse loan pursuant to clause 6.1 of the Warranty and Indemnity Agreement;
- (vi) any amounts (other than the amounts already allocated under other items of the Principal Available Funds and the Interest 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 under the Transaction Documents);
- (vii) the proceeds deriving from any Notes Further Payments made in respect of the Notes; and
- (viii) an amount equal to any principal components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

**Pre-Trigger Notice  
Interest Priority of  
Payments**

Prior to the delivery of a Trigger Notice or upon full redemption of all the Notes pursuant to any provision of Rated Notes Condition 9 (*Redemption, purchase and cancellation*), other than Rated Notes Condition 9.3 (*Optional redemption*), the Interest Available Funds will be applied on each Payment Date in making the following payments in the following order of priority:

*First*, to pay (i) *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 costs during the immediately preceding Interest Period) and (ii) 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;

*Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due 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 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 Collection Account Bank, the Cash Manager, the Dutch Account Bank, the Calculation Agent, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Corporate Servicer and the Servicer;

*Fourth*, to pay to the Liquidity Facility Provider *pari passu* and *pro rata*: (i) all amounts due and payable in respect of any commitment fee; (ii) all amounts due and payable in respect of any interest and principal on any Revolving Advances and (iii) up to an amount equal to the interest accrued and paid on the immediately preceding Quarterly Collection Period on the relevant Liquidity Reserve Account, all amounts due and payable in respect of any interest on any Reserve Advances, in accordance with the terms of the Liquidity Facility Agreement;

*Fifth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

*Sixth*, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal Deficiency Ledger is reduced to zero by allocating the relevant amounts to the Principal Available Funds;

*Seventh*, to transfer to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Payment Date and on any preceding Payment Date as Interest Shortfall Amount;

*Eighth*, to pay to the Liquidity Facility Provider all amounts due and payable in respect of any Reserve Advances and not already paid under item *Fourth* (iii) above;

*Ninth*, to pay to the Originator in respect of each Portfolio transferred to the Issuer in accordance with the Master Receivables Purchase Agreement: (i) the portion of the Individual Purchase Price constituted by any Accrued Interest of the Receivables included in any such Portfolio and (ii) any interest accrued on the Purchase Price of any such Portfolio;

*Tenth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Junior Notes;

*Eleventh*, to pay all amounts of principal due and payable to the Liquidity Facility Provider under the Liquidity

Facility Agreement (other than any amount paid under item *Fourth* and *Eighth* above);

*Twelfth*, to pay, *pari passu* and *pro rata*, the Premium on the Junior Notes.

**Pre-Trigger Notice  
Principal Priority of  
Payments**

Prior to the delivery of a Trigger Notice or upon full redemption of all the Notes pursuant to any provision of Rated Notes Condition 9 (*Redemption, purchase and cancellation*), other than Rated Notes Condition 9.3 (*Optional redemption*), the Principal 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, or allocated, in full):

*First*, to pay any amount payable as Interest Shortfall Amount, to the extent that the Interest Available Funds (following application of the amounts drawn down by the Issuer under the Liquidity Facility Agreement under item (iv) of the definition of Interest Available Funds) are not sufficient on such Payment Date to make such payments in full;

*Second*, to pay to the Originator, in respect of each Subsequent Portfolio transferred to the Issuer in accordance with the Master Receivables Purchase Agreement, the portion of the Individual Purchase Price constituted by the Outstanding Principal Due of the Receivables included in any such Subsequent Portfolio;

*Third*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal on the Class A1 Notes and on the Class A2 Notes;

*Fourth*, to pay to the Liquidity Facility Provider any other amounts due under the Liquidity Facility Agreement (other than those already paid under items *Fourth*, *Eighth* and *Eleventh* of the Pre-Trigger Notice Interest Priority of Payments);

*Fifth*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal on the Junior Notes;

*Sixth*, to pay to the Originator any Adjusted Purchase Price pursuant to clause 5 of the Master Receivables Purchase Agreement;

*Seventh*, to pay any amount due and payable under the Transaction Document, to the extent not already paid or payable under other items of this Priority of Payments;

*Eighth*, to transfer to the Interest Available Funds any remaining amount after all the other payments under this Principal Priority of Payments have been made in full.



**Post Trigger Notice  
Priority of Payments**

At any time following the service of a Trigger Notice, or, should the Issuer exercise its right to early redeem Notes pursuant to Rated Notes Condition 9.3 (*Optional redemption*), all 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 or allocated 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, (a) 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; and (b) the remuneration and any indemnity amount due to any receiver and any proper costs and expenses incurred by it in connection with the Dutch Deed of Pledge;

*Third*, 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 Dutch Account Bank, the Cash Manager, the Calculation Agent, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Corporate Services Provider and the Servicer;

*Fourth*, to pay to the Liquidity Facility Provider any amounts due under the Liquidity Facility Agreement;

*Fifth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

*Sixth*, to pay, *pari passu* and *pro rata*, all amounts in respect of principal outstanding on the Class A1 Notes and on the Class A2 Notes;

*Seventh*, to pay to the Originator any Adjustment Purchase Price pursuant to clause 5 of the Master Receivables Purchase Agreement;

*Eighth*, to pay to the Originator 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;

*Ninth*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal due and payable on the Junior Notes; and

*Tenth*, to pay, *pari passu* and *pro rata*, the Premium on the Junior Notes.

#### 4. TRANSFER OF THE INITIAL PORTFOLIO AND OF THE SUBSEQUENT PORTFOLIOS

##### **The Master Portfolio**

The principal source of payment of interest and Premium and of repayment of principal on the Notes will be collections and recoveries made in respect of the Portfolios purchased from time to time during the Revolving Period by the Issuer pursuant to the terms of the Master Receivables Purchase Agreement.

In accordance with the Securitisation Law and subject to the terms and conditions of the Master Receivables Purchase Agreement, the Portfolios will be 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 Mortgage Loan Agreements.

The purchase price for each Portfolio will be funded by the Issuer (subject to the conditions set out in the Master Receivables Purchase Agreement being fulfilled) (i) upon transfer of the Initial Portfolio, through the Notes Initial Payments; and (ii) upon transfer of each Subsequent Portfolio, through, and within the limits of, the Principal Available Funds in accordance with the applicable Priority of Payments.

During the Revolving Period the Issuer will use the Principal Available Funds from the Initial Portfolio and from any Subsequent Portfolio and, if needed be, from the proceeds of any Notes Further Payments pursuant to the provisions of the Conditions and the Subscription Agreement(s), to purchase Subsequent Portfolios of Receivables from the Originator. It shall be noted that each Notes Further Payment may be requested once every three months and provided that the total amount of Notes Further Payments in any twelve month period shall not exceed Euro 600,000,000.

The Receivables included in each Portfolio to be purchased by the Issuer have been, with respect to the Initial Portfolio, and will be, with respect to each Subsequent Portfolio, selected on the basis of the

Common Criteria and Specific Criteria, pursuant to the Master Receivables Purchase Agreement

See for further details "*The Portfolio*" and "*Description of the Transaction Documents - The Master Receivables Purchase Agreement*".

### **Servicing of the Portfolio**

On 14 June 2018, the Servicer and the Issuer entered into the Servicing Agreement, pursuant to which 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.

The Servicer has undertaken to prepare and submit, *inter alias*, to the Issuer, a Monthly Servicer's Report and a Quarterly Servicer's Report providing key information relating to the Portfolio and the Servicer's activity during the relevant Collection Period. In addition under the terms of the Servicing Agreement, the Servicer will prepare and submit, *inter alias*, to the Issuer, the Cash Flow Report, on or before each Servicer's Report Date, and the Amortisation Report, on a quarterly basis.

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

### **Warranties and indemnities**

In the Warranty and Indemnity Agreement, the Originator has made certain representations and warranties to the Issuer in relation to, *inter alia*, itself, the Receivables and the Mortgages 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 "*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.

See for further details "*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 Dutch Account Bank, the Calculation Agent, the Corporate Services Provider and the Principal Paying Agent have agreed to provide the Issuer with certain calculation, notification, cash management and reporting services together with account handling services in relation to moneys from time to time standing to the credit of the Accounts with certain agency services.

The Calculation Agent has agreed to prepare, on or prior to each Calculation Date, the Payments Report containing details of amounts to be paid by the Issuer on the Payment Date following such Calculation Date in accordance with the Priority of Payments. 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.

In addition, pursuant to the terms of the Cash Allocation Management and Payments Agreement, starting from the month on which the First Payment Date falls, the Calculation Agent shall prepare, not later than 2 (two) Business Days after the end of each calendar month, the Investors Report referring to the immediately preceding calendar month.

See for further details "*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 entitled to exercise its rights under the Transaction Documents within 10 (ten) days from the notification of such failure, 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 upon the occurrence of at least one of the following events: (i) a Trigger Notice has been sent to the Issuer according to Condition 13.2 (*Delivery of Trigger Notice*); or (ii) the Issuer fails to timely exercise any of its rights under the Transaction Documents and fails to fulfil certain conditions, provided that the notification of such failure is given by the Representative of the Noteholders to the Issuer and further provided that such failure is not

remedied by the Issuer within 10 (ten) Business Days from the notification above.

See for further details "*Description of the Transaction Documents - The Mandate Agreement*".

**Corporate Services Agreement**

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

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

**Dutch Deed of Pledge**

Under the terms of the Dutch Deed of Pledge, the Issuer has granted to the Representative of the Noteholders a pledge over the Issuer's rights in respect of the Main Transaction Account and the Payments Account.

See for further details "*Description of the Transaction Documents - The Dutch Deed of Pledge*".

**Liquidity Facility Agreement**

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider has made available to the Issuer the Liquidity Facility in an initial amount equal to Euro 141,887,000 to be drawn down by the Issuer on each Payment Date in the amount of the Interest Shortfall Amount calculated on the Calculation Date preceding each such Payment Date and forming part of the Interest Available Funds, in order to make the payments under items from *First* to *Fifth* of the Pre-Trigger Notice Interest Priority of Payments, to the extent that the Interest Available Funds (excluding any amount drawn down from the Liquidity Facility on any such Payment Date under item (iv) of the Interest Available Funds) are not sufficient to make such payments in full on such Payment Date.

See for further details "*The Transaction Documents - the Liquidity Facility Agreement*".

**Principal Deficiency Ledger**

The Calculation Agent has agreed to manage and maintain the Principal Deficiency Ledger for and on behalf of the Issuer. The Issuer (or the Calculation Agent on its behalf) will record as a debit entry in the Principal Deficiency Ledger on any Payment Date an amount equal to any Principal Loss up to the Principal Amount Outstanding of the Notes from time to time. The Issuer (or the Calculation Agent on its behalf) will record as a credit entry in the Principal Deficiency Ledger on any Payment Date any amount paid according to the item

*Sixth* of the Pre-Trigger Notice Interest Priority of Payments.

## 6. THE TRANSACTION ACCOUNTS

<b>Main Transaction Account</b>	<p>Pursuant to the Servicing Agreement and the Cash Allocation, Management and Payments Agreement, the Servicer shall credit to the Main Transaction Account established in the name of the Issuer with the Dutch Account Bank, all the amounts received or recovered in respect of the Portfolio during each Collection Period.</p> <p>The Main Transaction Account has been opened and will be maintained with the Dutch Account Bank for as long as the Dutch Account Bank is an Eligible Institution.</p>
<b>Payments Account</b>	<p>All amounts payable by the Issuer on each Payment Date will, 2 (two) Business Days prior to such Payment Date (or on the same Payment Date, for as long as the Principal Paying Agent and the Dutch Account Bank are parties of the ING Group), be paid into the Payments Account.</p> <p>The Payments Account has been opened and will be maintained with the Dutch Account Bank, for as long as the Dutch Account Bank is an Eligible Institution.</p>
<b>Expenses Account</b>	<p>The Issuer has established with ING Bank N.V., Milan Branch the Expenses Account into which (i) on the Issue Date the Retention Amount will be credited, and (ii) on each Payment Date, in accordance with the Pre-Trigger Notice Interest Priority of Payments and subject to the availability of sufficient Interest Available Funds, the amount necessary (if any) to replenish the Expenses Account up to (but not in excess of) the Retention Amount will be credited.</p> <p>Any amounts standing to the credit of the Expenses Account will be used by the Issuer to pay any Expenses.</p>
<b>Eligible Investment Securities Account</b>	<p>Subject to certain conditions set out in the Cash Allocation, Management and Payments Agreement, the Issuer will open the Eligible Investment Securities Account with an Eligible Institution, in order to deposit any Eligible Investments, which comprise securities, bonds, debentures, notes or other financial instruments.</p>
<b>Equity Capital Account</b>	<p>The Issuer has opened with ING Bank N.V., Milan Branch (IBAN: IT22T0347501601000052120702) the Equity Capital Account.</p>

## 7. OVERVIEW OF CREDIT RATING TRIGGERS

Transaction Party:	Required Credit Ratings:	Contractual requirements on occurrence of breach of credit ratings trigger include the following:
Dutch Account Bank	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" short-term rating; or</li> <li>• "A" long-term rating.</li> </ul> <p>In respect of DBRS:</p> <p>(i) the higher of:</p> <ul style="list-style-type: none"> <li>• the rating one notch below the relevant institution's Critical Obligation Rating (COR) given by DBRS; and</li> <li>• "A" by DBRS in respect of long-term debt, public or private, rating; or</li> </ul> <p>(ii) in case the institution does not have a COR rating by DBRS, at least "A" by DBRS in respect of long-term debt, public or private, rating; or</p> <p>(iii) if there is no such public or private rating, the DBRS minimum rating of "A".</p>	<p>The Servicer shall communicate in writing to the Debtors new payment instructions in respect of the Receivables, so that payments are made on an account maintained with an Eligible Institution or create and maintain a cash collateral deposit in an account held with an Eligible Institution or maintain a first demand guarantee issued by an Eligible Institution.</p>
Servicer and Liquidity Facility Provider	<p>In respect of Fitch:</p> <ul style="list-style-type: none"> <li>• "F1" short-term rating; or</li> <li>• "A" long-term rating.</li> </ul> <p>In respect of DBRS:</p> <p>(i) the higher of:</p> <ul style="list-style-type: none"> <li>• the rating one notch below the relevant institution's Critical Obligation Rating (COR) given by DBRS; and</li> <li>• "A" by DBRS in respect of long-term debt, public or private, rating; or</li> </ul> <p>(ii) in case the institution does not have a COR rating by DBRS, at least "A" by DBRS in</p>	<p>the Issuer has undertaken to appoint, subject to the prior consent of the Representative of the Noteholders, a Back-up Servicer within 30 (<i>thirty</i>) Business Days from the date on which the rating falls below the required credit rating.</p> <p>The Issuer has undertaken to appoint, a Substitute Liquidity Facility Provider within 14 (<i>fourteen</i>) calendar days from the date on which the rating falls below the required credit rating</p>

- respect of long-term debt,  
public or private, rating; or
- (iii) if there is no such public or  
private rating, the DBRS  
minimum rating of "A".



## **RISK FACTORS**

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

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.*

*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, only limited interpretation of the application of the Securitisation Law has been issued by any Italian court or governmental or regulatory authority. 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.

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

The Issuer will not as of the Issue Date have any significant assets other than the Master Portfolio and the other Issuer's rights under the Transaction Documents.

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 from the Master Portfolio, (ii) the availability of the amounts to be drawdown under the Liquidity Facility Agreement in order to cover any Interest Shortfall Amount; and (iii) any other amounts received by the Issuer pursuant to the provisions of the other Transaction Documents to which it is a party.

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

None of the Issuer or the Sole Arranger nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer, nor has any of such persons undertaken, nor will any of them undertake, any investigations, searches or other actions to establish the creditworthiness of any Debtors.

The Issuer will rely instead on the representations and warranties given by the Originator in the Warranty and Indemnity Agreement. The only remedies of the Issuer in respect of the

occurrence of a breach of a representation and warranty which materially and adversely affects the value of a Receivable will be the requirement that the Originator indemnifies the Issuer for the damages deriving therefrom pursuant to the Warranty and Indemnity Agreement (see "*Description of the Transaction Documents - The Warranty and Indemnity Agreement*", below). 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 Notes through the support provided to the Issuer in respect of payments on the Notes by the Liquidity Facility.

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 relevant Mortgage Loans in order to discharge all amounts due from such Debtors under the Mortgage Loan Agreements. For the Rated Notes this risk is mitigated by the liquidity and credit support provided by (a) the subordination of the Junior Notes and (b) prior to the delivery of a Trigger Notice, the Liquidity Facility.

However, in each case, there can be no assurance that the levels of credit support and the liquidity support provided by the Junior Notes and the Liquidity Facility will be adequate to ensure punctual and full receipt of amounts due under the Rated Notes.

Although the Issuer believes that the Master 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 Master Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

### **Renegotiation risk**

The Issuer is subject to the risk of any shortfall arising from the renegotiation requests made by those assigned Debtors who have availed themselves of the provisions of certain laws and other agreements executed by, without limitation, the Italian banking associations (*Associazione Bancaria Italiana*), unions and national consumer associations, for the protection of the consumers. The Servicer shall deal with any such renegotiation request in accordance with the terms of the Servicing Agreement.

Despite that, the Issuer believes that the limits set out in the Servicing Agreement can mitigate this risk and allows the Issuer to effect any payments due and payable on the Notes. In this respect, under the Servicing Agreement, the Servicer is authorized to consent to the relevant renegotiation of performing Receivable(s) within certain thresholds and up to an overall renegotiation limit of 30% of the Portfolio.

### ***Fondo di solidarietà***

The 2008 Budget Law provided for the right of borrowers under mortgage loans granted for the purpose of purchasing the primary residence ("*prima casa*") and unable to pay the relevant instalments, to request the suspension of payments of the instalments due under the relevant mortgage loans on a maximum of two occasions and for a maximum aggregate period of 18

months. In this respect the 2008 Budget Law provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the above mentioned suspension of payments. Pursuant to Ministerial Decree number 132 issued by the Ministry of Economics and Finance on 21 June 2010 and published in the Official gazette of the Republic of Italy on 18th of August 2010 (as amended from time to time, the "**Decree 132**"), the provisions relating to the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid from the Fund and the formalities and operating procedures of the Fund, were enacted.

In light of the above, any Debtor who complies with the requirements set out in Decree 132, has the right to suspend the payment of the instalments of its Mortgage Loans up to 18 months and therefore there is the risk that Issuer will not receive the timely payment of the full amount of principal and interest expected to be received on the relevant Mortgage Loans.

### **Credit risk on ING Bank N.V., Milan Branch, 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 ING Bank N.V., Milan Branch, (in any capacity) and the other parties to the Transaction Documents of their respective various 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 Master 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.

It is not certain that a suitable alternative Servicer could be found to service the Master Portfolio if ING Bank N.V., Milan Branch, becomes insolvent or its appointment under the Servicing Agreement is otherwise terminated. If such an alternative Servicer were to be found it is not certain whether it would service the Master Portfolio on the same terms as those provided for in the Servicing Agreement.

In addition, the Issuer is subject to the risk that, in the event of insolvency of ING Bank N.V., Milan Branch, the Collections and the Recoveries then held by the Servicer are lost. For the purpose of reducing such risk, the Issuer has taken certain actions, such as, *inter alia*, (a) requiring the Servicer to transfer any Scheduled Collections to the Main Transaction Account (which shall at all times be maintained with an Eligible Institution) on the Business Day following receipt thereof and (b) requiring the Servicer, to have communicated in writing to the Debtors new payment instructions in respect of the Receivables, so that payments are made on an account maintained with an Eligible Institution, or create and maintain a cash collateral deposit in an account held with an Eligible Institution or maintain a first demand guarantee issued by an Eligible Institution. See for further details "*Description of the Transaction Documents - The Servicing Agreement*".

### **Interest rate risk**

No hedging agreement has been entered into by the Issuer in the context of the Securitisation, but the Issuer expects to meet its floating rate payment obligations and the fixed rate payment obligations under the Notes primarily from payments received from collections and recoveries made in respect of the Receivables.

However, the interest component in respect of such collections may have no correlation to the Euribor from time to time applicable in respect of the Notes. Further, it must be noted that, as of 4 April 2018, approximately 34% of the notional amount of the Initial Portfolio is made up of fixed rate Receivables (including adjustable rate mortgages with a currently fixed interest rate) while the Rated Notes consist of 35% fixed rate notes. This composition may change as a result of, amongst others, prepayments, replenishments, renegotiations and additional portfolios.

It must be further noted that the Conditions provide that the Euribor component of interest payable on the Class A1 Notes may never exceed 3.00% per annum and that the interest payable on the Class A1 Notes may never accrue at a rate lower than 0% per annum]

### **Claims of unsecured creditors of the Issuer**

By operation of the Securitisation Law, the rights, title and interests of the Issuer in and to the Portfolio will be segregated from all other assets of the Issuer (including, for the avoidance of doubt, any other portfolio purchased by the Issuer pursuant to the Securitisation Law) and any amounts deriving therefrom will be available both prior to and on 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 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, even in a bankruptcy of the Issuer.

Prior to the commencement of winding up proceedings in respect of the Issuer, the Issuer will only be entitled to pay any amounts due and payable to any third parties who are not Other Issuer Creditors in accordance with the Priority of Payments. Following commencement of winding up proceedings in respect of the Issuer, a liquidator would control the assets of the Issuer including the 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 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 notes issued in the context of any further securitisations undertaken by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions.

However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt. Notwithstanding the foregoing, the corporate object of the Issuer as contained in its by-laws is limited and the Issuer has also agreed to certain covenants in the Intercreditor Agreement and the Conditions restricting the activities that may be carried out by the Issuer and has furthermore covenanted not to enter into any transactions that are not contemplated in the Transaction Documents.

## Further Securitisation

The Issuer may purchase and securitise further portfolios of monetary claims in addition to the Master Portfolio. It is a condition precedent to any such securitisation that such securitisation transaction would not adversely affect the then current rating of any of the Rated Notes and the Rating Agencies have been notified in respect of such further securitisation.

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 issuer company.

## Tax treatment of the Issuer

Italian corporate entities are in principle subject to corporation tax ("**IRES**") at the current rate of 24 per cent and to regional tax on business activities ("**IRAP**") at the current rate of 3.9 per cent (IRAP rate may be increased in relation to the activities carried out in certain Italian regions). For banking and financial institutions, other than asset management companies, referred to in Legislative Decree 27 January 1992, no. 87, the IRES rate is increased to 27.5 per cent. and the IRAP statutory rate is increased to 4.65 per cent.. As regards special purpose vehicles incorporated and operating under the Securitisation Law, as from 2011 they are no longer required to be registered in the special register of financial companies provided for by article 106 of the Consolidated Banking Act; moreover, further to the abrogation of Legislative Decree 27 January 1992, no. 87, they have also been excluded from the Guidelines of the Bank of Italy of 9 December 2016 for financial institutions other than banks. Hence a question arises as to whether, considering the business activity actually carried out, the Issuer qualifies as a financial institution to which the 27.5 per cent. IRES and the 4.65 per cent. IRAP rate apply. In the absence of any official clarification by the Italian tax authorities, according to certain interpretations, due regard should be given to the type of activity carried out by the Issuer in the context of the transaction as described in this Prospectus and, therefore, the Issuer could be subject to the 27.5 per cent. IRES and to the 4.65 per cent. IRAP rates applicable to banking and financial institutions. Taxable income of the Issuer is determined in accordance with Italian Presidential Decree No. 917 of 22 December 1986 (the "**Decree No. 917**"). Pursuant to the current regulations issued by the Bank of Italy, the assets, liabilities, costs and revenues of the Issuer in relation to the securitisation of the Receivables will be treated as off-balance sheet assets and liabilities, costs and revenues (except for overhead and general expenses and any amount that the Issuer may apply out of the available funds for the payment of such overhead and general expenses).

Based on the general rules applicable under Decree No. 917 the taxable income should be calculated on the basis of the on-balance sheet earnings (as opposed to the off-balance sheet earnings), subject to such adjustments as are specifically provided for by applicable income tax rules and regulations (Decree No. 917).

On this basis, no taxable income should accrue to the Issuer in the context of the Securitisation as any and all amounts deriving therefrom are specifically targeted at the fulfilment of the obligations owed to the holders of the Notes and to third party creditors in respect of the

securitisation of the Receivables in compliance with applicable laws. This opinion has been confirmed by the Italian tax authority (Circular No. 8/E issued by the Italian Tax Authority (*Agenzia delle Entrate*) on 6 February 2003) on the grounds that the net proceeds generated by the securitised assets may not be considered as legally available to an issuer insofar as any and all amounts deriving from the underlying assets are specifically destined to satisfy the issuer's obligations towards the noteholders, the originator and any other creditors of the issuer in respect of the securitisation of the underlying assets in compliance with applicable laws. With Circular number 8/E of 6 February 2003, the Italian Tax Authority has taken the position that only amounts, if any, available to securitisation vehicles after fully discharging their obligations to the noteholders and any other creditors of the securitisation vehicles in respect of any costs, fees and expenses in relation to securitisation transactions should be imputed for tax purposes to the securitisation vehicles. Consequently, according to such view, the Issuer should not have any taxable income if no amounts are available to the Issuer after discharging all its obligations deriving from and connected to the Securitisation.

It is however possible that the Italian tax authorities issue tax assessments, audits, regulations, circular letters or generally binding rules relating to the Securitisation Law which might alter or affect the above treatment, or that any competent court may take a different view with respect to the tax position of the Issuer as described above. Pursuant to Legislative Decree No. 141 of 13 August 2010 which modified article 3, paragraph 3, of Securitisation Law, the Issuer is not any longer requested to be registered as financial intermediary under article 106 of the Consolidated Banking Act while it is recorded in the register for securitisation vehicles held by the Bank of Italy pursuant to the Bank of Italy's regulation dated 30 September 2014. Following this change in law, the Italian tax authorities have not changed its tax guidelines.

Any interest accrued on the accounts held by the Issuer with Italian resident banks or with Italian permanent establishment of foreign banks, is subject to an advance 26 per cent withholding tax pursuant to Article 26, paragraph 2 and 4, of the Presidential Decree No. 600 of 29 September 1973. Pursuant to Article 79 of Decree No. 917, the 26 per cent withholding tax levied is deductible against the taxes payable by the Issuer, *provided that* the interest, on which the advance withholding tax is applied, is included in the Issuer's taxable income as clarified by the Italian tax authority (Ruling No. 222/E on 5 December 2003). The Italian tax authority (Ruling No. 77/E issued on 4 August 2010) has clarified that the above-mentioned requirement cannot be deemed as satisfied until the receivables are segregated for the purpose of the securitization transaction. At the end of the securitization transaction, the withholding tax levied in excess of the corporate income tax due can be carried forward to the following tax period or claimed for refund with the Italian tax authority. The refund is taxable income in the hands of the Issuer/recipient if the notes have already been cancelled upon payment of the refund and the refund is retained by the Issuer.

## **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 of the 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 Note 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 not rely on or construe any communication (written or oral) of the Issuer or the Originator as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions shall not be considered to be investment advice or a recommendation to invest in the Notes.

No communication (written or oral) received from the Issuer, the Servicers or the Originators or from any other person shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

### **Source of payments to 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 Dutch Account Bank, the Principal Paying Agent, the Liquidity Facility Provider, the Corporate Services Provider, the Listing Agent, the Sole Arranger, or the Quotaholder. 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.

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 Initial Portfolio and its rights under the Transaction Documents to which it is a party. Consequently, following the service of a Trigger Notice or at the Final Maturity Date, the funds available to the Issuer may be insufficient to pay interest and Premium, as applicable 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 of the 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 and Premium, as applicable 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, Premium (where applicable) 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.

### **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, operation and restructuring 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 Master Portfolio and the weighted average duration of the Rated Notes. The weighted average life of the Notes may 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 Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 and amended by Italian Law number 244 of 24 December 2007 (the "**2008 Budget Law**"), provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. The new provisions of law 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, by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. The recent Law Decree number 78 of 1 July 2009 (as converted into law by the Italian Law number 102 of 3 August 2009) provides, *inter alia*, that if the subrogation has not been perfected within 30 days from the date of the relevant request of subrogation, the assignor bank shall indemnify the borrower in an amount equal to 1 per cent. of the mortgage value for each month of delay or part thereof. In the event the delay is due to circumstances ascribed to the assignee bank, the assignor bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the borrower.

Law number 2 of 28 January 2009 which converted into law the Law Decree number 185 of 29 November 2008 "*Misure urgenti per il sostegno a famiglie, lavoro, occupazione e impresa per ridisegnare in funzione anti-crisi sul quadro strategico nazionale*" (the "**Anti-crisis Decree**") has provided for a number of measures aimed at the alleviation of the effects of the global financial crisis on the Italian economy. Under article 2 of the Anti-crisis Decree, the amount of the instalments payable during 2009 by borrowers under mortgage loans granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) (other than for villas, castles, luxury residences and residences with specific artistic or historical value (i.e. residences with cadastral code A1, A8 and A9)) is calculated by reference to the higher of 4% (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable on the date of execution of the relevant mortgage loan agreement. The difference, if any, between the amount so calculated and the amount which would have been otherwise due according to the relevant mortgage loan agreement (the "**Difference**") will be paid by the lending institution and ultimately borne by the Italian State. Regulation number 117852 issued on 29 December 2008 by the Ministry of Economy and Finance has clarified that, in case of mortgage loans which have been the subject of a securitisation transaction, such Difference shall be paid to the relevant securitisation company by the relevant originator or by the relevant servicer in accordance with the Servicing Agreement. Regulation number 11434 issued on 13 February 2009 by the Ministry of Economy and Finance clarified that the Difference shall be paid on the date falling on the Scheduled Instalment Date of the relevant mortgage loan. In principle, the provisions of the Anti-crisis Decree should have no effect on the cashflows deriving from the Portfolio; however, it must be noted that, to a certain extent, such cashflows may depend on the ability of ING Bank N.V., Milan branch, to pay the Issuer the relevant Difference when due. See for further details "Credit risk on ING Bank N.V., Milan branch, and the other parties to the Transaction Documents".



See for further details "*Expected Weighted Average Duration of the Notes*" below.

## **Subordination**

In respect of the obligation of the Issuer to pay interest or Premium and to repay principal on the Notes, the Conditions and the Intercreditor Agreement provide that:

- (a) in respect of the obligations of the Issuer to pay interest or Premium (where applicable) on the Notes prior to the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and Premium and repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes;
- (b) in respect of the obligations of the Issuer to repay principal on the Notes, prior to the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes;
- (c) in respect of the obligations of the Issuer to pay interest or Premium (where applicable) on the Notes following the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pari passu* and without any preference or priority amongst themselves, but subordinated to payment in full of all amounts due under the Class A1 Notes and the Class A2 Notes;
- (d) in respect of the obligations of the Issuer to repay principal on the Notes following the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pari passu* and without any preference or priority amongst themselves, but subordinated to payment in full of all amounts due under the Class A Notes.

Perspective Noteholders should 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 or Premium (where applicable) 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 the Organisation of the Noteholders limit the ability of each individual Noteholder to commence proceedings against the Issuer by conferring

on the holders of the Notes the power to determine whether any Noteholder may commence any such individual actions.

The Conditions and the Intercreditor Agreement contain provisions requiring the Representative of the Noteholders to have regard to the interests of the Noteholders as regards all powers, authorities, duties and discretion of the Representative of the Noteholders 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.

In some circumstances, the Notes may become subject to early redemption. Early redemption of the Notes in some cases may be dependent upon receipt by the Representative of the Noteholders of a direction from, or resolution of, a specified proportion of the 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 of no practical effect and, if a determination is made by the requisite majority of the Noteholders to redeem the Notes, the minority Noteholders may face early redemption of the Notes against their will.

The right of the Noteholders to approve a resolution on certain matters (as specified in the Rules for the Organisation of the Noteholders) is exercisable through an Extraordinary Resolution of the Noteholders, in respect of which the quorum will be two or more persons holding or representing at least 75 per cent of the Principal Amount Outstanding of the Notes then outstanding, or at an adjourned meeting, two or more persons being or representing Noteholders whatever the Principal Amount Outstanding of the Notes so held or represented.

### **Expected maturity dates of the Rated Notes**

In accordance with the mandatory redemption provisions applicable to the Notes, if there are sufficient Issuer Available Funds, full redemption of the Rated Notes is expected to be achieved on the Payment Date falling on October 2078 for the Rated Notes. There can be no assurance, however, that redemption in full, or at all, will be achieved on such Payment Dates. See for further details "*Expected Average Duration of the Rated Notes*".

In particular, the redemption in full of the Rated Notes may be achieved prior to such dates as a result of the occurrence of circumstances in which the Mortgage Loan Agreements may be terminated (by prepayment, early termination or otherwise) prior to their scheduled redemption dates.

### **Market for the Rated Notes**

Although application has been made for the Rated Notes to be listed on the Luxembourg Stock Exchange, there is currently no 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 continue to 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 are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to an investor.

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

Payments under the Rated Notes may be subject to withholding or deduction for, or on account of, tax or to a substitute tax in accordance with Decree 239 (see for further details also the section entitled "*Taxation*" below). Upon the occurrence of any withholding for or on account of tax, or substitute tax, from any payments under the Rated Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of Notes.

## **GENERAL RISK FACTORS**

### **Prepayments under Mortgage Loan Agreements**

General economic conditions and other factors have an impact on the ability of Borrowers to repay Loans. Loss of earnings, illness, divorce, decrease in turnover, increase in operating or in financial costs and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers, which may lead to a reduction in Loans payments by such Borrowers and could reduce the Issuer's ability to service payments on the Notes.

The Loans have been entered, inter alia, into with Borrowers which are individuals or commercial entrepreneurs ("*imprenditore che esercita un'attività commerciale*"). In any case some of the Borrowers may fall within the scope of application of the Royal Decree No. 267 of 16 March 1942, as subsequently amended and supplemented (the "**Bankruptcy Law**") and as such may be subject to insolvency proceedings ("*procedure concorsuali*") under the Bankruptcy Law.

In the event of insolvency of a Borrower (to the extent the same is subject to the Bankruptcy Law), the relevant payments or prepayments under a Loan Agreement may be declared ineffective pursuant to Articles 65 or 67 of the Bankruptcy Law.

In this respect, it should be noted that the Securitisation Law, as recently amended, provides that (i) the claw-back provisions set forth in Article 67 of the Bankruptcy Law do not apply to payments made by Borrowers to the Issuer in respect of the securitised Claims and (ii) prepayments made by Borrowers under securitised Claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law. For further details, please see the section headed "*Selected aspects of Italian Law – The Securitisation Law*".

### **Mortgage Loans' Performance**

The Portfolio is exclusively comprised of residential mortgage backed loans which were performing as at the Valuation Date (see "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Mortgage Loans and that they will therefore continue to perform. The recovery of amounts due in relation to Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable time depending on the type of action required and where such action is taken and on several other factors, including the following: proceedings in certain courts involved in

the enforcement of the Mortgage Loans and Mortgages may take longer than the national average; obtaining title deeds from land registries which are in 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.

In this respect, it is to be taken into account that Italian Law No. 302 of 3 August 1998 ("*Norme in tema di espropriazione forzata e di atti affidabili ai notai*") (the "Law No. 302") has allowed notaries to conduct certain stages of the foreclosure procedures in place of the courts and that by means of Law No. 80 of 14 May 2005 ("*Conversione in legge, con modificazioni, del decreto-legge 14 marzo 2005, n. 35, recante disposizioni urgenti nell'ambito del Piano di azione per lo sviluppo economico, sociale e territoriale. Deleghe al Governo per la modifica del codice di procedura civile in materia di processo di cassazione e di arbitrato nonché per la riforma organica della disciplina delle procedure concorsuali*") extends such activity to lawyers, certified accountants and fiscal experts enrolled in a special register. The reforms are expected to reduce the length of foreclosure proceedings by between two (2) and three (3) years.

### **Rata Costante Mortgage Loans**

According to the Specific Criteria for the transfer of the Initial Portfolio set out in the Master Receivables Purchase Agreement, the Initial Portfolio comprise, *inter alia*, Mortgage Loans whose amortization profile provides for a constant instalment, the so called "*rata costante*" Mortgage Loans (the "**Rata Costante Mortgage Loans**").

The Rata Costante Mortgage Loans have an initial fixed amortization period of ten (10) years at the beginning of the loan and then a floating amortization period. Since the instalment amount is fixed along the life of the Rata Costante Mortgage Loan, during the floating period the amortization plan can be extended or reduced depending on the relevant interest rate applicable at any instalment due date. Based on the initial interest rate applicable to the Rata Costante Mortgage Loan (i) a reduction of the applicable floating interest rate, will reduce the maturity of the Rata Costante Mortgage Loan and (ii) an increase of the applicable floating interest rate will increase the maturity of the Rata Costante Mortgage Loan up to a maximum contractual extension maturity. The outstanding principal amount due on the maximum contractual maturity will not be repaid by the relevant Debtor.

In light of the above, there is the risk that, in case of an increase of the interest rate, the relevant Debtor will not be required to pay the principal instalment and therefore the Issuer will not receive the full amount of principal and interest expected to be received on the relevant Rata Costante Mortgage Loans.

In this respect, it must be noted that no Rata Costante Mortgage Loans will be included in the Subsequent Portfolios.

### **Volcker Rule**

The Issuer has been established so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank 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. 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 of 1940, as amended (the "**Investment Company Act**") other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the U.S. Investment Company Act and that is not a "commodity pool" that meets certain conditions under the U.S. Commodity Exchange Act of 1936, as amended (the "**Commodity Exchange Act**"). The Issuer has not offered and sold, and does not intend to offer or sell, any securities to U.S. Persons in a manner that would cause it to become subject to jurisdiction of the Investment Company Act, and therefore does not need to rely on an exemption or exclusion from registration thereunder. However, the Issuer has also been structured such that, if it were subject to the Investment Company Act, it would be able to rely on the exclusion contained in Section 3(c)(5) thereof, although there may be additional exclusions or exemptions available to the Issuer. Further, the Issuer has not engaged in any activities that would cause it to constitute a "commodity pool" for purposes of the Commodity Exchange Act. Consequently, the Issuer has been structured such that it does not constitute a covered fund for purposes of the Volcker Rule. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

### **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 increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset backed securities and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger or any other Transaction Party makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

In particular, prospective investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as **Basel III**), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any

changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

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

Prospective investors in the Notes who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the applicable provisions and any implementing rules in a relevant jurisdiction should seek guidance from their regulator.

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

(A) *The CRD IV and the CRR*

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

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

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

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

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

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

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements including with respect to the matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

*(B) The AIFM Directive and the AIFM Regulation*

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

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

Italian Legislative Decree no. 44 of 4 March 2014 implementing AIFM Regulation has been published in the Official Gazette of the Republic of Italy on 25 March 2014. Two further regulations implementing AIFM Regulation in Italy have been published on 19 January 2015: (i) a first regulation issued by the Bank of Italy (*Regolamento sulla gestione collettiva del risparmio*) and (ii) a second regulation issued by the Bank of Italy in conjunction with CONSOB amending the existing legislation with regard to investment intermediaries (*Regolamento congiunto in materia di organizzazione e procedure degli intermediari del 29 ottobre 2007*) and as amended from time to time. These two regulations entered into force on 3 April 2015.

The AIFM Directive, the AIFM Regulation and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

Directive 2009/138/EU of the European Parliament and of the Council of 25 November 2009 on the taking up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the **Solvency II Directive**) set out rules concerning the following: (1) the taking-up and pursuit, within the community, of the self-employed activities of direct insurance and reinsurance; (2)



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

The Solvency II Directive and the Solvency II Regulation and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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

It should be noted that the European authorities have adopted and finalised two new regulations related to securitisation (being Regulation (EU) 2017/2402 and Regulation (EU) 2017/2401) which will apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the coming new requirements and the current requirements including with respect to the certain matters to be verified under the due diligence requirements, as well as with respect to the application approach under the retention requirements and the originator entities eligible to retain the required interest. Further differences may arise under the corresponding guidance which will apply under the new risk retention requirements, which guidance is to be made through new technical standards. However, securitisations established prior to the application date of 1 January 2019 that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date should remain subject to the current

requirements and should not be subject to the new risk retention and due diligence requirements in general.

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

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

### **Risks relating to Notes which are linked to "benchmarks"**

The Euro Interbank Offered Rate ("EURIBOR") and other interest rate or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. The Benchmark Regulation was published in the Official Journal of the European Union on 29 June 2016 and has applied from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that have applied since 30 June 2016). The Benchmark Regulation could have a material impact on any Notes linked to EURIBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the Benchmark Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. In addition, the Benchmark Regulation stipulates that each administrator of a "benchmark" regulated thereunder must be licensed by the competent authority of the Member State where such administrator is located. There is a risk that administrators of certain "benchmarks" will fail to obtain a necessary licence, preventing them from continuing to provide such "benchmarks". Other administrators may cease to administer certain "benchmarks" because of the additional costs of compliance with the Benchmark Regulation and other applicable regulations, and the risks associated therewith. There is also a risk that certain benchmarks may continue to be administered but may in time become obsolete.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area.

Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. The elimination of any benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any securities linked to such benchmark (including but not limited to floating rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during

the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the floating rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the floating rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant floating rate Notes.

### **Risks related to the United Kingdom leaving the European Union**

On 23 June 2016, the UK held a referendum on the country's membership of the European Union ("**Brexit**"). The results of Brexit showed that the UK voted to leave the European Union. The referendum does not directly bind the government to specific actions.

On 29 March 2017 the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019.

As at the date of this Prospectus, the consequences of Brexit are uncertain, with respect to the European Union integration process, the relationship between the United Kingdom and the European Union, and the impact on economies and European businesses. Accordingly, there can be no assurance that the ING Group's results of operations, business and financial condition will not be affected by market developments such as the increased exchange rate of the British Pound versus the Euro, and higher financial market volatility in general due to increased uncertainty.

### **Risks related to forthcoming regulatory changes**

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and CRD IV, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments EU Directive and Markets in Financial Instruments EU Regulation which entered into force on 2 July 2014 with implementation required at Member States level as from January 2018 subject to certain transitional arrangements. The Basel Committee on Banking

Supervision ("**BCBS**") has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.

Moreover, the BCBS has embarked on a very significant risk-weighted assets ("**RWA**") variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, market, operational risk) and a consultation paper on a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new setup will have a revolutionary impact on risk modelling: directly on the exposures assessed via standardised approach, but also indirectly on internal ratings based approach ("**IRB**"), due to the introduction of capital floors that, according to the new framework, will be calculated basing on the revised standardised approach.

As regards accounting rules relevant for the Issuer, on 24 July 2014 the International Accounting Standards Board published IFRS 9 relating to "Financial Instruments", which is set to replace IAS 39 from 1 January 2018, except that for a selective early adoption. IFRS 9 has been approved by Commission Regulation (EC) No. 2067/2016 published in the Official Gazette of the EU on 29 November 2016. IFRS 9 amends and complements the rules on the classification and measurement of financial instruments; introduces a new impairment model based on "expected credit losses" (the current model is based on provisions for "incurred losses"); and introduces new rules on general hedge accounting.

In February 2018, the Basel Committee issued for consultation the updated framework of Pillar 3 requirements, which contains new or revised regulatory disclosure requirements. Such disclosure: (i) covers credit risk, operational risk, leverage ratio and credit valuation adjustment (CVA); (ii) benchmark a bank's risk-weighted assets (RWA) as calculated by its internal models with RWA calculated according to the standardised approaches; and (iii) provide an overview of risk management, key prudential metrics and RWA.

Considering the significance of the amendments introduced by IFRS 9, the Issuer has launched a Group implementation project of the new IFRS 9. The overall project as well as the decisions taken and the initiatives launched by the Issuer were subject to specific analysis and assessment by the ECB which, in the first half of 2017, conducted an analysis on the progress status of the ING Group's project and the Issuer is waiting to receive the final feedback from this assessment.

The application of IFRS 9 and the new approach based on "expected credit losses" could result in substantial additional impairment charges for the Issuer and add volatility to its regulatory capital ratios, and will result in additional costs to the Issuer relating to the implementation of such rules. The economic, financial and capital adequacy related effects of the implementation of IFRS 9 are not quantifiable, and investors should be aware that implementation of the IFRS 9 may have a material adverse effect on the business, financial condition and/or results of operations of the Issuer and/or of the ING Group.

### **Insurance coverage**

All Mortgage Loan Agreements provide that the relevant Real Estate Assets must be covered by an Insurance Policy issued by leading insurance companies approved by the Originator. As at the date of this Prospectus, 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 Mortgage Loan.

### **Rights of set-off and other rights of the Debtors**

Under general principles of Italian law, the Debtors are entitled to exercise rights of set-off in respect of amounts due under any Mortgage Loan Agreement against any amounts payable by the Originator to the relevant Debtor.

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. Consequently, Debtors may exercise a right of set-off against the Issuer on claims against the Originator and/or the Issuer which have arisen before both the publication of the notice in the Official Gazette and the registration in the competent companies' register have been completed. Under the terms of the Warranty and Indemnity Agreement, the Originator has agreed to indemnify the Issuer in respect of any reduction in amounts received by the Issuer in respect of the Portfolio as a result of the exercise by any Debtor of a right of set-off.

### **Usury Law**

Italian Law number 108 of 7 March 1996 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 27 June 2018). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates.

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

The Italian Government intervened in this situation 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, which provides, *inter alia*, that interest is to be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. The Usury Law Decree 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 Italian Constitutional Court ("*Corte Costituzionale*") has rejected, with decision no. 29/2002 (deposited on 25th February 2002), a constitutional exception raised by the Court of Benevento concerning Article 1, paragraph 1, of the Usury Law. In so doing, the Constitutional Court ("*Corte Costituzionale*") has confirmed the constitutional validity of the provisions of the Usury Law which holds that the interest rates may be deemed to be void due to usury only if they infringe the Usury Law at the time they are agreed upon between the borrower and the lender and not as at the time such rates are actually paid by the borrower.

According to recent court precedents, the remuneration of any given financing must be below the applicable Usury Thresholds from time to time applicable. Based on this recent evolution of case law on the matter, it might constitute a breach of the Usury Regulations if the remuneration of a financing is lower than the applicable Usury Thresholds at the time the terms of the financing were agreed but becomes higher than the applicable Usury Thresholds at any point in time thereafter (see, for instance, Cassazione of 11 January 2013 No. 603). However, it is worth mentioning that, by more recent decisions, the Italian Supreme Court has clearly stated that, in order to establish if the interest rate exceeds the Usury Rate, it has to be considered the interest rate agreed between the parties at the time of the signing of the financing agreement, regardless of the time of the payment of such interest (see, for instance, Cassazione 27 September 2013, No. 22204; Cassazione 25 September 2013, No. 21885).

The Italian Supreme Court (*Corte di Cassazione*), under decision No. 350/2013, as recently confirmed by decision number 23192/17, has clarified, for the first time, that the default interest are relevant for the purposes of determining if an interest rate is usurious. That interpretation is in contradiction with the current methodology for determining the Usury Thresholds, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates. In addition, the Italian Supreme Court, under decision No. 602/2013, has held that, with regard to loans granted before the entry into force of Usury Law, an automatic reduction of the applicable interest rate to the Usury Thresholds applicable from time to time shall apply.

The Originator has represented and warranted to the Issuer in the Warranty and Indemnity Agreement that the provisions of the Mortgage Loans 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 any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian civil code allows derogation from this provision in the event that there are recognised customary practices ("*usi*") to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a three monthly basis on the grounds that such practice could be characterised as a customary practice ("*uso normativo*"). However, a number of recent judgements from Italian courts (including the judgements from the Italian Supreme

Court (*Corte di Cassazione*) number 2374/99 and number 2593/2003) have held that such practices may not be defined as customary practices ("*uso normativo*").

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

In this respect, it should be noted that article 25, paragraph 3, of Italian Legislative Decree no. 342 of 4 August 1999, enacted by the Italian Government under a delegation granted pursuant to Italian Law no. 142 of 19 February 1992, has considered the capitalisation of accrued interest (*anatocismo*) made by banks prior to the date on which it came into force (19 October 1999) to be valid. After such date, the capitalisation of accrued interest will still be possible upon the terms established by a resolution of the Interministerial Committee of Credit and Saving (C.I.C.R.) dated 9 February 2000 and published on 22 February 2000. Italian Law no. 342 of 4 August 1999 was challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under Italian Law no. 142 of 19 February 1992. By decision no. 425 of 9 October 2000, the Italian Constitutional Court declared as unconstitutional on these grounds article 25, paragraph 3, of Italian Law no. 342 of 4 August 1999.

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

The Originator has 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 in respect of the interest on interest.

### **Certain payments on the Notes may be subject to U.S. withholding tax under FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to

FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

### **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 companies incorporated 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.

### **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.

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

Estimates of the expected maturity and expected average lives of the Rated Notes included herein, together with 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.

### **Risks related to the creation of pledges under the Dutch Deed of Pledge on the basis of the Parallel Debt**

Under Dutch law, it is uncertain whether a security right can be validly created in favour of a party which is not the creditor of the claim which the security right purports to secure. Consequently, in order to secure the valid creation of the pledge under the Dutch Deed of Pledge in favour of the Representative of the Noteholders, the Issuer has in the Dutch Deed of Pledge, as a separate and independent obligation, by way of parallel debt, undertaken to pay to the Representative of the Noteholders amounts equal to the amounts due by it to the Noteholders and Other Issuer Creditors. The Issuer has been advised that such a parallel debt creates a claim of the Representative of the Noteholders thereunder which can be validly secured by a right of pledge such as the rights of pledge created by the Dutch Deed of Pledge.

### **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

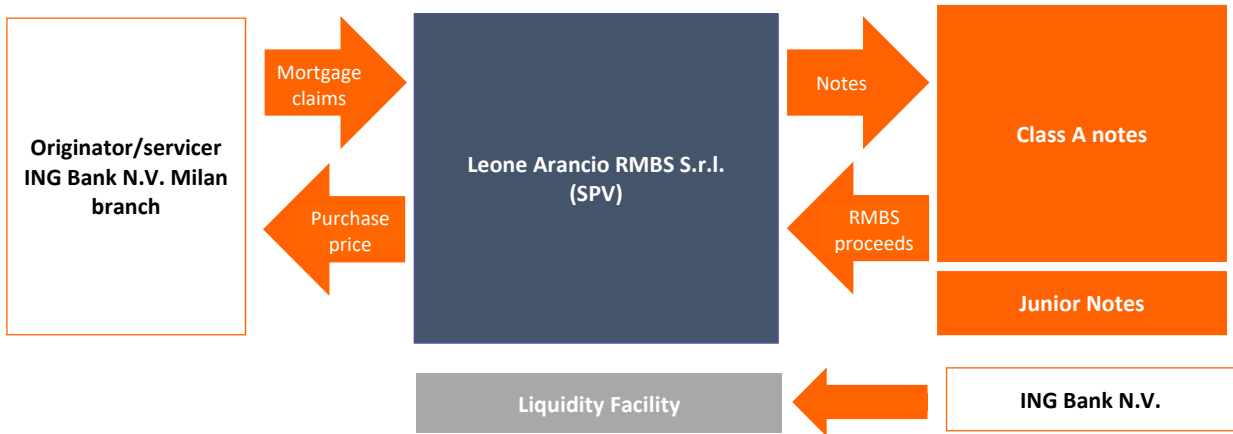


statements, which speak only as of the date of this Prospectus and are based on assumptions that may prove to be inaccurate. No-one undertakes any obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this Prospectus.

**The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Rated Notes but the inability of the Issuer to pay interest or repay principal on the Rated Notes may occur for other reasons and the Issuer does not represent that the above statements of the risks of holding the Rated 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 Notes on a timely basis or at all.**

## 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 Prospectus.



## THE MASTER PORTFOLIO

Pursuant to the Master Receivables Purchase Agreement, the Issuer has purchased the Initial Portfolio and, on a revolving basis, will purchase the Subsequent Portfolio from the Originator 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 payments under any of the Receivables.

The Receivables comprised in the Master Portfolio arise out of residential mortgage loan agreements (*mutui fondiari residenziali*) entered into by the Originator in the course of its business. The Receivables are classified as at the Valuation Date as performing by the Originator.

The Receivables included in the Initial Portfolio and in each Subsequent Portfolio comprise obligations of more than 5 obligors which are legal persons and each obligor accounts for less than 20% of the Receivables.

As at the Valuation Date, the aggregate of the Outstanding Principal due of all Receivables comprised in the Initial Portfolio amounted to € 7,959,129,900.89.

The Issuer confirms that the arrangements entered into or to be entered into by the Issuer on or prior to the Issue Date, taken together with the Master Portfolio and the structural features of the Securitisation have characteristics that demonstrate capacity to produce funds to service any payment which becomes due and payable in respect of the Notes in accordance with the Conditions. However, regard should be had both to the characteristics of the Portfolio and the other assets and rights available to the Issuer under the Securitisation and the risks to which the Issuer and the Notes may be exposed. Prospective holders of the Notes should consider the detailed information set out elsewhere in this Prospectus, including, without limitation, under the section headed "*Risk Factors*".

### The Eligibility Criteria

The Receivables included in each Portfolio to be purchased by the Issuer have been, with respect to the Initial Portfolio, and will be, with respect to each Subsequent Portfolio, selected on the basis of the following Common Criteria and Specific Criteria, pursuant to the Master Receivables Purchase Agreement.

#### The Common Criteria

Pursuant to, and in accordance with, the combined provisions of articles 1 and 4 of the Securitisation Law, the Originator has transferred, with respect to the Initial Portfolio and will transfer, with respect to any Subsequent Portfolio, all the Receivables existing as at the relevant Valuation Date arising out of Mortgage Loans granted under the relevant Mortgage Loan Agreements having, as at the relevant Valuation Date (or at such other date specified below), the following characteristics (to be deemed cumulative unless otherwise provided):

1. Mortgage Loans that were granted in accordance with the laws and regulations concerning *credito fondiario*;
2. Mortgage Loans that did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);

3. Mortgage Loans that have been granted to individuals (*persone fisiche*);
4. Mortgage Loans that are not *mutui agrari* pursuant to articles 43, 44 and 45 of the Consolidated Banking Act;
5. Mortgage Loans that are secured by a Mortgage (*ipoteca*) created over Real Estate Assets in accordance with applicable Italian laws and regulations and are located in the Republic of Italy;
6. Mortgage Loans in respect of which the payment is secured by a first ranking Mortgage (*ipoteca di primo grado economico*), such term meaning (i) a first ranking Mortgage or (ii) (A) a second or subsequent ranking priority Mortgage in respect of which the lender secured by the first ranking priority mortgage is ING and with respect to which the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied, or (B) a second or subsequent ranking priority Mortgage in respect of which the obligations secured by the mortgage(s) ranking prior to such second or subsequent Mortgage have been fully satisfied and the relevant lender has formally consented to the cancellation of the mortgage(s) ranking prior to such subsequent Mortgage;
7. Mortgage Loans secured by a Mortgage (*ipoteca*) on residential Real Estate Assets with cadastral codes which fall under Group A of the table of cadastral categories;
8. Mortgage Loans that are fully disbursed and in relation to which there is no obligation or possibility to make additional disbursements;
9. Mortgage Loans for which at least a Principal Instalment has been duly paid;
10. Mortgage Loans that did not have any Unpaid Instalment;
11. Mortgage Loans that are governed by Italian law;
12. Mortgage Loans that have not been granted to individuals that as of the origination date were managers, employees, officers or directors of ING (including also loans granted to two or more individuals, one of which was a manager, employee, officer or director of ING as of the relevant disbursement date) or any other company of the ING Group;
13. Mortgage Loans that are denominated in Euro;
14. Mortgage Loans which have been granted to one or more individuals (*persone fisiche o cointestatari*) resident, or if specified in the relevant Mortgage Loan Agreement, domiciled in the Republic of Italy;
15. Mortgage Loans originated exclusively by ING;
16. Mortgage Loans not fractionated (*mutui non frazionati*);
17. Mortgage Loans that are paid by the relevant Borrower by way of RID (*rapporti interbancari diretti*) or direct debit from the Borrower's account held with the Originator;

18. Mortgage Loans that have not been granted to Borrowers having more than one Mortgage Loan(s) granted by ING, irrespective of the fact that they are secured by a Mortgage created on the same Real Estate Asset;
19. Mortgage Loans that do not give the relevant Borrower any right to have either (i) a total or a partial waiver; or (ii) a total or partial reduction of any Instalment due;
20. Mortgage Loans in respect of which the original Outstanding Principal Due granted to the Borrower is lower than or equal to Euro 2,000,000;
21. Mortgage Loans in respect of which the original Outstanding Principal Due granted to the Borrower is higher than or equal Euro 50,000;
22. Mortgage Loans which provide for the payment by the relevant Debtor of either monthly, bi-monthly or quarterly instalments;
23. Mortgage Loans in respect of which all the instalments include a principal component and an interest component (i.e. which are not bullet Mortgage Loans).

In addition to the Common Criteria, the Receivables included in each Portfolio may meet the following Specific Criteria which may be from time to time selected or completed or filled in, as the case may be, by the Originator (and notified to the Issuer):

1. Mortgage Loans originated [before] [•] [(included/excluded)] [and] [after] [•] [(included/excluded)];
2. Mortgage Loans in respect of which the number of Instalments not yet due is [higher than] [or equal to] [•] [and] [lower than] [or equal to] [•];
3. Mortgage Loans in respect of which the last Instalment falls [before] [•] [(included/excluded)] [and] after [•] [(included/excluded)];
4. Mortgage Loans that are secured by a Mortgage created over Real Estate Assets which are not located in the following [provinces [•], [•]] [and] [regions [•], [•]];
5. Mortgage Loans granted for the purpose [of (i) purchasing the first house of residence (*prima casa*), [or] [(ii) subrogation (*surroga*) or refinancing (secured by Mortgages on the first house of residence (*prima casa*))] [or (iii) general liquidity purpose (secured by Mortgages on the first house of residence (*prima casa*))] [or] [(iv) purchasing the second house of residence (*seconda casa*), [or] (v) subrogation (*surroga*) or refinancing (secured by Mortgages on the second house of residence (*seconda casa*))];
6. [floating rate Mortgage Loans having a margin [lower than] [or] [equal to] [•] [and] [higher than] [or] [equal to] [•] per cent] [or] [fixed rate Mortgage Loans having a correspondent interest rate [lower than] [or] [equal to] [•] [and] [higher than] [or] [equal to] [•] per cent];
7. Mortgage Loans in respect of which the disbursed amount, at the date of the disbursement, was [higher than] [or] [equal to] Euro [•] [and] [lower than] [or] [equal to] Euro [•];

8. Mortgage Loans in respect of which the Outstanding Principal is [higher than] [or] [equal to] Euro [•] [and] [lower than] [or] [equal to] Euro [•];
9. Mortgage Loans in respect of which the Original LTV at the date of the disbursement was [higher than] [or] [equal to] [•]% [and] [lower than] [or] [equal to] [•]%;
10. Mortgage Loans in respect of which the Current LTV is [higher than] [or] [equal to] [•]% [and] [lower than] [or] [equal to] [•]%;
11. Mortgage Loans originated through the following origination channels [•];
12. Mortgage Loans granted in reliance of the information provided by the relevant Borrower, or each co-Borrower, as the case may be, representing that: (i) [it was a self employed as at the date of its disbursement] [or] (ii) [it was a employed with a long term employment contract as at the date of its disbursement];
13. Mortgage Loans that have not been granted to Borrowers who have bank accounts, whether cash or deposit, with ING Bank N.V.;
14. Mortgage Loans whose amortisation profile does not provide for a constant instalment (*rata costante*);
15. Mortgage Loans in respect of which the relevant Borrower, or each of the relevant co-Borrower, has represented that it was not, as at the relevant disbursement date, resident in (i) [the Vatican City] or (ii) [the Republic of San Marino];
16. Mortgage Loans which have not been subject to suspension of payments in accordance with Law n. [•] of [•];
17. Mortgage Loans that as at [•] did not have any Unpaid Instalment;
18. Mortgage Loans in respect of which the relevant Debtors are Italian citizens;
19. Mortgage Loans that have not been granted to the relevant Borrowers on [•], in respect of which at [•] the Outstanding Principal due is equal to Euro [•].

The Specific Criteria selected by the Originator for the transfer of the Initial Portfolio are the following:

1. Mortgage Loans originated before 28 February 2018 (included) and after 22 April 2004 (included);
2. Mortgage Loans with no Payment Holidays on the date as of 1 March 2018;
3. Mortgage Loans that have not been classified by ING, on behalf of the issuer, as *Crediti ad Incaglio*;
4. Mortgage Loans in respect of which the current Outstanding Principal Due granted to the Borrower is lower than or equal to Euro 2,000,000 and higher than or equal to Euro 1,000 on the date as of 1 March 2018;
5. Mortgage Loans that do not have an original Loan to Market Value higher than 80%;

6. Mortgage Loans that have not been granted to the relevant Borrowers on 19 December 2009, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 117,519.96;
7. Mortgage Loans that have not been granted to the relevant Borrowers on 12 November 2004, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 91,446.46;
8. Mortgage Loans that have not been granted to the relevant Borrowers on 19 July 2005, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 44,095.12;
9. Mortgage Loans that have not been granted to the relevant Borrowers on 18 February 2015, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 129,480.38;
10. Mortgage Loans that have not been granted to the relevant Borrowers on 28 December 2006 and concluded (*data di stipula*) on 28 December 2006, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 109,630.83;
11. Mortgage Loans that have not been granted to the relevant Borrowers on 19 December 2009, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 110,228.29;
12. Mortgage Loans that have not been granted to the relevant Borrowers on 18 September 2015, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 115,851.48;
13. Mortgage Loans that have not been granted to the relevant Borrowers on 19 March 2011, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 490,899.42;
14. Mortgage Loans that have not been granted to the relevant Borrowers on 19 September 2011, in respect of which at 1st March 2018 the Outstanding Principal due is equal to Euro 18,087.65.

### The Additional Criteria

Pursuant to the Master Receivables Purchase Agreement, the Originator and the Issuer may agree to identify additional criteria provided that such Additional Criteria shall have the purpose to supplement the Common Criteria and/or the Specific Criteria but not to amend any of the Common Criteria.

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

The Mortgage Loan Agreements included in the Initial Portfolio have the characteristics illustrated in the following tables.

**The following tables set out information with respect to the Initial 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 Initial Portfolio as at the Valuation Date.**

## 1. Summary

All amounts in EURO	Current	At Issue
Reporting Date	04-Apr-18	04-Apr-18
Portfolio Cut off date	01-Mar-18	01-Mar-18
Initial Principal Balance	7,959,129,900.89	7,959,129,900.89
Of which Cash Available for Redemption of the Notes	0.00	
Of which Cash Used this period for Redemption of the Notes	0.00	
Of which Realised Loss	0.00	0.00
Of which Principal in Arrears	0.00	0.00
Of which Active Outstanding Notional Amount	7,959,129,900.89	7,959,129,900.89
Number of Loans	77,193	77,193
Number of Borrowers	77,193	77,193
Average Principal Balance (Loanparts)	103,106.89	103,106.89
Average Principal Balance (Borrowers)	103,106.89	103,106.89
Coupon: Weighted Average	1.91%	1.91%
Minimum	0.00%	0.00%
Maximum	7.20%	7.20%
Weighted Average Original Loan to Market Value	62.76%	62.76%
Weighted Average Loan to Market Value	52.64%	52.64%
Seasoning (months): Weighted Average	61.16	61.16
Remaining Tenor (months): Weighted Average	238.71	238.71
Weighted Average Interest Rate on Fixed Interest Rate Loans	3.38%	3.38%
Weighted Average Interest Rate on Rata Costante Loans with Fixed Interest Rate	4.37%	4.37%
Weighted Average Spread on Floating Rate Loans	1.06%	1.06%
Total Set-off Risk	740,245,298.19	740,245,298.19
Amount of Principal of Constant Installment loans that will be lost at their maximum maturity	0.00	0.00

## 2. Product type

Product Type	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
Adjustable Rate	1,560,772,515	19.61%	13,840	17.93%	2.69%	1,560,772,515	19.61%	13,840	17.93%	2.69%
Rata Costante	206,875,696	2.60%	2,235	2.90%	4.37%	206,875,696	2.60%	2,235	2.90%	4.37%
Fixed	977,413,850	12.28%	14,111	18.28%	3.38%	977,413,850	12.28%	14,111	18.28%	3.38%
Floating (BCE)	283,382,757	3.56%	2,836	3.67%	1.36%	283,382,757	3.56%	2,836	3.67%	1.36%
Floating (EURIBOR)	4,930,685,084	61.95%	44,171	57.22%	1.30%	4,930,685,084	61.95%	44,171	57.22%	1.30%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>



### 3. Loan Coupon

average: 1.91%										
Coupon Loan Part (%)	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
0.00% - 0.00%	3,774,643	0.05%	18	0.02%	0.00%	3,774,643	0.05%	18	0.02%	0.00%
0.01% - 0.50%	837,540,314	10.52%	8,157	10.57%	0.31%	837,540,314	10.52%	8,157	10.57%	0.31%
0.51% - 1.00%	1,383,633,003	17.38%	13,675	17.72%	0.71%	1,383,633,003	17.38%	13,675	17.72%	0.71%
1.00% - 1.50%	743,162,320	9.34%	6,890	8.93%	1.29%	743,162,320	9.34%	6,890	8.93%	1.29%
1.51% - 2.00%	1,496,127,268	18.80%	11,878	15.39%	1.76%	1,496,127,268	18.80%	11,878	15.39%	1.76%
2.01% - 2.50%	1,255,677,165	15.78%	11,133	14.42%	2.29%	1,255,677,165	15.78%	11,133	14.42%	2.29%
2.51% - 3.00%	1,200,068,194	15.08%	11,745	15.22%	2.79%	1,200,068,194	15.08%	11,745	15.22%	2.79%
3.01% - 3.25%	308,995,801	3.88%	3,385	4.39%	3.13%	308,995,801	3.88%	3,385	4.39%	3.13%
3.26% - 3.50%	142,231,156	1.79%	1,630	2.11%	3.37%	142,231,156	1.79%	1,630	2.11%	3.37%
3.51% - 3.75%	104,895,923	1.32%	1,234	1.60%	3.60%	104,895,923	1.32%	1,234	1.60%	3.60%
3.76% - 4.00%	50,472,236	0.63%	754	0.98%	3.87%	50,472,236	0.63%	754	0.98%	3.87%
4.01% - 4.25%	37,263,332	0.47%	496	0.64%	4.14%	37,263,332	0.47%	496	0.64%	4.14%
4.26% - 4.50%	58,775,697	0.74%	748	0.97%	4.38%	58,775,697	0.74%	748	0.97%	4.38%
4.51% - 4.75%	50,583,727	0.64%	804	1.04%	4.63%	50,583,727	0.64%	804	1.04%	4.63%
4.76% - 5.00%	76,001,823	0.95%	1,131	1.47%	4.88%	76,001,823	0.95%	1,131	1.47%	4.88%
5.01% - 5.25%	76,086,185	0.96%	1,131	1.47%	5.15%	76,086,185	0.96%	1,131	1.47%	5.15%
5.26% - 5.50%	53,965,719	0.68%	941	1.22%	5.37%	53,965,719	0.68%	941	1.22%	5.37%
5.51% - 5.75%	54,859,808	0.69%	915	1.19%	5.61%	54,859,808	0.69%	915	1.19%	5.61%
5.76% - 6.00%	20,053,701	0.25%	428	0.55%	5.85%	20,053,701	0.25%	428	0.55%	5.85%
6.01% - 6.25%	2,677,380	0.03%	60	0.08%	6.05%	2,677,380	0.03%	60	0.08%	6.05%
6.26% - 6.50%	1,575,427	0.02%	28	0.04%	6.38%	1,575,427	0.02%	28	0.04%	6.38%
6.51% - 6.75%	259,525	0.00%	5	0.01%	6.57%	259,525	0.00%	5	0.01%	6.57%
6.76% - 7.00%	241,133	0.00%	4	0.01%	6.85%	241,133	0.00%	4	0.01%	6.85%
7.01% - 7.25%	208,422	0.00%	3	0.00%	7.16%	208,422	0.00%	3	0.00%	7.16%
<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	

### 4. Origination Year

Origination Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
2004	29,610,965	0.37%	621	0.80%	0.46%	29,610,965	0.37%	621	0.80%	0.46%
2005	128,337,522	1.61%	2,235	2.90%	0.55%	128,337,522	1.61%	2,235	2.90%	0.55%
2006	280,545,959	3.52%	3,729	4.83%	0.93%	280,545,959	3.52%	3,729	4.83%	0.93%
2007	464,861,475	5.84%	5,087	6.59%	1.32%	464,861,475	5.84%	5,087	6.59%	1.32%
2008	506,634,642	6.37%	5,998	7.77%	2.42%	506,634,642	6.37%	5,998	7.77%	2.42%
2009	436,110,107	5.48%	4,875	6.32%	1.92%	436,110,107	5.48%	4,875	6.32%	1.92%
2010	476,949,417	5.99%	4,681	6.06%	1.06%	476,949,417	5.99%	4,681	6.06%	1.06%
2011	1,103,112,069	13.86%	9,934	12.87%	1.12%	1,103,112,069	13.86%	9,934	12.87%	1.12%
2012	499,947,482	6.28%	4,504	5.83%	2.20%	499,947,482	6.28%	4,504	5.83%	2.20%
2013	418,679,090	5.26%	3,738	4.84%	2.35%	418,679,090	5.26%	3,738	4.84%	2.35%
2014	421,447,394	5.30%	3,943	5.11%	2.42%	421,447,394	5.30%	3,943	5.11%	2.42%
2015	622,027,684	7.82%	5,778	7.49%	2.30%	622,027,684	7.82%	5,778	7.49%	2.30%
2016	1,293,251,078	16.25%	11,378	14.74%	2.17%	1,293,251,078	16.25%	11,378	14.74%	2.17%
2017	1,198,808,474	15.06%	10,052	13.02%	2.43%	1,198,808,474	15.06%	10,052	13.02%	2.43%
2018	78,806,542	0.99%	640	0.83%	2.38%	78,806,542	0.99%	640	0.83%	2.38%
<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	

## 5. Maturity Year

Maturity Year	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
2018	3,025,065	0.04%	650	0.84%	3.23%	3,025,065	0.04%	650	0.84%	3.23%
2019	10,625,272	0.13%	867	1.12%	2.18%	10,625,272	0.13%	867	1.12%	2.18%
2020	20,973,886	0.26%	956	1.24%	1.06%	20,973,886	0.26%	956	1.24%	1.06%
2021	46,234,780	0.58%	1,563	2.02%	1.73%	46,234,780	0.58%	1,563	2.02%	1.73%
2022	54,790,129	0.69%	1,496	1.94%	2.14%	54,790,129	0.69%	1,496	1.94%	2.14%
2023	77,439,897	0.97%	1,748	2.26%	2.10%	77,439,897	0.97%	1,748	2.26%	2.10%
2024	68,956,761	0.87%	1,342	1.74%	1.49%	68,956,761	0.87%	1,342	1.74%	1.49%
2025	114,210,990	1.43%	1,928	2.50%	1.20%	114,210,990	1.43%	1,928	2.50%	1.20%
2026	234,572,259	2.95%	3,669	4.75%	1.89%	234,572,259	2.95%	3,669	4.75%	1.89%
2027	206,796,466	2.60%	3,002	3.89%	2.17%	206,796,466	2.60%	3,002	3.89%	2.17%
2028	187,030,402	2.35%	2,396	3.10%	2.00%	187,030,402	2.35%	2,396	3.10%	2.00%
2029	172,063,795	2.16%	2,062	2.67%	2.06%	172,063,795	2.16%	2,062	2.67%	2.06%
2030	226,130,906	2.84%	2,530	3.28%	1.76%	226,130,906	2.84%	2,530	3.28%	1.76%
2031	411,945,269	5.18%	4,407	5.71%	1.86%	411,945,269	5.18%	4,407	5.71%	1.86%
2032	306,100,704	3.85%	3,243	4.20%	2.14%	306,100,704	3.85%	3,243	4.20%	2.14%
2033	232,305,294	2.92%	2,244	2.91%	2.22%	232,305,294	2.92%	2,244	2.91%	2.22%
2034	197,680,999	2.48%	1,824	2.36%	1.68%	197,680,999	2.48%	1,824	2.36%	1.68%
2035	249,157,783	3.13%	2,245	2.91%	1.48%	249,157,783	3.13%	2,245	2.91%	1.48%
2036	586,458,550	7.37%	5,188	6.72%	1.62%	586,458,550	7.37%	5,188	6.72%	1.62%
2037	495,024,013	6.22%	4,340	5.62%	1.99%	495,024,013	6.22%	4,340	5.62%	1.99%
2038	282,344,288	3.55%	2,323	3.01%	2.07%	282,344,288	3.55%	2,323	3.01%	2.07%
2039	237,585,284	2.99%	1,880	2.44%	1.88%	237,585,284	2.99%	1,880	2.44%	1.88%
2040	302,448,276	3.80%	2,356	3.05%	1.57%	302,448,276	3.80%	2,356	3.05%	1.57%
2041	562,657,856	7.07%	4,011	5.20%	1.52%	562,657,856	7.07%	4,011	5.20%	1.52%
2042	455,709,018	5.73%	3,436	4.45%	2.16%	455,709,018	5.73%	3,436	4.45%	2.16%
2043	294,265,351	3.70%	2,137	2.77%	2.16%	294,265,351	3.70%	2,137	2.77%	2.16%
2044	228,623,238	2.87%	1,722	2.23%	2.21%	228,623,238	2.87%	1,722	2.23%	2.21%
2045	287,025,761	3.61%	2,089	2.71%	2.13%	287,025,761	3.61%	2,089	2.71%	2.13%
2046	542,474,617	6.82%	3,751	4.86%	1.95%	542,474,617	6.82%	3,751	4.86%	1.95%
2047	607,723,013	7.64%	4,190	5.43%	2.33%	607,723,013	7.64%	4,190	5.43%	2.33%
2048	105,104,887	1.32%	703	0.91%	2.18%	105,104,887	1.32%	703	0.91%	2.18%
2049	19,766,453	0.25%	120	0.16%	1.10%	19,766,453	0.25%	120	0.16%	1.10%
2050	31,467,790	0.40%	181	0.23%	0.98%	31,467,790	0.40%	181	0.23%	0.98%
2051	62,084,080	0.78%	345	0.45%	0.75%	62,084,080	0.78%	345	0.45%	0.75%
2052	31,294,473	0.39%	207	0.27%	1.97%	31,294,473	0.39%	207	0.27%	1.97%
2053	7,032,298	0.09%	42	0.05%	2.22%	7,032,298	0.09%	42	0.05%	2.22%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 6. Seasoning

Seasoning (years)	Current Period					Issue Date				
	Aggregate		Weighted			Aggregate		Weighted		
	Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Average Coupon	Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Average Coupon
< 0.5	487,957,330	6.13%	3,999	5.18%	2.40%	487,957,330	6.13%	3,999	5.18%	2.40%
0.5 - 1	595,544,982	7.48%	4,995	6.47%	2.43%	595,544,982	7.48%	4,995	6.47%	2.43%
1 - 2	1,371,237,811	17.23%	12,022	15.57%	2.23%	1,371,237,811	17.23%	12,022	15.57%	2.23%
2 - 3	647,287,090	8.13%	6,002	7.78%	2.26%	647,287,090	8.13%	6,002	7.78%	2.26%
3 - 4	465,928,799	5.85%	4,319	5.60%	2.39%	465,928,799	5.85%	4,319	5.60%	2.39%
4 - 5	386,470,186	4.86%	3,518	4.56%	2.39%	386,470,186	4.86%	3,518	4.56%	2.39%
5 - 6	493,520,302	6.20%	4,445	5.76%	2.27%	493,520,302	6.20%	4,445	5.76%	2.27%
6 - 7	1,083,141,223	13.61%	9,593	12.43%	1.18%	1,083,141,223	13.61%	9,593	12.43%	1.18%
7 - 8	528,062,358	6.63%	5,240	6.79%	1.06%	528,062,358	6.63%	5,240	6.79%	1.06%
8 - 9	368,301,365	4.63%	4,005	5.19%	1.79%	368,301,365	4.63%	4,005	5.19%	1.79%
9 - 10	547,762,505	6.88%	6,507	8.43%	2.34%	547,762,505	6.88%	6,507	8.43%	2.34%
10 - more	983,915,951	12.36%	12,548	16.26%	1.16%	983,915,951	12.36%	12,548	16.26%	1.16%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 7. Remaining Tenor

average: 19.89 Remaining Tenor (years)	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
< 1	4,881,367	0.06%	853	1.11%	2.99%	4,881,367	0.06%	853	1.11%	2.99%
1 - 2	11,673,724	0.15%	812	1.05%	1.86%	11,673,724	0.15%	812	1.05%	1.86%
2 - 3	23,190,819	0.29%	1,010	1.31%	1.17%	23,190,819	0.29%	1,010	1.31%	1.17%
3 - 4	51,303,680	0.64%	1,658	2.15%	1.83%	51,303,680	0.64%	1,658	2.15%	1.83%
4 - 5	61,319,896	0.77%	1,622	2.10%	2.27%	61,319,896	0.77%	1,622	2.10%	2.27%
5 - 6	77,872,870	0.98%	1,666	2.16%	1.87%	77,872,870	0.98%	1,666	2.16%	1.87%
6 - 7	62,733,210	0.79%	1,191	1.54%	1.44%	62,733,210	0.79%	1,191	1.54%	1.44%
7 - 8	130,377,240	1.64%	2,183	2.83%	1.21%	130,377,240	1.64%	2,183	2.83%	1.21%
8 - 9	258,731,959	3.25%	4,018	5.21%	1.99%	258,731,959	3.25%	4,018	5.21%	1.99%
9 - 10	192,081,726	2.41%	2,687	3.48%	2.18%	192,081,726	2.41%	2,687	3.48%	2.18%
10 - 11	188,048,997	2.36%	2,370	3.07%	2.07%	188,048,997	2.36%	2,370	3.07%	2.07%
11 - 12	158,097,096	1.99%	1,887	2.44%	1.88%	158,097,096	1.99%	1,887	2.44%	1.88%
12 - 13	281,851,914	3.54%	3,103	4.02%	1.94%	281,851,914	3.54%	3,103	4.02%	1.94%
13 - 14	396,399,447	4.98%	4,241	5.49%	1.78%	396,399,447	4.98%	4,241	5.49%	1.78%
14 - 15	298,934,689	3.76%	3,127	4.05%	2.22%	298,934,689	3.76%	3,127	4.05%	2.22%
15 - 16	208,039,355	2.61%	1,975	2.56%	2.13%	208,039,355	2.61%	1,975	2.56%	2.13%
16 - 17	214,303,861	2.69%	1,972	2.55%	1.63%	214,303,861	2.69%	1,972	2.55%	1.63%
17 - 18	254,424,291	3.20%	2,276	2.95%	1.42%	254,424,291	3.20%	2,276	2.95%	1.42%
18 - 19	634,689,777	7.97%	5,635	7.30%	1.69%	634,689,777	7.97%	5,635	7.30%	1.69%
19 - 20	473,695,456	5.95%	4,115	5.33%	2.04%	473,695,456	5.95%	4,115	5.33%	2.04%
20 - 21	265,464,873	3.34%	2,146	2.78%	2.03%	265,464,873	3.34%	2,146	2.78%	2.03%
21 - 22	213,897,413	2.69%	1,683	2.18%	1.76%	213,897,413	2.69%	1,683	2.18%	1.76%
22 - 23	317,992,357	4.00%	2,458	3.18%	1.57%	317,992,357	4.00%	2,458	3.18%	1.57%
23 - 24	599,796,963	7.54%	4,246	5.50%	1.56%	599,796,963	7.54%	4,246	5.50%	1.56%
24 - 25	464,716,130	5.84%	3,545	4.59%	2.22%	464,716,130	5.84%	3,545	4.59%	2.22%
25 - 26	221,106,574	2.78%	1,591	2.06%	2.16%	221,106,574	2.78%	1,591	2.06%	2.16%
26 - 27	243,845,653	3.06%	1,824	2.36%	2.21%	243,845,653	3.06%	1,824	2.36%	2.21%
27 - 28	299,538,873	3.76%	2,158	2.80%	2.08%	299,538,873	3.76%	2,158	2.80%	2.08%
28 - 29	636,929,621	8.00%	4,394	5.69%	2.04%	636,929,621	8.00%	4,394	5.69%	2.04%
29 - 30	551,612,125	6.93%	3,793	4.91%	2.32%	551,612,125	6.93%	3,793	4.91%	2.32%
30 - more	161,577,945	2.03%	954	1.24%	1.17%	161,577,945	2.03%	954	1.24%	1.17%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 8. Interest Type

average: 5.10 Seasoning (years)	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
< 0.5	487,957,330	6.13%	3,999	5.18%	2.40%	487,957,330	6.13%	3,999	5.18%	2.40%
0.5 - 1	595,544,982	7.48%	4,995	6.47%	2.43%	595,544,982	7.48%	4,995	6.47%	2.43%
1 - 2	1,371,237,811	17.23%	12,022	15.57%	2.23%	1,371,237,811	17.23%	12,022	15.57%	2.23%
2 - 3	647,287,090	8.13%	6,002	7.78%	2.26%	647,287,090	8.13%	6,002	7.78%	2.26%
3 - 4	465,928,799	5.85%	4,319	5.60%	2.39%	465,928,799	5.85%	4,319	5.60%	2.39%
4 - 5	386,470,186	4.86%	3,518	4.56%	2.39%	386,470,186	4.86%	3,518	4.56%	2.39%
5 - 6	493,520,302	6.20%	4,445	5.76%	2.27%	493,520,302	6.20%	4,445	5.76%	2.27%
6 - 7	1,083,141,223	13.61%	9,593	12.43%	1.18%	1,083,141,223	13.61%	9,593	12.43%	1.18%
7 - 8	528,062,358	6.63%	5,240	6.79%	1.06%	528,062,358	6.63%	5,240	6.79%	1.06%
8 - 9	368,301,365	4.63%	4,005	5.19%	1.79%	368,301,365	4.63%	4,005	5.19%	1.79%
9 - 10	547,762,505	6.88%	6,507	8.43%	2.34%	547,762,505	6.88%	6,507	8.43%	2.34%
10 - more	983,915,951	12.36%	12,548	16.26%	1.16%	983,915,951	12.36%	12,548	16.26%	1.16%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 9. Interest Reset Dates

Interest Reset Dates	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
Fixed	2,528,731,390	31.77%	27,860	36.09%	2.96%	2,528,731,390	31.77%	27,860	36.09%	2.96%
Floating	5,223,522,815	65.63%	47,098	61.01%	1.31%	5,223,522,815	65.63%	47,098	61.01%	1.31%
2017	23,451,542	0.29%	274	0.35%	0.30%	23,451,542	0.29%	274	0.35%	0.30%
2018	106,361,788	1.34%	1,147	1.49%	5.16%	106,361,788	1.34%	1,147	1.49%	5.16%
2019	69,995,819	0.88%	735	0.95%	4.48%	69,995,819	0.88%	735	0.95%	4.48%
2020	6,143,427	0.08%	68	0.09%	4.69%	6,143,427	0.08%	68	0.09%	4.69%
2021	923,120	0.01%	11	0.01%	5.14%	923,120	0.01%	11	0.01%	5.14%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 10. Geography

Region	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
Central Italy	2,284,803,894	28.71%	20,473	26.52%	2.00%	2,284,803,894	28.71%	20,473	26.52%	2.00%
Northern Italy	4,078,583,737	51.24%	39,896	51.68%	1.69%	4,078,583,737	51.24%	39,896	51.68%	1.69%
Southern Italy	1,595,742,270	20.05%	16,824	21.79%	2.35%	1,595,742,270	20.05%	16,824	21.79%	2.35%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 11a. Current Loan to Market Value

Region	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
Central Italy	2,284,803,894	28.71%	20,473	26.52%	2.00%	2,284,803,894	28.71%	20,473	26.52%	2.00%
Northern Italy	4,078,583,737	51.24%	39,896	51.68%	1.69%	4,078,583,737	51.24%	39,896	51.68%	1.69%
Southern Italy	1,595,742,270	20.05%	16,824	21.79%	2.35%	1,595,742,270	20.05%	16,824	21.79%	2.35%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 11b. Original Loan to Market Value

Original Loan to Market Value (%)	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
<= 30.00%	344,406,862	4.33%	6,343	8.22%	2.15%	344,406,862	4.33%	6,343	8.22%	2.15%
30.01% - 40.00%	533,070,197	6.70%	7,482	9.69%	1.97%	533,070,197	6.70%	7,482	9.69%	1.97%
40.01% - 50.00%	896,988,675	11.27%	10,459	13.55%	1.89%	896,988,675	11.27%	10,459	13.55%	1.89%
50.01% - 60.00%	1,136,740,722	14.28%	11,469	14.86%	1.80%	1,136,740,722	14.28%	11,469	14.86%	1.80%
60.01% - 70.00%	1,691,546,322	21.25%	15,251	19.76%	1.87%	1,691,546,322	21.25%	15,251	19.76%	1.87%
70.01% - 80.00%	3,356,377,122	42.17%	26,189	33.93%	1.95%	3,356,377,122	42.17%	26,189	33.93%	1.95%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## 12. Original Notional Amount

Aggregate Outstanding Notional	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
50,000 - 75,000	494,745,050	6.22%	11,521	14.92%	2.65%	494,745,050	6.22%	11,521	14.92%	2.65%
75,001 - 100,000	1,087,119,929	13.66%	16,297	21.11%	2.31%	1,087,119,929	13.66%	16,297	21.11%	2.31%
100,001 - 125,000	1,297,589,908	16.30%	14,739	19.09%	2.14%	1,297,589,908	16.30%	14,739	19.09%	2.14%
125,001 - 150,000	1,397,791,153	17.56%	12,786	16.56%	2.02%	1,397,791,153	17.56%	12,786	16.56%	2.02%
150,001 - 175,000	898,608,927	11.29%	6,760	8.76%	1.90%	898,608,927	11.29%	6,760	8.76%	1.90%
175,001 - 200,000	916,781,389	11.52%	6,237	8.08%	1.66%	916,781,389	11.52%	6,237	8.08%	1.66%
200,001 - 225,000	433,204,321	5.44%	2,592	3.36%	1.60%	433,204,321	5.44%	2,592	3.36%	1.60%
225,001 - 250,000	439,979,253	5.53%	2,407	3.12%	1.47%	439,979,253	5.53%	2,407	3.12%	1.47%
250,001 - 275,000	189,555,104	2.38%	916	1.19%	1.48%	189,555,104	2.38%	916	1.19%	1.48%
275,001 - 300,000	244,670,877	3.07%	1,126	1.46%	1.29%	244,670,877	3.07%	1,126	1.46%	1.29%
300,001 - 325,000	97,193,845	1.22%	396	0.51%	1.30%	97,193,845	1.22%	396	0.51%	1.30%
325,001 - 350,000	104,170,218	1.31%	409	0.53%	1.24%	104,170,218	1.31%	409	0.53%	1.24%
350,001 - 375,000	49,417,607	0.62%	177	0.23%	1.29%	49,417,607	0.62%	177	0.23%	1.29%
375,001 - 400,000	72,835,913	0.92%	253	0.33%	1.24%	72,835,913	0.92%	253	0.33%	1.24%
400,001 - 425,000	23,239,461	0.29%	72	0.09%	1.18%	23,239,461	0.29%	72	0.09%	1.18%
425,001 - 450,000	34,100,343	0.43%	109	0.14%	1.14%	34,100,343	0.43%	109	0.14%	1.14%
450,001 - 475,000	15,040,926	0.19%	43	0.06%	0.96%	15,040,926	0.19%	43	0.06%	0.96%
475,001 - 500,000	40,450,997	0.51%	110	0.14%	1.09%	40,450,997	0.51%	110	0.14%	1.09%
500,001 - 1,000,000	103,623,611	1.30%	224	0.29%	0.91%	103,623,611	1.30%	224	0.29%	0.91%
more	19,011,069	0.24%	19	0.02%	0.62%	19,011,069	0.24%	19	0.02%	0.62%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

### 13. Outstanding Notional Amount

Aggregate Outstanding Notional	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
< 1,000										
1,000 - 8,000	4,186,265	0.05%	938	1.22%	3.12%	4,186,265	0.05%	938	1.22%	3.12%
8,001 - 20,000	29,949,044	0.38%	2,076	2.69%	2.33%	29,949,044	0.38%	2,076	2.69%	2.33%
20,001 - 50,000	392,248,986	4.93%	10,381	13.45%	2.30%	392,248,986	4.93%	10,381	13.45%	2.30%
50,001 - 75,000	861,582,046	10.83%	13,630	17.66%	2.13%	861,582,046	10.83%	13,630	17.66%	2.13%
75,001 - 100,000	1,352,002,306	16.99%	15,460	20.03%	2.09%	1,352,002,306	16.99%	15,460	20.03%	2.09%
100,001 - 125,000	1,400,300,525	17.59%	12,495	16.19%	2.03%	1,400,300,525	17.59%	12,495	16.19%	2.03%
125,001 - 150,000	1,220,045,445	15.33%	8,919	11.55%	1.91%	1,220,045,445	15.33%	8,919	11.55%	1.91%
150,001 - 175,000	891,243,334	11.20%	5,522	7.15%	1.80%	891,243,334	11.20%	5,522	7.15%	1.80%
175,001 - 200,000	602,203,303	7.57%	3,230	4.18%	1.70%	602,203,303	7.57%	3,230	4.18%	1.70%
200,001 - 225,000	347,845,317	4.37%	1,645	2.13%	1.54%	347,845,317	4.37%	1,645	2.13%	1.54%
225,001 - 250,000	255,718,620	3.21%	1,081	1.40%	1.62%	255,718,620	3.21%	1,081	1.40%	1.62%
250,001 - 275,000	152,538,933	1.92%	583	0.76%	1.53%	152,538,933	1.92%	583	0.76%	1.53%
275,001 - 300,000	104,763,812	1.32%	365	0.47%	1.39%	104,763,812	1.32%	365	0.47%	1.39%
300,001 - 325,000	76,505,327	0.96%	246	0.32%	1.41%	76,505,327	0.96%	246	0.32%	1.41%
325,001 - 350,000	57,771,877	0.73%	172	0.22%	1.45%	57,771,877	0.73%	172	0.22%	1.45%
350,001 - 375,000	41,164,432	0.52%	114	0.15%	1.31%	41,164,432	0.52%	114	0.15%	1.31%
375,001 - 400,000	24,741,726	0.31%	64	0.08%	1.44%	24,741,726	0.31%	64	0.08%	1.44%
400,001 - 425,000	28,384,965	0.36%	69	0.09%	1.17%	28,384,965	0.36%	69	0.09%	1.17%
425,001 - 450,000	20,196,111	0.25%	46	0.06%	1.17%	20,196,111	0.25%	46	0.06%	1.17%
450,001 - 475,000	13,380,330	0.17%	29	0.04%	1.08%	13,380,330	0.17%	29	0.04%	1.08%
475,001 - 500,000	14,105,300	0.18%	29	0.04%	1.41%	14,105,300	0.18%	29	0.04%	1.41%
500,001 - 1,000,000	54,556,856	0.69%	87	0.11%	0.91%	54,556,856	0.69%	87	0.11%	0.91%
more	13,695,041	0.17%	12	0.02%	0.77%	13,695,041	0.17%	12	0.02%	0.77%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

### 14. Interest Payment Frequency

Interest Payment Frequency	Current Period					Issue Date				
	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon	Aggregate Outstanding Not. Amount	% of Total	Nr of Loans	% of Total	Weighted Average Coupon
Monthly	7,959,129,901	100.00%	77,193	100.00%	1.91%	7,959,129,901	100.00%	77,193	100.00%	1.91%
	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>	<b>7,959,129,901</b>	<b>100.00%</b>	<b>77,193</b>	<b>100.00%</b>	<b>1.91%</b>

## **THE ORIGINATOR, THE SERVICER AND THE LIQUIDITY FACILITY PROVIDER**

### **ING Bank N.V., Milan Branch**

ING Bank N.V., Milan Branch ("**ING Italy**") having its registered office at Via Fulvio Testi 250, Milan, Italy, will be acting as Originator, Servicer and Liquidity Facility Provider.

The entity's product offering is focused on a 'value for money' concept by charging no additional fees and adopting a simple and transparent approach to the business. ING Italy started its business by introducing a Savings Account product (the so-called '*Conto Arancio*'), the first savings account to be offered in the country. In 2004 the subsidiary launched a mortgage product ('*Mutuo Arancio*'), whilst in November 2005 it started offering mutual funds ('*Investimenti Arancio*'), the first low cost mutual funds to be introduced in the Italian market. In 2008 a payment account ('*Conto Corrente Arancio*') was launched and since April 2009 ING Italy has been offering online security brokerage services ('Trading On Line'). Today ING Italy's product offering includes a wide range of mutual funds investing in a broad spectrum of asset classes.

ING Italy is member, respectively, of the Interbank Deposit Protection Fund (*Fondo Interbancario di Tutela dei Depositi*) and the corresponding Dutch fund (*Collectieve Garantieregeling*).

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



## **THE DUTCH ACCOUNT BANK, THE CALCULATION AGENT, THE PRINCIPAL PAYING AGENT AND THE CASH MANAGER**

### **ING Bank N.V. and ING Groep N.V.**

#### **Profile**

ING Bank N.V. is part of ING Groep N.V. ING Groep N.V., also called "ING Group", is the holding company for a broad spectrum of companies (together, "ING"). ING Group holds all shares of ING Bank N.V., which is a non-listed 100% subsidiary of ING Group.

ING is a global financial institution with a strong European base. ING's 51,000+ employees offer banking services to 36.9 million Retail and Wholesale Banking customers in over 40 countries. ING's purpose is to empower people to stay a step ahead in life and in business.

ING's strengths include a well-known brand that is positively recognised in many markets, a strong financial position, its international network and omnichannel distribution strategy. Not to mention its efforts to contribute to a sustainable world. ING is among the leading banks in the Dow Jones Sustainability Index (Europe and World) and is included in the FTSE4Good index.

#### **Market positions**

In the Benelux ING's strategy is to grow in selected segments. ING is investing in digital leadership to deliver a universal customer experience that is best-in-class, with one integrated banking platform, a harmonised business model and a shared operating model.

ING is striving to strengthen its position in what ING calls its challenger markets: Germany, Austria, Spain, Italy, France, the Czech Republic and Australia. Here ING wants to be the number one digital bank brand, offering customers the same differentiating experience from a single platform. ING seeks to use its direct banking expertise to grow consumer lending and lending to small and medium enterprises. ING also seeks to grow its corporate client base and develop its capabilities in industry lending and transaction services.

Poland, Turkey, Romania and Asia are growth markets where ING seeks opportunity to expand its retail and wholesale activities and gain a sustainable market share. Here too the focus is on digital leadership and prioritising innovation.

ING's Wholesale Banking network spans 40 countries and aims to provide clients with one cross-border, global experience that is seamless and efficient. ING wants to be their trusted financial partner offering advice, data-driven insights, sector knowledge and customised, integrated solutions on a single digital platform.

In most retail markets ING offers a full range of banking products and services, covering payments, savings, investments, mortgages and consumer loans. For corporate clients and financial institutions ING provides specialised lending, tailored corporate finance and debt and equity markets solutions. ING also offers working capital, payments and cash management and trade and treasury services to help corporates achieve their business goals.

## **Incorporation and history**

ING Bank was incorporated under Dutch law in The Netherlands on 12 November 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank N.V. ("**NMB Bank**").

On 4 October 1989, NMB Bank merged with Postbank, the leading Dutch retail bank. The legal name of NMB Bank was changed into NMB Postbank Groep N.V. On 4 March 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date, the newly formed holding company Internationale Nederlanden Groep N.V. honoured its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensured a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remained legally separate. After interim changes of name, the statutory names of the above-mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on 1 December 1995.

In May 2009, ING announced that – in line with its April 2009 strategy announcement – it was taking measures to simplify its governance. These measures have been implemented. In October 2009, ING announced that it would move towards a separation of ING's banking and insurance and investment management operations, clarifying the strategic direction for the bank and the insurance business going forward. In 2016 ING completed the divestment of its insurance and investment management businesses.

The registered office of ING Bank N.V. is at Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands (telephone number: +31 20 563 9111). ING Bank N.V. is registered at the Dutch Chamber of Commerce under no. 33031431 and its corporate seat is in Amsterdam, The Netherlands. The Articles of Association of ING Bank N.V. were last amended by notarial deed executed on 13 December 2013. According to Article 2 of its Articles of Association, the objects of ING Bank N.V. are to conduct the banking business in the broadest sense of the word, including insurance brokerage, to acquire, construct and operate immovable properties, and furthermore to participate in, conduct the management of, finance and furnish personal or real security for the obligations of, and provide services to, other enterprises and institutions of whatever kind, but in particular enterprises and institutions active in the credit business, investments and/or other financial services, as well as to perform all that which is related or may be conducive to the foregoing.

As a non-listed company, ING Bank N.V. is not bound by the Dutch Corporate Governance Code (for the purpose of this Section, the "**Code**"). ING Group, as the listed holding company of ING Bank N.V., is in compliance with the Code.

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

## CREDIT AND COLLECTION POLICY

*Set out below is an overview of the main features of the credit and collection policies adopted by ING Bank N.V. for the granting and servicing of the Mortgage Loans. Prospective Noteholders may inspect a copy of the credit and collection policies upon request at the registered office of the Issuer, the Representative of the Noteholders and at the Specified Offices of, respectively, of the Principal Paying Agent.*

### 1. INTRODUCTION

ING Bank Italy's objective is to maximize the risk-adjusted rate of return, while maintaining the **retail credit risk exposure** within the parameters complying with Head Office policies.

This section contains a general overview of the main framework governing the Retail Credit Risk Management ("**RCRM**") of ING Bank Italy mortgage portfolio through its credit and collection policy.

For the aim of this section, the retail credit risk is defined as the borrower's failure to meet his obligations in accordance with the agreed terms and conditions of the relevant mortgage loan agreement.

The current Credit and Collection Policy adopted by ING Bank Italy for its mortgage loan portfolio relates to the identification, measurement, management and monitoring of the Retail Credit Risk.

### 2. CREDIT DECISION PROCESS CHARACTERISTICS

The process is designed to insure the independence of the departments involved. The control functions such as the monitoring and reporting of compliance with this policy, or the assignment of internal risk ratings, are conducted by areas that are independent of those areas responsible for credit acquisition and/or administration of credit risk exposures.

#### 2.1 Product description

A mortgage at ING is a credit facility disbursed/reimbursed in euro, secured by a first lien on a residential property, to finance the acquisition of the primary/secondary home of the borrower, remortgage an outstanding loan, or for equity release. The purchase/ownership of the property and the loan terms must be adequately covered by Public Deeds, properly and timely registered.

In some cases, it may happen that the borrower is not the owner of the property. If the mortgage is required by only one of the owners, the co-owner authorizing the bank to register a mortgage, is not a borrower and is called a "third-party mortgage guarantor". ING doesn't accept this kind of financing, as it prefers to involve the "third-party mortgage guarantor" in the mortgage agreement or as borrower or guarantor.

Three types of repayment plans are offered:

- Floating rate
- Fixed rate renegotiable (ARM - first 5 to 10 years fixed rate, then floating or fixed)

- Fixed rate (interest duration is loan duration)

## 2.2 Eligible Mortgage Usage Criteria

The mortgage can be granted to private individuals only (i.e. excluding companies) according to the criteria below:

<i>Purpose</i>	<i>Ist lien on</i>	<i>LTV</i>	<i>Min. Limit</i>	<u>Floating rate</u>	<u>Fixed rate ren.</u>	<u>Fixed rate</u>
				<i>Max. Limit</i>	<i>Max. Limit</i>	<i>Max. Limit</i>
Home Purchase	Primary home	80%	€ 50.000	€ 3.000.000		€ 500.000
	Second home	80%	€ 50.000	€ 500.000		
Surroga / Substitution	Primary home	80%	€ 80.000	€ 3.000.000		€ 500.000
	Second home	80%	€ 80.000	€ 500.000		
<i>Type of borrower</i>						
Refinancing / Liquidity / Renovation*	Employee	80%	€ 50.000	€ 500.000		
	Self-employed	60%	€ 50.000	€ 500.000		

\* Primary or second home

The sale of property must have been legally and contractually documented.

The property must be eligible for first grade liens<sup>1</sup> assumable by the lending bank, therefore the seller must have no other liens on the property to be sold.

## 2.3 Individual Applicant Eligibility Criteria

The borrower is a private individual, Italian resident, buyer or owner of the property which will secure the mortgage. Our mortgage lending is based on customers' credit quality (no decision engine used); therefore, we rely on their proven labour stability, their adequate payment capacity calculated with net, recurrent and verified income, and their positive payment behaviour.

The mortgage can be granted to max. 2 borrowers and 2 guarantors (one of the borrowers must fulfill all requirements, other is co-borrower) based on the following main eligibility criteria:

- Italian citizen or resident for a minimum of 3 years
- Age requirement of a minimum of 18 years old and a maximum of 80 years old at the end of maturity (a maximum of 80 years old for guarantors at 2/3 of mortgage loan maturity)

## 2.4 Income Eligibility Criteria

The mortgage income eligibility criteria are the following:

- Employee holding a permanent contract with a time on job period not less than 3 months

<sup>1</sup> All previous liens held against the property must be extinguished at the time of disbursement. After 20 years mortgage lien must be renewed.

- Pensioner
- Self-employed with a registered tax ID and minimum 2 years in the same activity
- Temporary workers must have been working constantly for at least 18 months during previous 24 months, with expiry of the contract not less than 6 months from the date of approval

## **2.5 Income Ineligibility Criteria**

Those who pertain to the following classes may not be eligible for the mortgage loan:

- Foreign citizens residing abroad (including S. Marino and Vatican)
- Minors (even in the presence of the sentence of the Judge authorizing the guardian of the child to purchase the property and take out the loan)
- Subjects present in the protests and prejudicial databases
- Subjects included in the ING Bank Italy's Black List

## **2.6 Eligible Property Criteria**

The following property types may be financed:

- Single family dwellings for residential use only located in Italy and in line with the regulation building codes.
- Newly constructed single-family dwellings, which may require additional finishing for residential use only located in Italy and in line with regulating building codes. The roof and all external finishing of the building must have been completed.
- Buildings by cooperative housing society which are subsequently sold as single-family dwellings located in Italy and in line with regulation building codes.
- Garages can only be financed if they are pertaining to the residential dwelling object of the purchase, as described above, the property must be located in Italy and in line with regulation building codes.

A fire and explosion insurance policy over the collateral property is compulsory (paid by ING bank Italy). Life insurance and total/partial disability are optional.

## **2.7 Guarantor**

The mortgage application may require further guarantees of repayment/ability to service which can be expressed by the presence of a maximum of 2 guarantors. The guarantor is subject to the same lending criteria as the mortgage applicant/s.

Only the following individuals may act as a guarantor for the mortgage application:

- Spouse/Official partner
- Parent/Sons/Daughters
- Sibling

No other individual can be accepted (friends, employer, etc.).

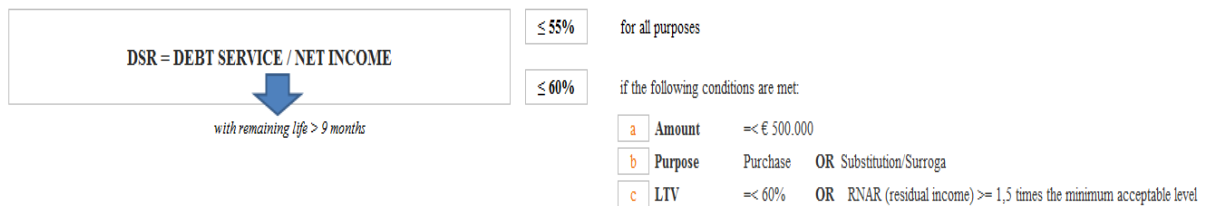
Guarantor can be eligible only if he/she gives the evidence of a minimum gross income of € 20.000.

### 3. DETERMINATION OF LENDING LIMITS: INCOME MULTIPLES/ AFFORDABILITY CALCULATOR

#### 3.1 Debt Service Ratio

The "Debt Service Ratio" (DSR) is an indicator used in the measurement of an applicant's ability to cover his/her debt payments. Lower this percentage, the easier it is to obtain a loan.

The formula is the following:  $DSR = \text{Debt Service}^2 / \text{Net (monthly) income}$



PLUG RATE = Affordability calculated with a floor rate of 2% plus the commercial spread. This plug is applied to floating rate loans and loans where the interest rate is reset within less than 5 years after booking

#### 3.2 RNAR value limit

The "Reddito Netto Annuo Residuale" (RNAR) is an affordability indicator that ensures a reasonable available income for the borrower, depending on the province they reside and the size of the family. Applied along with Debt to Income, ensures not just that indebtedness level is appropriate, but also that remaining income is sufficient enough for borrower's specific living standards.

The formula is the following:

$RNAR (\%) = \text{Net annual income} - \text{Debt service (all, existing and new from all Financial Institutions)} / \text{Province minimum available income per family member}$

<sup>2</sup> Debt Service calculated with all new and existing debts (all financial institutions).

This ratio was constructed using a minimum available income calculated through statistical information.

For second home, standard amount reported in the table below is multiplied by 150%.

### **3.3 Exceptions On Credit Policy Rules**

Exceptions or overrides are accepted in a limited number and needs to be approved by relevant authority as described in the local credit risk policy; furthermore, they are monthly monitored on their performances. These exceptions cannot be accepted for mortgage's characteristics like:

- LTV higher than 80%
- Applicants who are not individuals (companies, public organizations, etc)
- Properties which are not located in Italy (for instance: S.Marino and Vatican City)
- Type of mortgages which aren't in the product list (for instance: mortgages for construction steps)

### **3.4 External data and Credit Score tools**

Credit checks are performed during the underwriting phase of the mortgage application as an assessment of the applicant's previous credit history in order to assess the future risk of the mortgage loan. Credit checks are performed for all mortgage applicants and guarantors.

#### **3.4.1 Public Data Bases**

ING Bank Italy will carry out systematic checks on the following public databases during the underwriting phase:

- Central Bank Credit Bureau (Centrale Rischi – CR).
- Public database consisting of all 'bad' debt held, similar to a black list of borrowers, referring to Unpaid Financial Obligations and Credit Seizures supplied by Chamber of Commerce.
- Database of lost and/or stolen identification documents: Data provided by the Minister of the Internal Affairs, department of public security.

#### **3.4.2 Private Data Bases**

Regarding customer assessment, ING Bank takes into consideration two credit bureaus: CRIF and CTC. Both express a positive and negative stance on the applicant.

#### **3.4.3 Scoring**

As part of the approval process the Bank utilizes a scoring system named SPRINT, (provided by CRIF). The system will consider both applicants' credit bureau history which is Credit Bureau Score.

Any application is typically rejected if:

- CRIF Credit Bureau Score is High Risk
- Credit checks show write off records related to the applicant
- Public Database show record where the customer has bankruptcy filings or has in court judgment cases
- Any record in Database of lost and/or stolen identification documents appears

### **3.5 Property Appraisal**

As part of the assessment for all mortgage applications it is mandatory that a property valuation be conducted. The valuation conducted is standard for all properties regardless of the lending amount or location or the mortgage type. An independent network of valuers is contracted by ING Bank Italy to perform this activity in accordance with the Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on Credit Agreements for consumers relating to residential immovable property (the "Mortgage Credit Directive"). The valuation must consist of:

- Location of property (full postal address)
- Type of residence
- Confirmation of property usage
- Positioning with reference to the infrastructure in the area
- Property category (luxury, popular, etc.)
- Current status of occupancy
- Compliance to building codes and standards
- Confirmation of official building registry
- Property description

## **4. CREDIT QUALITY and COLLECTION**

### **4.1 Internal Classification Criteria**

"*Arrears*" is defined as any amount due and unpaid on the first day following its due date. ING Direct Italy reports its mortgage arrears by the following criteria:





## THE ISSUER

### Introduction

The Issuer is a special purpose vehicle incorporated in the Republic of Italy pursuant to the Securitisation Law on 22 April 2010 as a *società a responsabilità limitata* under the name "Leone Arancio RMBS 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 Foro Buonaparte, 70, 20121 Milan Italy, the fiscal code and enrolment number with the companies register of Milan is 07013020966. The Issuer is enrolled in the register of special purpose vehicles held by the Bank of Italy pursuant the regulation issued by the Bank of Italy on 7 June 2017. The Issuer has no employees and no subsidiaries. The Issuer's telephone's and fax's number is +39 02 862495.

The authorised, issued and fully paid up quota capital of the Issuer is €10,000. The current quotaholder of the Issuer is as follows:

<i>Quotaholder</i>	<i>Quota</i>
Stichting Leone Arancio	100%

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

The corporate capital of the Quotaholder is not directly or indirectly controlled by any other entity.

### Issuer's Principal Activities

The sole corporate object of the Issuer as set out in article 3 of its by-laws (*statuto*) and in compliance with the Securitisation Law is to perform securitisation transactions (*operazioni di cartolarizzazione*).

The Issuer was established as a multi-purpose vehicle and accordingly it may carry out further securitisation transactions in addition to the Securitisation, subject to the provisions set forth in Condition 6 (*Issuer Covenants*).

Condition 6 (*Issuer Covenants*) provides that, so long as any of the Notes remain outstanding, the Issuer shall not, without the prior consent of the Representative of the Noteholders and as provided in the Conditions, incur any other indebtedness for borrowed moneys (except in relation to any other securitisation carried out in accordance with the Transaction Documents) engage in any activities (other than acquiring and holding the assets on which the Notes are secured, issuing the Notes and entering into the documents executed in the context of the Transaction Documents to which it is a party), pay any dividends, repay or otherwise return any quota capital, have any subsidiaries, employees or premises, consolidate or merge with any other person or convey or transfer its property or assets to any person (otherwise than as contemplated in the Conditions or in the Intercreditor Agreement) or increase its capital.

The Issuer will covenant in the Intercreditor Agreement to observe, *inter alia*, the restrictions detailed in Condition 6 (*Issuer Covenants*).

**Sole Director**            The Issuer is managed by a sole director whose name is Mr. Andrea Di Cola, a chartered accountant. The domicile of Mr. Di Cola, in his capacity of Sole Director of the Issuer, is at Foro Buonaparte, 70, 20121 Milan, Italy. There are no relevant activities carried out (other than that of sole director) by the sole director to be reported.

The Issuer confirms that the sole director has appropriate expertise and experience for the management of the Issuer's business.

### **Quotaholder's Agreement**

Pursuant to the Quotaholder's Agreement to be entered into on or prior to the Issue Date between the Issuer, the Quotaholder and the Representative of the Noteholders, the Quotaholder shall assume certain undertakings with respect to, *inter alia*, the exercise of its voting rights in the Issuer, and shall undertake not to dispose of its interest in the Issuer. The undertakings assumed in the Quotaholder's Agreement and the covenants made in the Transaction Documents are intended to prevent any abuse of control of the Issuer by the Quotaholder.

### **No material litigation**

The Issuer is not (and was not in the 12 months preceding the date of this Prospectus) involved in any litigation, arbitration, governmental or administrative proceedings relating to claims or amounts which are material and which may have, or have had, during such 12 months' period, a significant effect on its financial position or profitability, nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.

### **Accounts of the Issuer and accounting treatment of the Receivables**

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

The fiscal year of the Issuer begins on 1 January of each calendar year and ends on 31 December of the same calendar year with the exception of the first fiscal year which started on 22 April 2010 and ended on 31 December 2010.

### **Capitalisation and indebtedness statement**

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

<b>Quota capital</b>	<b>Euro</b>
Issued, authorised and fully paid up capital	10,000

<b>Loan Capital</b>	<b>Euro</b>
<b><i>Securitisation</i></b>	
Class A1 Mortgage Backed Floating Rate Notes due October 2078	4,949,490,000
Class A2 Mortgage Backed Fixed Rate Notes due October 2078	2,665,110,000
Class J Mortgage Backed Notes due October 2078	1,844,530,000
<b>Total loan capital (euro)</b>	<b>9,459,130,000</b>
<b>Total capitalisation and indebtedness (euro)</b>	<b>9,459,130,000</b>

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**

Copy of the financial statements of the Issuer may be inspected and obtained free of charge during usual business hours at the specified offices of the Issuer.

The auditor of the issuer is KPMG S.p.A., an auditing firm having its registered office at via Vittor Pisani 25, Milan, Italy. Fiscal code and VAT number 00709600159, enrolled under number 70623 to the Register of Legal Statutory Auditors, established pursuant to Legislative Decree 39/2010 at the Ministry of Economy and Finance.

## **USE OF PROCEEDS**

The proceeds from the issue of the Notes, being € 9,459,130,000, will be applied by the Issuer to pay to the Originator the Initial Portfolio Purchase Price in accordance with the Master Receivables Purchase Agreement.

## DESCRIPTION OF THE TRANSACTION DOCUMENTS

*The description of the Transaction Documents set out below is an overview of certain features of those agreements and is qualified by reference to the detailed provisions of the Transaction Documents. Prospective Noteholders may inspect copies of the Transaction Documents upon request at the specified office of the Representative of the Noteholders.*

### 1. THE MASTER RECEIVABLES PURCHASE AGREEMENT

On 14 June 2018, the Originator and the Issuer entered into the Master Receivables Purchase Agreement pursuant to which the Originator has assigned and transferred to the Issuer without recourse (*pro soluto*), the Initial Portfolio and, on a revolving basis and subject to the terms and conditions of the Master Receivables Purchase Agreement, may sell to the Issuer Subsequent Portfolios arising from the Mortgage Loans.

The Initial Portfolio was purchased by the Issuer on the Effective Date and the relevant Purchase Price will be paid on the Issue Date and funded by the Notes Initial Payments subject to the provisions of the Conditions and the Subscription Agreement(s).

Sale of each Subsequent Portfolio may take place during the Revolving Period and the relevant Purchase Price will be paid on the Notes Further Payment Date and funded by the Notes Further Payments subject to the provisions of the Conditions and the Subscription Agreement(s).

The Receivables included in each Portfolio to be purchased by the Issuer have been, with respect to the Initial Portfolio, and will be, with respect to each Subsequent Portfolio, selected on the basis of the Common Criteria and Specific Criteria, pursuant to the Master Receivables Purchase Agreement.

Should no Notes Further Payments be duly paid on the Notes Further Payment Date, in whole or in part, in accordance with the provisions of the Subscription Agreement(s), the relevant assignment of the Subsequent Portfolio will be automatically terminated from the respective Subsequent Portfolio Effective Date pursuant to article 1353 of the Italian civil code, and no party thereto will have any right or recourse against the other party for any reason in respect of the assignment of each Subsequent Portfolio.

Sales of Subsequent Portfolios may take place during the Revolving Period, and the Purchase Price for the Subsequent Portfolios will be payable to the extent there are Issuer Principal Available Funds available for such purposes under the Priority of Payments and provided no Purchase Termination Event or Trigger Event has occurred and subject to the terms and conditions of the Master Receivables Purchase Agreement.

#### Purchase Price

The Purchase Price of each Portfolio payable pursuant to the Master Receivables Purchase Agreement is equal to the aggregate sum of the Individual Purchase Prices of the Receivables as set out in each Mortgage Loans List. The individual purchase price for each Receivable as at the relevant Valuation Date will be equal to (i) the Outstanding Principal Due and (ii) any Accrued Interest thereon.

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 "*The Portfolio*". The sale of the 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 was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 71 of 21 June 2018 and was published in the companies register of Milan on 25 June 2018.

The Receivables which will be included in each Portfolio will be selected in such a way as to form a plurality of monetary claims identifiable as a pool ("*crediti pecuniari individuabili in blocco*"), within the meaning of and for the purposes referred to in the combined provisions of article 1 and article 4 of the Securitisation Law. The Receivables will be identified on the basis of predetermined objective criteria as follows.

#### Common Criteria

The Receivables included in each Portfolio to be transferred under the Master Receivables Purchase Agreement meet the Common Criteria specified in schedule 1 of the Master Receivables Purchase Agreement. See for further details "*The Master Portfolio*" above.

#### Specific Criteria

In addition to the Common Criteria, the Receivables included in each Portfolio to be transferred under the Master Receivables Purchase Agreement may meet Specific Criteria which may be from time to time selected or completed or filled in, as the case may be, by the Originator at the time of each transfer, (and notified to the Issuer) from the Specific Criteria listed in schedule 2, part I of the Master Receivables Purchase Agreement. See for further details "*The Master Portfolio*" above. A list of the Specific Criteria selected by the Originator for the transfer of the Initial Portfolio is in schedule 2, part II of the Master Receivables Purchase Agreement. See for further details "*The Master Portfolio*" above.

#### Additional Criteria

To the extent necessary, the Originator and the Issuer may agree to identify the Additional Criteria, provided that such Additional Criteria shall have the purpose to supplement the Common Criteria and/or the Specific Criteria but not to amend any of the Common Criteria.

The Master Receivables Purchase Agreement contains a number of undertakings by the Originator in respect of its activities relating to the Receivables. The Originator has undertaken, *inter alia*, to refrain from carrying out activities with respect to the Receivables which may prejudice the validity or recoverability of any Receivable or adversely affect the benefit which the Issuer may derive from the Receivables and in particular not to assign or transfer the Receivables to any third party or to create any security interest, 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 Mortgage 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, save in the event such modifications or cancellations are provided for by the Transaction Documents or required by law.

Under the terms of the Master Receivables Purchase Agreement the Issuer has granted to the Originator (i) a right to repurchase (in whole but not in part) the then outstanding portfolio on any Payment Date and (ii) an option right to repurchase individual Receivables (a) in the event that the limits under clause 4 of the Servicing Agreement shall be exceeded; or (b) in case of a request by the Debtor to the Servicer of a renegotiation, suspension or moratorium, in accordance with any applicable law or other regulatory provisions (including, for avoidance of doubts, any request under the provisions of article 1202 of the Italian civil code); or (c) without prejudice to clause 4.1 of the Servicing Agreement, in case of Defaulted Receivables.

The Master Receivables Purchase Agreement is governed by and shall be construed in accordance with Italian law.

## 2. THE SERVICING AGREEMENT

On 14 June 2018, the Originator and the Issuer entered into the Servicing Agreement, pursuant to which the Issuer has appointed ING Bank N.V., Milan Branch 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 Scheduled Collections to the Main Transaction 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 provisions of articles 2.3, letter (c), and 2.6 of the Securitisation Law.

The Servicer will also be responsible for carrying out, on behalf of the Issuer, in accordance with the Servicing Agreement and the Credit and Collection Policy, any activities related to the management, enforcement and recovery of the Defaulted Receivables.

The activities to be carried out by the Servicer include also the processing of administrative and accounting data in relation to the Receivables and the management of such data. The Servicer has represented to the Issuer that it has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Servicing Agreement.

The Servicer has undertaken to use all due diligence to maintain all accounting records 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.

In consideration of the performance of its obligations hereunder, the Issuer has undertaken to pay to the Servicer on each Payment Date in accordance with the relevant Priority of Payments:

- i) with respect to the management and collection of the performing Receivables (*in bonis*) a commission equal to 0,10% of the Outstanding Principal Due of the Receivables at the beginning of the relevant Collection Period;



ii) with respect to the administration, collection and recovery of any Delinquent Receivables and/or Defaulted Receivables:

- (1) a commission equal to 8% of the amount recovered in respect of each Delinquent Receivable and/or Defaulted Receivable;
- (2) an amount (as expenses) equal to Euro 10 (including VAT) for each Delinquent Receivable and Defaulted Receivable serviced during each Monthly Collection Period, and

iii) for the monitoring and reporting activity carried out by the Servicer an annual fee of Euro 125,000 (including VAT).

Under the Servicing Agreement, the Servicer has the right to renegotiate, where appropriate, the terms of the Mortgage Loans comprised in the Master Portfolio even in relation to those Receivables which are not Defaulted Receivables and such renegotiations being carried out in relation to requests for renegotiation made by Debtors with the intention of availing themselves of the provisions of any applicable law, regulation or agreement.

The Servicer is authorised to consent to any renegotiation requests made by the Debtors subject to the following conditions:

(a) With respect to a reduction in the interest rate of a mortgage loan with floating interest rate:

<b>Current LTV</b>	<b>Minimum spread</b>
≤ 50%	0.80%
> 50% and ≤ 70%	1.00%
> 70%	1.20%

(b) With respect to a reduction in the interest rate of a mortgage loan with fixed interest rate:

<b>Current LTV</b>	<b>Minimum interest rate</b>
≤ 50%	1.50%
> 50% and ≤ 70%	1.75%
> 70%	2.00%

(c) A change of interest rate type is subject to the following conditions:

- (i) from fixed interest rate to floating interest rate: the spread shall not be lower than the minimum spread referenced above, and the floating interest rate

applicable after the renegotiation shall be indexed to the 3 months Euribor, applicable as of the relevant renegotiation date;

- (ii) from floating interest rate to fixed interest rate: (i) after the change of interest type, the aggregate Outstanding Principal Due of all the Mortgage Loans with variable interest rate is not lower than 50% of the aggregate Outstanding Principal Due of all the Mortgage Loans included in the Master Portfolio; and (ii) the final interest rate shall be not lower than the minimum interest rate depicted above.

The Servicing Agreement provides that, in carrying out its renegotiation activity, the Servicer shall be obliged to offer the Debtor new contractual terms which are essentially equivalent to the terms offered at that time to the majority of its customers.

Under the terms of the Servicing Agreement, the Servicer may agree with the Debtors agreements, moratoria, extensions, settlements, partial or total waiver of the right to receive payments from the Debtors, Mortgage reduction or renegotiations in relation to the Defaulted Receivables and Delinquent Receivables, in accordance with the Credit and Collection Policies, provided that the aggregate amount of such Amendments, agreed in relation to the Defaulted Receivables and the Delinquent Receivables does not provide for payments from the Debtors to be made after the date falling 108 months before the Final Maturity Date of the Notes.

The Servicer has undertaken to prepare and submit to the Issuer the Monthly Servicer's Report and the Quarterly Servicer's Report containing, an overview of the performance of the Master Portfolio, a detailed overview of the status of the Receivables and a report on the level of collections in respect of principal and interest on the Master Portfolio, for delivery to, *inter alios*, the Issuer, the Calculation Agent and the Representative of the Noteholders. In addition, under the terms of the Servicing Agreement, the Servicer will prepare and submit, *inter alias*, to the Issuer, the Cash Flow Report, on or before each Servicer's Report Date, and the Amortisation Report, on or before each Quarterly Servicer's Report Date.

Under the terms of the Servicing Agreement, the Servicer has acknowledged that the Issuer may decide, at its absolute discretion, to terminate the appointment of the Servicer and appoint the Substitute Servicer if one of the following events occurs (each a "**Servicer Termination Event**"):

- i) failure on the part of the Servicer to deposit or pay any amount required to be paid or deposited according to the Servicing Agreement, which failure continues unremedied for 14 Business Days after the due date thereof and cannot be attributed to force majeure or technical reasons;
- ii) failure on the part of the Servicer to observe or perform any other term, condition, covenant or agreement provided for under the Servicing Agreement and the other Transaction Documents to which it is a party, and the continuation of such failure for a period of 5 (five) Business Days following receipt by the Servicer of written notice from the Issuer requiring remedy of such failure, and such failure is, in the opinion of the Representative of the Noteholders, materially prejudicial to the

continuation of the servicing activity to be carried out pursuant to the Servicing Agreement;

- iii) any of the representations and warranties given by the Servicer, pursuant to the Servicing Agreement, has been proved to be untrue, false or deceptive in any material respect and such default is, in the reasonable opinion of the Representative of the Noteholders, materially prejudicial to the Issuer or the Noteholders;
- iv) an Insolvency Event occurs with respect to the Servicer;
- v) 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;
- vi) in the reasonable opinion of the Representative of the Noteholders, the Servicer is or will be unable to meet the then current legal requirements and the Bank of Italy's regulations for entities acting as servicers in the context of a securitisation transaction.

The Servicing Agreement is governed by and shall be construed in accordance with Italian law.

### 3. THE WARRANTY AND INDEMNITY AGREEMENT

On 14 June 2018, 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 Master 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 and as at each relevant Valuation Date, Effective Date, Subsequent Portfolio Effective Date and on the Issue Date, the Receivables comprised in the Master Portfolio (i) are valid, in existence and in compliance with the Criteria, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the Originator in compliance with all applicable laws, rules and regulations (including the Usury Law).

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 assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*,

(a) any representations and/or warranties made by the Originator 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) and subject to certain conditions as set out in the Warranty and Indemnity Agreement, 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 Mortgage Loan Agreement on the relevant Valuation Date to comply with the provision of article 1283 of the Italian civil code; or (e) the failure to comply with the provisions of the Usury Law in respect of any interest accrued under the Mortgage Loan Agreement up to the relevant Valuation Date.

The Warranty and Indemnity Agreement is 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 Cash Manager, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider, the Dutch Account Bank and the Principal Paying Agent entered into the Cash Allocation, Management and Payment Agreement.

Under the terms of the Cash Allocation, Management and Payment Agreement:

- (a) ING Bank N.V., Milan Branch has agreed to establish and maintain, in the name and on behalf of the Issuer, the Expenses 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 Payments Account;
- (b) the Dutch Account Bank has agreed to establish and maintain, in the name and on behalf of the Issuer, the Main Transaction Account, and the Payments Account and to provide the Issuer with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of the Payments Account;
- (c) the Corporate Services Provider has agreed to operate the Expenses Account held with ING Bank N.V., Milan Branch, in accordance with the instructions of the Issuer;
- (d) the Calculation Agent has agreed to provide the Issuer with calculation services;
- (e) the Principal Paying Agent has agreed to provide the Issuer with certain payment services in relation to the Notes;
- (f) the Cash Manager has agreed to provide the Issuer with certain services in respect of the Eligible Investments and certain determination services in relation to the Notes;

Under the Cash Allocation, Management and Payment Agreement, the Parties have agreed the conditions upon which the amounts standing to the credit of the Main Transaction Account might be invested in Eligible Investments.

If ING Bank N.V., Milan Branch or the Dutch Account Bank ceases to be an Eligible Institution, ING Bank N.V., Milan Branch or the Dutch Account Bank shall promptly give notice of such event to the other Parties and to the Rating Agencies and shall procure, within 30 calendar days of the loss of such status, the transfer of the Accounts to another bank selected by the Issuer (which, in each such case, is an Eligible Institution) or, as the case may be, the appointment of a new Principal Paying Agent which, in each such case, is an Eligible Institution, approved by the Representative of the Noteholders and which will not result in the then current rating(s) of the Rated Notes being negatively affected and which (i) shall assume the role of Account Bank or Principal Paying Agent, as the case may be, upon the terms of this Agreement, (ii) agree to become a party to the Intercreditor Agreement and any other relevant Transaction Documents and (iii) in the case of a new Dutch Account Bank, undertake to take all such action as required by the Representative of the Noteholders to perfect any new or supplemental right of pledge over any account.

The Issuer may (with the prior approval of the Representative of the Noteholders) revoke its appointment of any of the Calculation Agent, Principal Paying Agent and the Dutch Account Bank (each an "**Agent**") by giving not less than three months' written notice. The appointment of each Agent shall terminate forthwith in accordance with article 1456 of the Italian civil code if: (i) an Insolvency Event occurs in relation to it; or (ii) it is rendered unable to perform its obligations for a period of 60 days by circumstances beyond its control. Each Agent may resign from its appointment, 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: the Representative of the Noteholders consenting in writing to the resignation; and a substitute Agent being appointed by the Issuer, with the prior written approval of the Representative of the Noteholders, on substantially the same terms as those set out in the Cash Allocation, Management and Payments Agreement.

In addition, under the terms of the Cash Allocation, Management and Payments Agreement, the Issuer has undertaken to appoint, subject to the prior consent of the Representative of the Noteholders and prior notice to the Rating Agencies, a Back-up Calculation Agent within 30 (thirty) Business Days from the date on which the long-term rating of the Calculation Agent falls below the Calculation Agent Minimum Rating.

The Cash Allocation, Management and Payments Agreement is governed by and shall be construed in accordance with Italian law.

## 5. **THE INTERCREDITOR AGREEMENT**

On or about the Issue Date, the Issuer 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 and that 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 Master Portfolio.

The Intercreditor Agreement is 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 pursuant to which, the Representative of the Noteholders will be entitled to exercise its rights under the Transaction Documents within 10 day from the notification of such failure, 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 Transaction Documents to which the Issuer is a party, upon the occurrence of at least one of the following events: (i) a Trigger Notice has been sent to the Issuer according to Condition 13.2 (Delivery of Trigger Notice); or (ii) the Issuer fails to timely exercise any of its rights under the Transaction Documents and fails to fulfil certain conditions, provided that the notification of such failure is given by the Representative of the Noteholders to the Issuer and further provided that such failure is not remedied by the Issuer within 10 (ten) Business Days from the notification above.

The Mandate Agreement is governed by and shall be construed in accordance with Italian law.

## 7. THE DUTCH DEED OF PLEDGE

Under the terms of the Dutch Deed of Pledge, the Issuer has granted to the Representative of the Noteholders a pledge over the Issuer's rights in respect of the Main Transaction Account and the Payments Account.

## 8. THE LIQUIDITY FACILITY AGREEMENT

On or about the Issue Date, the Liquidity Facility Provider entered into the Liquidity Facility Agreement, pursuant to which the Liquidity Facility Provider will provide to the Issuer a credit facility in an initial amount equal to Euro 141,887,000 which may be drawn down by the Issuer on each Payment Date in the amount of the Interest Shortfall Amount calculated on the Calculation Date preceding each such Payment Date and form part of the Issuer Available Funds, in order to make the payments under items from *First* to *Fifth* of the Pre-Trigger Notice Interest Priority of Payments, to the extent that the Issuer Available Funds (excluding any amount drawn down from the Liquidity

Facility on any such Payment Date) are not sufficient to make such payments in full on such Payment Date.

The Liquidity Facility Agreement is governed by and shall be construed in accordance with Italian law.

9. **THE CORPORATE SERVICES AGREEMENT**

Under the Corporate Services Agreement entered into on 14 June 2018, 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 is governed by and shall be construed in accordance with Italian law.

## THE ACCOUNTS

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

(1) **Main Transaction Account**

Pursuant to the Servicing Agreement and the Cash Allocation, Management and Payments Agreement, the Servicer shall credit to the Main Transaction Account established in the name of the Issuer with the Dutch Account Bank, all the amounts received or recovered in respect of the Receivables during each Collection Period.

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

(2) **Payments Account**

All amounts payable on each Payment Date will, two Business Day prior to such Payment Date, be paid into the Payments Account established in the name of the Issuer with the Dutch Account Bank. Pursuant to the terms of the Cash Allocation, Management and Payments Agreement, (i) any net interest amount accrued and available on the Accounts, (ii) any amounts received by the Issuer under the Liquidity Facility Agreement, (iii) and any amounts received under any Transaction Document, will be credited to the Payments Account.

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

(3) **Expenses Account**

The Issuer has established the Expenses Account with ING Bank N.V., Milan Branch, into which (i) on the Issue Date the Retention Amount will be credited, and (ii) on each Payment Date, in accordance with the Pre-Trigger Notice Interest Priority of Payments and subject to the availability of sufficient Interest Available Funds, the amount necessary (if any) to replenish the Expenses Account up to (but not in excess of) the Retention Amount will be credited.

(4) **Equity Capital Account**

The Issuer has opened with ING Bank N.V., Milan Branch (IBAN: IT22T0347501601000052120702) the Equity Capital Account.

The Dutch Account Bank will be required at all times to be an Eligible Institution.

Should either ING Bank N.V., Milan Branch or the Dutch Account Bank cease to be an Eligible Institution, the relevant Accounts held with it will be transferred to another Eligible Institution within 30 calendar days from the date on which ING Bank N.V., Milan Branch or the Dutch Account Bank ceased to be an Eligible Institution.



## EXPECTED AVERAGE DURATION OF THE RATED NOTES

Weighted average duration refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security. The weighted average duration of the Rated Notes will be influenced by, inter alia, the actual rate of collection of the Receivables.

Calculations as to the weighted average duration and the expected maturity of the Rated Notes can be made on the basis of certain assumptions, including the rate at which the Receivables are prepaid, the amount of the Defaulted Receivables and whether the Issuer exercises its option for an early redemption of the Notes.

The following table shows the weighted average duration and the expected maturity of the Rated Notes and has been prepared based on the characteristics of the Receivables included in the Master Portfolio, on historical performance and on the following additional assumptions:

- a) no Trigger Event occurs;
- b) transfer on a quarterly basis of additional Receivables using all the then available Issuer Principal Available Funds during the entire Revolving Period and up to the Revolving Period End Date;
- c) repayment of principal under the Rated Notes occurs from the Payment Date falling on the Initial Amortisation Date;
- d) no Interest Shortfall Amount is to be funded on any Payment Date under item First of the Pre-Trigger Notice Principal Priority of Payment;
- e) Euribor rate steady at a level of 0.00%;
- f) the Receivables are prepaid at a constant annual prepayment rate of 5.0%;
- g) no Receivable included in the Master Portfolio is classified as Defaulted Receivable, Delinquent Receivable or Receivable in Arrears; and
- h) the amortization profile of the Master Portfolio at the end of the Revolving Period has the same profile of the Initial Portfolio.

<i>Class</i>	<i>Expected weighted average life (years)</i>	<i>Expected maturity date</i>
Class A1	10.6	October 2038
Class A2	10.6	October 2038

## TERMS AND CONDITIONS OF THE RATED NOTES

*The following is the text of the terms and conditions of the Rated Notes. In these Conditions, references to the "holder" of a Rated Note and to the "Rated Noteholders" are to the ultimate owners of the Rated Notes, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) the Financial Laws Consolidation Act and (ii) the Joint Regulation, 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, attached as an Exhibit to, and forming part of, these Conditions.*

The € 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078 (the "**Class A1 Notes**") and the € 2,665,110,000 Class 2 Residential Mortgage Backed Fixed Rate Notes due October 2078 (the "**Class A2 Notes**") have been issued by the Issuer on the Issue Date pursuant to the Securitisation Law to finance the purchase of the Receivables included in the Initial Portfolio from the Originator pursuant to the Master Receivables Purchase Agreement. The principal source of payment of interest and repayment of principal due and payable in respect of the Notes will be collections and recoveries made in respect of the Receivables.

The Notes will be issued on a partly paid basis by the Issuer. Subject to the Conditions and the terms of the Transaction Documents, the Notes Initial Payments will be paid on the Issue Date by the Underwriter as initial payment on the Notes, in order to finance the purchase of the Initial Portfolio. During the Revolving Period, the Notes Further Payments will be paid as further payments on the Notes, in order to finance the purchase of Subsequent Portfolios, subject to and in accordance with the Conditions and the terms of the Transaction Documents, and in any case for an amount up to the Total Nominal Amount.

### 1. INTRODUCTION

#### 1.1 *Rated Noteholders deemed to have notice of Transaction Documents*

The Rated 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 Rated Notes Subscription Agreements and the Junior Notes Subscription Agreement) are available for inspection by the Rated Noteholders during normal business hours at the registered office of the Issuer, being as at the Issue Date, Foro Buonaparte, 70, 20121 Milan, Italy, at the registered office of the Representative of the Noteholders, being, as at the Issue Date, 6 St. Andrew Street, EC4A 3AE London, United Kingdom, and at the specified office of the Principal Paying Agent, being, as at the Issue Date, Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands.

#### 1.4 *Description of Transaction Documents*

- 1.4.1 Pursuant to the Rated Notes Subscription Agreement, the Sole Arranger has agreed to subscribe the Rated Notes and appointed the Representative of the Noteholders to perform the activities described in the Rated Notes Subscription Agreement, the Rated Notes 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 Junior Notes Subscription Agreement, the Originator has agreed to subscribe the Junior Notes and appointed the Representative of the Noteholders to perform the activities described in the Junior Notes Subscription Agreement, these Junior Notes Conditions, the Rules of the Organisation of the Noteholders and the other Transaction Documents to which it is a party.
- 1.4.3 Pursuant to the Warranty and Indemnity Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Receivables 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 Receivables.
- 1.4.4 Pursuant to the Servicing Agreement, the Servicer has agreed to administer, service and collect amounts in respect of the Master 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 article 2.3(c) and article 2.6 of the Securitisation Law.
- 1.4.5 Pursuant to the Corporate Services Agreement, the Corporate Services Provider has agreed to provide to the Issuer certain services in relation to the management of the Issuer.
- 1.4.6 Pursuant to the Cash Allocation, Management and Payments Agreement, the Calculation Agent, the Principal Paying Agent, the Dutch Account Bank, the Collection Account Bank, the Servicer and the Corporate Services Provider 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 from time to time standing to the credit of the Accounts. The Cash Allocation, Management and Payments Agreement also contains provisions relating to, *inter alia*, the payment of principal, interest and Premium (if any) in respect of the Notes.
- 1.4.7 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.
- 1.4.8 Pursuant to the Dutch Deed of Pledge, the Issuer has granted to the Representative of the Noteholders a pledge over the Issuer's rights in respect of the Main Transaction Account and the Payments Account.
- 1.4.9 Pursuant to the Liquidity Facility Agreement, the Liquidity Facility Provider has agreed to grant to the Issuer the Liquidity Facility.

1.4.10 Pursuant to the Mandate Agreement, the Representative of the Noteholders, will be entitled 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, upon the occurrence of at least one of the following events: (i) a Trigger Notice has been sent to the Issuer according to Condition 13.2 (*Delivery of Trigger Notice*); or (ii) the Issuer fails to timely exercise any of its rights under the Transaction Documents and fails to fulfil certain conditions, provided that the notification of such failure is given by the Representative of the Noteholders to the Issuer and further provided that such failure is not remedied by the Issuer within 10 (ten) Business Days from the notification above.

1.4.11 Pursuant to the Master Definitions Agreement, the definitions and interpretations of certain terms and expressions used in the Transaction Documents have been agreed by the parties to the Transaction Documents.

## 1.5 *Acknowledgement*

Each Rated Noteholder, by reason of holding Rated Notes, acknowledges and agrees that ING Bank N.V. 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 TMF Trustee Limited or any successor thereof of its duties as Representative of the Rated Noteholders as provided for in the Transaction Documents.

## 2. **DEFINITIONS AND INTERPRETATION**

### 2.1 *Definitions*

In these Conditions the following defined terms have the meanings set out below:

"**Accounts**" means, collectively, the Main Transaction Account, the Payments Account, the Expenses Account and "**Account**" means any of them.

"**Account Banks**" means ING Bank N.V., Milan Branch and the Dutch Account Bank, and "**Account Bank**" means any of them.

"**Accrued Interest**" means, as at the relevant date, the portion of Interest Instalments accrued on such date but not yet due.

"**Back-up Servicer**" means any eligible entity appointed in accordance with the Servicing Agreement.

"**Back-up Calculation Agent**" means any entity appointed as such in accordance with the Cash Allocation, Management and Payments Agreement.

"**Business Day**" means any day on which banks are generally open for business in Milan, Amsterdam and Luxembourg and on which TARGET2, the Trans-European Automated Real Time Gross Transfer System, which uses a single shared platform and was launched on 19 November 2007 (or any successor thereto) is open.

"**Calculation Agent**" means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Calculation Date"** means (i) prior to the service of a Trigger Notice, and with respect to each Quarterly Collection Period, the first Business Day of the month immediately following such Quarterly Collection Period (i.e. January, April, July and October of each year); and (ii) following the service of a Trigger Notice, each date, which has to be a Business Day, determined by the Representative of the Noteholders as such.

**"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 Services Provider, the Calculation Agent and the Principal Paying Agent.

**"Cash Manager"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Class A Notes"** means any of the Class A1 Notes and the Class A2 Notes.

**"Class A1 Notes"** means the € 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078 issued by the Issuer on the Issue Date.

**"Class A1 Notes Nominal Amount"** means in respect of the Class A1 Notes, € 4,949,490,000 as nominal amount issued on the Issue Date.

**"Class A2 Notes"** means the € 2,665,110,000 Class A2 Residential Mortgage Backed Fixed Rate Notes due October 2078 issued by the Issuer on the Issue Date.

**"Class A2 Notes Nominal Amount"** means in respect of the Class A2 Notes, € 2,665,110,000 as nominal amount issued on the Issue Date.

**"Class J Notes"** means the € 1,844,530,000 Class J Residential Mortgage Backed Notes due October 2078 issued by the Issuer on the Issue Date.

**"Class J Notes Nominal Amount"** means in respect of the Class J Notes, € 1,844,530,000 as nominal amount issued on the Issue Date.

**"Clearstream"** means Clearstream Banking, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

**"Collection Period"** means any of the Monthly Collection Period or the Quarterly Collection Period.

**"Conditions"** means the Rated Notes Conditions or the Junior Notes Conditions, as the case may be, and **"Condition"** means a condition thereof.

**"CONSOB"** means *Commissione Nazionale per le Società e la Borsa*.

**"Consolidated Banking Act"** means Italian Legislative Decree number 385 of 1 September 1993.

**"Corporate Services Agreement"** means the agreement executed on or about the Issue Date between the Issuer and the Corporate Services Provider.

"**Corporate Services Provider**" means TMF Management Italy S.r.l..

"**DBRS**" means DBRS Ratings Limited or any successor to its rating business.

"**DBRS Critical Obligations Rating**" or "**COR**" means, in relation to a relevant entity, the public rating assigned by DBRS which addresses the risk of default of particular obligations and/or exposures of the relevant entity that in the view of DBRS have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations. A COR assigned by DBRS to the relevant entity will be indicated on the website of DBRS ([www.dbrs.com](http://www.dbrs.com)).

"**DBRS Equivalent Rating**" means

- (a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the relevant company or the relevant investment, as applicable, (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Equivalent Rating will be (i) such Public Long Term Rating remaining (upon conversion on the basis of the DBRS Equivalent Chart) after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies or (ii) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart). In any case, provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower;
- (b) if Public Long Term Ratings of the relevant company or the relevant investment, as applicable, are available only by any two of Fitch, Moody's and S&P at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Ratings (upon conversion on the basis of the DBRS Equivalent Chart and provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower); and
- (c) if a Public Long Term Rating is available only by any one of Fitch, Moody's and S&P at such date, the DBRS Equivalent Rating will be such Public Long Term Rating (upon conversion on the basis of the DBRS Equivalent Chart and provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, it will be considered one notch lower).

If at any time the DBRS Equivalent Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS minimum rating of "C" shall apply at such time.

"**DBRS Equivalent Chart**" means:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
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(low)	Caa3	CCC-	
CC	Ca	CC	
		C	
C	C	D	D

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

"**Decree 213**" means Legislative Decree number 213 of 24 June 1998.

"**Decree 239**" means Legislative Decree number 239 of 1 April 1996.

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

**"Determination Date"** means:

- (i) with respect to the Initial Interest Period, the day falling two Business Days prior to the Issue Date; and
- (ii) 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.

**"Dutch Account Bank"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Dutch Deed of Pledge"** means the Dutch law deed of pledge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors).

**"Euribor"** means:

- (a) prior to the delivery of a Trigger Notice, the Euro-Zone Inter-bank offered rate for 3 months Euro deposits which appears on the display page designated Euribor 01 on Reuters; 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 Reuters 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 Reuters 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 Reuters 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"** or, in the case of the Initial Interest Period, the **"Additional Screen Rate"**) at or about 11:00 a.m. (Brussels time) on the Determination Date; and

- (e) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be:
  - (i) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Calculation Agent at its request



by each of the Reference Banks as the rate at which 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 Calculation 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 Calculation 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", "€" and "EUR" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended from time to time.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

"Expenses" means 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 the then outstanding securitisation transaction 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.

"Expenses Account" means the euro denominated account established in the name of the Issuer with ING Bank N.V., Milan Branch, or such other substitute account 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.

"FATCA" means:

- (a) sections 1471 to 1474 of the US Internal Revenue Code of 1986;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

**"FATCA Deduction"** means a deduction or withholding from a payment under a Transaction Document required by FATCA.

**"Final Maturity Date"** means the Payment Date falling in October 2078.

**"Financial Laws Consolidation Act"** means Italian Legislative Decree number 58 of 24 February 1998.

**"First Payment Date"** means the Payment Date falling on 4 October 2018.

**"Fitch"** means Fitch Ratings Limited.

**"Individual Purchase Price"** means, in respect of each Receivable and as at the Valuation Date, an amount calculated pursuant to clause 4.1.1 of the Master Receivables Purchase Agreement.

**"Initial Amortisation Date"** means (i) the Revolving Period End Date or (ii) the earlier Payment Date on which principal on the Notes may become payable following a resolution to this effect by the Noteholders in accordance with the Rules.

**"Initial Interest Period"** means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**"Initial Portfolio"** means the initial portfolio of Receivables purchased by the Issuer on 14 June 2018, pursuant to the Master Receivables Purchase Agreement.

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

- (i) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition, emergency regulations, suspension of payments or reorganisation (including, without limitation (i) "*faillissement*", "*noodregeling*", "*surseance van betaling*", "*onder bewindstelling*", "*ontbinding*" and/or "*liquidatie*", each such expression bearing the meaning ascribed to it by the laws of The Netherlands and (ii) "*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), including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "*beslag*", "*onder bewindstelling*", "*pignoramento*" or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), and unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (ii) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice

of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (iii) such company or corporation is in a situation that it has ceased to make payments, takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss, given by it in respect of any indebtedness or applies for suspension of payments of any indebtedness given by it; or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (v) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is incorporated, established and/or is deemed to carry on business.

**"Intercreditor Agreement"** means the intercreditor agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors.

**"Interest Available Funds"** means, in respect of any Payment Date, the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (ii) all Recoveries collected by the Servicer during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and available on the Accounts during the immediately preceding Collection Period and all amounts of interest accrued and paid on the Liquidity Reserve Account;
- (iv) any amounts drawn down by the Issuer under the Liquidity Facility Agreement;
- (v) any amounts allocated on such Payment Date under item *First* of the Pre-Trigger Notice Principal Priority of Payments;
- (vi) any amounts allocated on such Payment Date under item *Tenth* of the Pre-Trigger Notice Principal Priority of Payments;
- (vii) on the Payment Date on which the Notes are to be redeemed in full, any amount standing to the credit of the Expenses Account;

- (viii) all amounts received by the Issuer from the Originator pursuant to the Master Receivables Purchase Agreement during the immediately preceding Collection Period;
- (ix) all other payments received from the Originator which do not qualify as Principal Available Funds and which have been credited to the Main Transaction Account during the immediately preceding Collection Period; and
- (x) without duplication of (iii) above, an amount equal to any interest components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

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

**"Interest Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1.1 (*Priority of Payments - Pre-Trigger Notice Priority of Payments - Interest Priority of Payments*).

**"Interest Rate"** shall have the meaning ascribed to such term in Rated Notes Condition 8.5 (*Rates of interest*) and in Junior Notes Condition 8.5 (*Rates of interest*), as the case may be.

**"Interest Shortfall Amount"** means, on any Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable under items *First* to *Fifth* of the Pre-Trigger Notice Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Payment Date.

**"Issue Date"** means 5 July 2018, or such other date on which the Notes are issued.

**"Issuer"** means Leone Arancio RMBS S.r.l., having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

**"Issuer Available Funds"** means, in respect of any Payment Date, the aggregate of the Interest Available Funds and the Principal Available Funds.

**"Junior Noteholders"** means the holders from time to time of any of the Junior Notes.

**"Junior Notes"** means the Class J Notes.

**"Junior Notes Conditions"** means the terms and conditions of the Class J Notes, as from time to time modified in accordance with the provisions thereof and including any agreement or document expressed to be supplemental thereto and any reference to a particular numbered Junior Notes Condition shall be construed accordingly.

**"Junior Notes Subscription Agreement"** means the subscription agreement in relation to the Class J Notes entered into on or about the Issue Date.

**"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.

**"Liquidity Facility Agreement"** means the liquidity facility agreement entered into on or about the date hereof by the Issuer and the Liquidity Facility Provider.

**"Liquidity Facility Provider"** means ING Bank N.V., Milan Branch.

**"Liquidity Reserve Account"** means the account to be opened in accordance with the Liquidity Facility Agreement.

**"Main Transaction Account"** means the GIC account established in the name of the Issuer with the Dutch Account Bank with number NL63INGB0008675148, or such other substitute account (either opened in the form of a GIC account or not) as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

**"Master Portfolio"** means the aggregate of the Initial Portfolio and any Subsequent Portfolio of Receivables purchased by the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement and any relevant Subsequent Portfolio Transfer Agreement.

**"Master Receivables Purchase Agreement"** means the master receivables purchase agreement entered into on 14 June 2018 between the Issuer and the Originator.

**"Monte Titoli"** means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza Affari, 6, 20123 Milan, Italy.

**"Monte Titoli Account Holders"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with article 30 of Decree 213 and includes any depository banks approved by Euroclear and Clearstream.

**"Mortgagor"** means any person, either a Debtor or a third party, who has granted a Mortgage in favour of the Originator to secure the Receivables arising from any of the Mortgage Loans or any of his successors, transferees and assigns.

**"Most Senior Class of Notes"** means (i) the Class A1 Notes (ii) following the full repayment of all the Class A1 Notes, the Class A2 Notes; (iii) following the full repayment of all the Class A2 Notes, the Class J Notes.

**"Noteholders"** means, together, the Rated Noteholders and the Junior Noteholders.

**"Notes"** means, together, the Rated Notes and the Junior Notes.

**"Notes Further Payment"** means any further payment made by the Noteholders, during the Revolving Period, in accordance with the Subscription Agreement(s).

**"Notes Further Payment Date"** means the date on which any Notes Further Payments have to be paid to the Issuer in accordance with the Subscription Agreement(s), provided that any such date shall fall the sixth Business Day following the receipt of

the relevant Notes Further Payment Request and, in any case, within the Revolving Period.

**"Notes Further Payment Request"** means the request of irrevocable order of payment made by the Issuer or the Computation Agent (on behalf of the Issuer) with respect to the Notes Further Instalment Payments pursuant to the Subscription Agreement(s).

**"Notes Further Payment Request Date"** means the date on which a Notes Further Payment Request has been sent by the Issuer to the Noteholders, provided that any such date shall fall not later than one Business Day following the Valuation Date of the relevant Subsequent Portfolio.

**"Notes Initial Payment"** means the initial payment made by the Underwriter in respect of the Notes on the Issue Date, in accordance with the Subscription Agreement(s).

**"Notice"** means any notice delivered under or in connection with any Transaction Document.

**"Obligations"** means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

**"Official Gazette"** means the *Gazzetta Ufficiale della Repubblica Italiana*.

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

**"Original LTV"** means for each Mortgage Loan the ratio between (i) the Outstanding Principal Due initially granted to the Debtor; and (ii) the then value of the Real Estate Asset.

**"Originator"** means ING Bank N.V., Milan Branch.

**"Other Issuer Creditors"** means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider, the Liquidity Facility Provider, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Dutch Account Bank, the Cash Manager and any other person who may from time to time accede to the Intercreditor Agreement in accordance with the terms thereof.

**"Outstanding Principal Due"** means, on any relevant date, in relation to any Receivable, the aggregate of (i) all Principal Instalments due but not paid on such relevant date, and (ii) the Principal Instalments not due yet.

**"Payment Date"** means (a) prior to the delivery of a Trigger Notice, the 4<sup>th</sup> Business Day of January, April, July and October in each year, and (b) following the delivery of a Trigger Notice, any day, which has to be Business Day, on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payments, the Conditions and the Intercreditor Agreement, provided that the First Payment Date will fall in October 2018.

**"Payments Account"** means the account established in the name of the Issuer with the Dutch Account Bank with number NL89INGB0008675165, 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 relevant 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.

**"Portfolio"** means any of the Initial Portfolio or any Subsequent Portfolio of Receivables.

**"Post-Trigger Notice Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.2 (*Post-Trigger Notice Priority of Payments*) and in Junior Notes Condition 7.2 (*Post-Trigger Notice Priority of Payments*).

**"Post Trigger Notice Report"** means the report to be delivered pursuant to clause 6.7.1 of the Cash Allocation, Management and Payments.

**"Pre-Trigger Notice Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1 (*Pre-Trigger Notice Priority of Payments*) and in Junior Notes Condition 7.1 (*Pre-Trigger Notice Priority of Payments*).

**"Premium"** means the amount, which may be payable on the Junior Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Interest Available Funds or Issuer Available Funds (as applicable), if any, after satisfaction of the items ranking in priority pursuant to the applicable Priority of Payment on such Payment Date.

**"Principal Amount Outstanding"** means, on any date, (i) the principal amount of a Note that have been paid up to that date, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date in respect of such Note.

**"Principal Available Funds"** means, in respect of any Payment Date, the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (ii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date under item *Sixth* of the Pre-Trigger Notice Interest Priority of Payments;
- (iii) any funds transferred under item *Seventh* of the Pre-Trigger Notice Interest Priority of Payments;
- (iv) all the proceeds deriving from the sale, if any, of the Portfolio in accordance with the Transaction Documents;
- (v) any amounts (if any) paid by the Originator to the Issuer pursuant to the Warranty and Indemnity Agreement including any amount advanced as limited recourse loan pursuant to clause 6.1 of the Warranty and Indemnity Agreement;

- (vi) any amounts (other than the amounts already allocated under other items of the Principal Available Funds and the Interest 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 under the Transaction Documents);
- (vii) the proceeds deriving from any Notes Further Payments made in respect of the Notes; and
- (viii) an amount equal to any principal components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

**"Principal Deficiency"** means, on any Interest Calculation Date and in respect of the immediately preceding Collection Period, the Outstanding Principal Due of the Receivables classified as Defaulted Receivables, calculated on the date on which any such Receivable has been qualified as Defaulted Receivable.

**"Principal Deficiency Ledger"** means the ledger maintained by the Calculation Agent, on which any Principal Deficiency shall be recorded on each Payment Date.

**"Principal Paying Agent"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Principal Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1.2 (*Priority of Payments - Pre-Trigger Notice Priority of Payments - Principal Priority of Payments*).

**"Priority of Payments"** means the order of priority (being the Principal Priority of Payments and the Interest Priority of Payments) 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.

**"Quarterly Collection Period"** means:

- (i) prior to the service of a Trigger Notice, each period commencing on (and including) a Quarterly Collection Date and ending on (but excluding) the immediately following Quarterly Collection Date;
- (ii) following the service of a Trigger Notice, each period commencing on, and ending on, the dates determined by the Representative of the Noteholders; and
- (iii) in the case of the first Quarterly Collection Period, the period commencing on (and including) the Valuation Date in respect of the Initial Portfolio and ending on (but excluding) the Collection Date falling in October 2018.

**"Quotaholder"** means Stichting Leone Arancio.

**"Rated Noteholders"** means the holders from time to time of any of the Rated Notes.

**"Rated Notes"** means each of the Class A1 Notes and the Class A2 Notes.



**"Rated Notes Conditions"** means the terms and conditions of the Rated Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or document expressed to be supplemental thereto and any reference to a particular numbered Rated Notes Condition shall be construed accordingly.

**"Rated Notes Subscription Agreement"** means the subscription agreement in relation to the Rated Notes entered into on or about the Issue Date.

**"Rating Agencies"** means, collectively, DBRS and Fitch.

**"Receivables"** means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement and the Insurance Policies existing or arising from the Valuation Date (included), including without limitation:

- (i) all rights and claims in respect of the repayment of the outstanding principal;
- (ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans;
- (iii) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (iv) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (v) all rights and claims under and in respect of the Insurance Policies; and
- (vi) the privileges and priority rights (diritti di prelazione) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (risoluzione contrattuale per inadempimento) and the declaration of acceleration of the Debtors (decadenza dal beneficio del termine).

**"Representative of the Noteholders"** means TMF Trustee Limited or any other person for the time being acting as such pursuant to the Transaction Documents.

**"Repurchase Option"** means the option granted to the Originator under clause 14.2 of the Master Receivables Purchase Agreement.

**"Rules of the Organisation of the Noteholders"** means the rules of the organisation of the Noteholders attached as 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 thereof.

**"Securitisation"** 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 from time to time.

**"Security Interest"** means: (i) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person; and (ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or any other type of preferential arrangement having a similar effect.

**"Servicer"** means ING Bank N.V., Milan Branch or any other person for the time being acting as such pursuant to the Servicing Agreement.

**"Stock Exchange"** means the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

**"Subsequent Portfolio"** means each further portfolio of Receivables purchased by the Issuer in accordance with the terms of the Master Receivables Purchase Agreement and pursuant to the each relevant Subsequent Portfolio Transfer Agreement.

**"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 for, or on account of, any Tax, including any penalty or interest payable in connection with any failure to pay or any delay in paying of any of the same.

**"Total Nominal Amount"** means the aggregate of the Class A1 Notes Nominal Amount, the Class A2 Notes Nominal Amount, and the Class J Nominal Amount.

**"Transaction Documents"** means, together, the Master Receivables Purchase Agreement (and any Subsequent Portfolio Transfer Agreement), the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Liquidity Facility Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the Dutch Deed of Pledge, the Mandate Agreement, the Corporate Services Agreement, the Master Definitions Agreement, the Conditions, the Prospectus and any other document which may be deemed to be necessary in relation to the Securitisation.

**"Transaction Party"** means any party to the Transaction Documents.

**"Trigger Event"** means any of the following events:

*a) Non-payment*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Rated Notes and such default is not remedied within a period of 5 (five) Business Days from the due date thereof.

*b) Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied.

c) *Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer.

d) *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.

**"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 Rated Notes Condition 13 (*Trigger Events*) and in Junior Notes Condition 14 (*Trigger Events*).

**"Warranty and Indemnity Agreement"** means the agreement entered into on 14 June 2018 between the Issuer and the Originator.

## 2.2 *Interpretation*

### 2.2.1 *References in Condition*

Any reference in these Rated Notes Conditions to:

- (a) **"holder"** and **"Holder"** mean the ultimate holder of a Rated Note and the words **"holder"**, **"Rated Noteholder"** and related expressions shall be construed accordingly;
- (b) 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;
- (c) **"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;

- (d) 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, deed 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 Rated Notes 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. **FORM, TITLE AND DENOMINATION**

#### 3.1 *Denomination*

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

#### 3.2 *Form*

The Rated Notes will at all times be evidenced by and title thereto will be transferable by means of, one or more book entries in accordance with the provisions of (i) the Financial Laws Consolidation Act and (ii) the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended and supplemented from time to time.

#### 3.3 *Title and Monte Titoli*

The Notes are issued in bearer (al portatore) and dematerialised form (emesse in forma dematerializzata) and will be held by Monte Titoli in such form on behalf of the relevant Noteholders until redemption and cancellation thereof for the account of each relevant Monte Titoli Account Holder. No physical documents of title will be issued in respect of the Rated Notes.

### 3.4 *The Rules*

The rights and powers of the Rated Notes Noteholders may only be exercised in accordance with the Rules attached to these Rated Notes Conditions as an Exhibit which shall constitute an integral and essential part of these Rated Notes Conditions.

## 4. **STATUS, PRIORITY AND SEGREGATION**

### 4.1 *Status*

The Rated Notes constitute limited recourse obligations of the Issuer and, accordingly, the obligation of the Issuer to make payments under the Rated Notes is limited to the amounts received or recovered by the Issuer in respect of the Master Portfolio and pursuant to the exercise of the Issuer's rights, as further specified in Rated Notes Condition 10.2 (*Limited Recourse Obligations of the Issuer*). The Rated Noteholders acknowledge that the limited recourse nature of the Rated Notes produces the effects of a "*contratto aleatorio*" under Italian law and are deemed to accept the consequences thereof, including, but not limited to, the provisions under article 1469 of Italian civil code.

### 4.2 *Segregation by law and security*

4.2.1 By virtue of the Securitisation Law, (i) the Issuer's right, title and interest in and to the Master Portfolio is segregated from all other assets of the Issuer and (ii) any claim of the Issuer which has arisen in the context of the Securitisation, their collections and the financial assets purchased using those funds will, by operation of law, be segregated for all purposes from all other deposits and moneys of the relevant depository, for the exclusive benefit of the Noteholders, the Other Issuer Creditors and other creditors of the Securitisation. Amounts deriving from the Master Portfolio and any other moneys or deposits as listed above, as the case may be, will only be available both before and after a winding-up of the Issuer to satisfy the obligations of the Issuer to the Rated 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.

4.2.2 The Rated Notes have the benefit of the Security over certain assets of the Issuer pursuant to the Dutch Deed of Pledge.

### 4.3 *Ranking*

4.3.1 The Notes on issue will constitute limited recourse obligations of the Issuer.

4.3.2 In respect of the obligation of the Issuer to pay interest and Premium (where applicable) on the Notes, prior to the delivery of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to payments of interest and repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes.

- 4.3.3 In respect of the obligation of the Issuer to repay principal due on the Notes, prior to the delivery of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes rank *pari passu* and *pro rata* without any preference or priority among themselves, but in priority to repayment of principal due on the Class J Notes; and (ii) the Class J 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 on the Class A1 Notes and the Class A2 Notes.
- 4.3.4 In respect of the obligations of the Issuer to pay interest and Premium (where applicable) on the Notes, following the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but subordinated to payment in full of all amounts due under the Class A1 Notes and the Class A2 Notes.
- 4.3.5 In respect of the obligations of the Issuer to repay principal on the Notes, following the service of a Trigger Notice: (i) the Class A1 Notes and the Class A2 Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves and in priority to the Junior Notes; and (ii) the Junior Notes will rank *pari passu* and *pro rata* without any preference or priority amongst themselves, but subordinated to payment in full of all amounts due under the Class A Notes.

#### 4.4 *Obligations of Issuer only*

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

#### 4.5 *Conflict of Interest*

The Intercreditor Agreement and the Rules of the Organisation of the Noteholders contain provisions regarding the protection of the respective interests of all Noteholders in connection with the exercise of the powers, authorities, rights, duties and discretions of the Representative of the Noteholders under or in relation to the Notes or any of the Transaction Documents. If, however, in the opinion of the Representative of the Noteholders, there is a conflict between interests of:

- (a) different Classes of Noteholders, then the Representative of the Noteholders is required to have regard to the interests of the Most Senior Class of Noteholders only;
- (b) the Noteholders and of the Other Issuer Creditors, the Representative of the Noteholders will have regard solely to the interests of the Noteholders.

### 5. **PARTLY PAID NOTES**

#### 5.1 *Partly paid notes*

The Notes will be issued on a partly paid basis, pursuant to the terms provided for under this Condition 5 (*Partly Paid Notes*), and as a consequence thereof:

- (a) on the Issue Date any Notes Initial Payments will be made in respect of each Class of Notes in the relevant amounts as set out under the Subscription Agreement(s); and
- (b) during the Revolving Period, the Noteholders may be requested by the Issuer, in accordance with the Conditions and the Transaction Documents, to make the relevant Notes Further Payments in respect of the relevant Class of Notes.

## 5.2 *Notes Initial Payments*

On the Issue Date, the Notes Initial Payments will be paid to the Issuer by the Underwriter, in accordance with the Subscription Agreement(s).

## 5.3 *Notes Further Payments*

During the Revolving Period the Issuer, also through the Computation Agent, may request the Noteholders, by making a request of irrevocable order of payment (the "**Notes Further Payment Request**"), to effect the payment to the Issuer in order to fund the purchase of each Subsequent Portfolio and increase the Principal Amount Outstanding of the Notes, of each Notes Further Payment, provided that (i) the Issuer may request the payment of the Notes Further Payments for an amount not higher than the aggregate of the Class A1 Notes Nominal Amount, the Class A2 Nominal Amount and the Class J Notes Nominal Amount (ii) the Issuer may request the payment of the Notes Further Payments once every three months and (iii) the total amount of Notes Further Payments in any twelve month period shall not exceed Euro 600,000,000.

During the Revolving Period the Notes Further Payment Request shall be sent by the Issuer (or the Computation Agent on its behalf and upon its instructions), subject to prior review and written approval by the Servicer given in accordance with the relevant Subscription Agreement, to the Noteholders not later than one Business Day following the Valuation Date of the relevant Subsequent Portfolio (the "**Notes Further Payment Request Date**") and shall include the following information:

- (a) the relevant Notes Further Payment to be paid on the Notes Further Payment Date (as defined below);
- (b) confirmation that no Trigger Event or Purchase Termination Event has occurred or arisen and is continuing; and
- (c) confirmation that, following the payment of the relevant Notes Further Payments, the Principal Amount Outstanding of each Class of Notes is not higher than the Total Nominal Amount.

Under the Subscription Agreement(s) following the receipt of the relevant Notes Further Payment Request, the Noteholders has irrevocably undertaken to pay, on the sixth Business Day following the receipt of the relevant Notes Further Payment Request (the "**Notes Further Payment Date**") (provided that on such date the other conditions precedent set forth in the Subscription Agreement(s) are met or waived), the relevant Notes Further Payment in accordance with the terms of the Subscription Agreement(s).

Upon payment of the relevant Notes Further Payment, the Principal Amount Outstanding of the relevant Class of Notes shall be increased of the amount corresponding to such Notes Further Payment. The Paying Agent will give notice to Monte Titoli of the new pool factor of the notes.

If, by no later than 13:00 (Italian time) on the Notes Further Payment Date, the aggregate of the Notes Further Payment is lower than the Purchase Price of the Subsequent Portfolio, irrespective of the cause for such shortfall of funds, the Issuer shall not increase the Principal Amount Outstanding of the Notes and, also in cooperation with the Representative of the Noteholders, the Noteholders and the Paying Agent, shall procure that the requested increase is not registered with Monte Titoli in respect of any Class of Notes and any amounts howsoever paid by the Noteholders or is retransferred to the relevant person as soon as possible on or after such Notes Further Payment Date.

No Notes Further Payments may be requested by the Issuer following the expiry of the Revolving Period.

## 6. ISSUER COVENANTS

For so long as any amount remains outstanding in respect of the Rated Notes, 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:

### 6.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Master Portfolio or any part thereof or over any of its other assets or sell, lend, part with or otherwise dispose of all or any part of the Master Portfolio or any of its assets, except in connection with any further securitisations permitted pursuant this Rated Notes Condition 5; or

### 6.2 *Restrictions on activities*

6.2.1 engage in any activity whatsoever which is not incidental to or necessary in connection with the Securitisation and any further securitisation complying with this Rated Notes Condition 6 or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or

6.2.2 have any subsidiary (*società controllata* as defined in article 2359 of the Italian civil code) or any employees or premises; or

6.2.3 at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Rated Noteholders under the Transaction Documents and shall not do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Rated Noteholders under the Transaction Documents; or

6.2.4 become the owner of any real estate asset, including in the context of enforcement proceedings relating to a Real Estate Asset; or



6.3 *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

6.4 *De-registrations*

ask for de-registration from the registers kept by Bank of Italy pursuant to the regulation dated 7 June 2017, for as long as the Securitisation Law, the Consolidated Banking Act or any other applicable law or regulation requires issuers of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered thereon; or

6.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for the indebtedness incurred in respect of any further securitisation permitted pursuant to the Rated Notes Condition 5), or give any guarantee, indemnity or security in respect of any indebtedness or 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

6.6 *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

6.7 *No variation or waiver*

permit any of the Transaction Documents to which it is party to be amended, terminated or discharged, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party to be released from such obligations; or

6.8 *Bank accounts*

have an interest in any bank account other than the Accounts, the account on which its quota capital is credited or any bank account opened in relation to any other securitisation permitted pursuant to this Rated Notes Condition 6 below; or

6.9 *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.

In giving any consent to the foregoing, the Representative of the Noteholders may require (not being obliged) the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents (and may itself consent thereto on behalf of Rated Noteholders) or may impose such other conditions or requirements as the Representative of the Noteholders may deem expedient (in its absolute discretion)

in the interests of the Rated Noteholders and may rely on any written confirmation from the Issuer as to the matters contained therein; or

6.10 *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

6.11 *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) such securitisation transaction would not adversely affect the then current rating of any of the Rated Notes and the Rating Agencies have been notified in respect of such further securitisation and (b) the assets relating to any such further securitisation are segregated in accordance with the Securitisation Law.

**7. PRIORITY OF PAYMENTS**

7.1 *Pre-Trigger Notice Priority of Payments*

7.1.1 *Interest Priority of Payments*

*First*, to pay (i) *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 costs during the immediately preceding Interest Period) and (ii) 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;

*Second*, to pay the remuneration due to the Representative of the Noteholders and to pay any indemnity amounts properly due 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 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 Collection Account Bank, the Cash Manager, the Dutch Account Bank, the Calculation Agent, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Corporate Servicer and the Servicer;

*Fourth*, to pay to the Liquidity Facility Provider *pari passu* and *pro rata*: (i) all amounts due and payable in respect of any commitment fee; (ii) all amounts due and payable in respect of any interest and principal on any Revolving Advances and (iii) up to an amount equal to the interest accrued and paid on the immediately preceding Quarterly Collection Period on the relevant Liquidity Reserve Account, all amounts due and payable in respect of any interest on any

Reserve Advances, in accordance with the terms of the Liquidity Facility Agreement;

*Fifth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

*Sixth*, in or towards making good any shortfall reflected in the Principal Deficiency Ledger until the debit balance, if any, of the Principal Deficiency Ledger is reduced to zero by allocating the relevant amounts to the Principal Available Funds;

*Seventh*, to transfer to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Payment Date and on any preceding Payment Date as Interest Shortfall Amount;

*Eighth*, to pay to the Liquidity Facility Provider all amounts due and payable in respect of any Reserve Advances and not already paid under item Fourth (iii) above;

*Ninth*, to pay to the Originator in respect of each Portfolio transferred to the Issuer in accordance with the Master Receivables Purchase Agreement: (i) the portion of the Individual Purchase Price constituted by any Accrued Interest of the Receivables included in any such Portfolio and (ii) any interest accrued on the Purchase Price of any such Portfolio;

*Tenth*, to pay, *pari passu* and *pro rata*, all amounts of interest due and payable on the Junior Notes;

*Eleventh*, to pay all amounts of principal due and payable to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than any amount paid under item Fourth and Eighth above);

*Twelfth*, to pay, *pari passu* and *pro rata*, the Premium on the Junior Notes.

#### 7.1.2 *Principal Priority of Payments*

*First*, to pay any amount payable as Interest Shortfall Amount, to the extent that the Interest Available Funds (following application of the amounts drawn down by the Issuer under the Liquidity Facility Agreement under item (iv) of the definition of Interest Available Funds) are not sufficient on such Payment Date to make such payments in full;

*Second*, to pay to the Originator, in respect of each Subsequent Portfolio transferred to the Issuer in accordance with the Master Receivables Purchase Agreement, the portion of the Individual Purchase Price constituted by the Outstanding Principal Due of the Receivables included in any such Subsequent Portfolio;

*Third*, to pay, *pari passu* and *pro rata*, all amounts outstanding in respect of principal on the Class A1 Notes and on the Class A2 Notes;

*Fourth*, to pay to the Liquidity Facility Provider any other amounts due under the Liquidity Facility Agreement (other than those already paid under items Fourth, Eighth and Eleventh of the Pre-Trigger Notice Interest Priority of Payments);

*Fifth*, to pay, pari passu and pro rata, all amounts outstanding in respect of principal on the Junior Notes;

*Sixth*, to pay to the Originator any Adjusted Purchase Price pursuant to clause 5 of the Master Receivables Purchase Agreement;

*Seventh*, to pay any amount due and payable under the Transaction Document, to the extent not already paid or payable under other items of this Priority of Payments;

*Eighth*, to transfer to the Interest Available Funds any remaining amount after all the other payments under this Principal Priority of Payments have been made in full.

## 7.2 *Post Trigger Notice Priority of Payments*

*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, (a) 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; and (b) the remuneration and any indemnity amount due to any receiver and any proper costs and expenses incurred by it in connection with the Dutch Deed of Pledge;

*Third*, 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 Dutch Account Bank, the Cash Manager, the Calculation Agent, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Corporate Services Provider and the Servicer;

*Fourth*, to pay to the Liquidity Facility Provider any amounts due under the Liquidity Facility Agreement;

*Fifth*, to pay, pari passu and pro rata, all amounts of interest due and payable on the Class A1 Notes and on the Class A2 Notes on such Payment Date;

*Sixth*, to pay, pari passu and pro rata, all amounts in respect of principal outstanding on the Class A1 Notes and on the Class A2 Notes;

*Seventh*, to pay to the Originator any Adjustment Purchase Price pursuant to clause 5 of the Master Receivables Purchase Agreement;

*Eighth*, to pay to the Originator 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;

*Ninth*, to pay, pari passu and pro rata, all amounts outstanding in respect of principal due and payable on the Junior Notes; and

*Tenth*, to pay, pari passu and pro rata, the Premium on the Junior Notes.

## 8. INTEREST

### 8.1 *Accrual of interest*

Each Rated Note bears interest on its Principal Amount Outstanding from (and including) the Issue Date.

### 8.2 *Payment dates and Interest Periods*

Interest on each Rated Note will accrue on a daily basis and will be payable in Euro in arrear on each Payment Date in respect of the Interest Period ending on such Payment Date. The First Payment Date is the Payment Date falling on 4 October 2018 in respect of the Initial Interest Period.

### 8.3 *Cessation of interest*

Each Rated Note (or the portion of the Principal Amount Outstanding due for redemption) shall cease to bear interest from (and including) the Final Maturity Date or from (and including) any earlier date fixed for redemption unless payment of the principal due and payable but unpaid is improperly withheld or refused, in which case, each Rated Note (or the relevant portion thereof) will continue to bear interest in accordance with this Rated Notes 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 Rated Noteholder or the Representative of the Noteholders or the Principal Paying Agent receives all amounts due on behalf of all such Rated Noteholders.

### 8.4 *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.

### 8.5 *Rates of interest*

8.5.1 The rate of interest applicable to the Rated Notes (the "**Interest Rate**") for each Interest Period shall be:

- (i) in respect of the Class A1 Notes, a floating rate equal to Euribor plus 0.87% per annum, provided that such Euribor component shall never be higher than 3.00%; and

- (ii) in respect of the Class A2 Notes, a fixed rate equal to 1.60% per annum.

8.5.2 The Interest Rate shall never be less than zero.

#### 8.6 *Calculation of Interest Payment Amounts*

The Issuer shall on each Determination Date determine or cause the Calculation Agent to determine the Euro amount (the "**Interest Payment Amount**") payable as interest on a Rated Note in respect of such Interest Period calculated by applying the relevant Interest Rate to the Principal Amount Outstanding of a Rated Note on the Payment Date at the commencement of such Interest Period (or, in the case of the Initial Interest Period, the Issue Date) (after deducting therefrom any payment of principal due and paid on that Payment Date), multiplying the product of such calculation by the actual number of days in the Interest Period and dividing by 360, and rounding the resultant figure to the nearest cent (half a cent being rounded up).

#### 8.7 *Notification of 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),

8.7.1 the Issuer (or the Calculation Agent on its behalf) will cause the Interest Payment Amount for each Rated Note for the related Interest Period; and

8.7.2 the Issuer (or the Cash Manager on its behalf) will cause the Payment Date in respect of each such Interest Payment Amount,

to be notified to the Issuer, the Servicer, the Representative of the Noteholders, the Principal Paying Agent, the Corporate Services Provider, Euroclear, Clearstream, Monte Titoli and, for the purpose of Rated Notes Condition 8.7.2 only, the Calculation Agent, and will cause the same to be published in accordance with Rated Notes Condition 17 (*Notices*) on or as soon as possible after the relevant Determination Date.

#### 8.8 *Amendments to publications*

The Interest Rate and the Interest Payment Amount 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.

#### 8.9 *Determination by the Representative of the Noteholders*

8.9.1 If the Issuer does not at any time for any reason calculate (or cause to be calculated) the Interest Payment Amount in accordance with this Rated Notes Condition 8, the Representative of the Noteholders as legal representative of the Organisation of the Noteholders shall determine (or cause to be determined) the Interest Payment Amount in the manner specified in Rated Notes Condition 8.6 (*Calculation of Interest Payment Amounts*) and such determination shall be deemed to have been made by the Issuer.

8.9.2 The Representative of the Noteholders shall have no liability to any person in connection with any determination or calculation made by it or its agent

pursuant to this Rated Notes Condition 8.9 or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Representative of the Noteholders shall not be in any way responsible for any liabilities incurred by reason of misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent, provided that such agent has been selected by the Representative of the Noteholders among financial institutions having certified experience in making the above determination and calculation in the context of other securitisation transactions.

#### 8.10 *Unpaid interest with respect to the Rated Notes*

Unpaid interest on the Rated Notes shall accrue no interest.

### 9. **REDEMPTION, PURCHASE AND CANCELLATION**

#### 9.1 *Final redemption*

9.1.1 Unless previously redeemed in full or cancelled as provided in this Rated Notes Condition, the Issuer shall redeem the Notes at their Principal Amount Outstanding, plus any accrued but unpaid interest, on the Final Maturity Date.

9.1.2 The Issuer may not redeem the Rated Notes in whole or in part prior to that date except as provided below in Rated Notes Conditions 9.2 (*Mandatory redemption*), 9.3 (*Optional redemption*), but without prejudice to Rated Notes Condition 13 (*Trigger Events*) and Rated Notes Condition 14 (*Enforcement*).

9.1.3 If the Issuer has insufficient Issuer Available Funds to repay the Rated Notes in full on the Final Maturity Date, then the Notes shall be deemed to be discharged in full and any amount in respect of principal, interest or other amounts due and payable in respect of the Rated Notes shall (unless payment of such amounts is being improperly withheld or refused) be finally and definitively cancelled.

#### 9.2 *Mandatory redemption*

On each Payment Date falling on or after the Initial Amortisation Date on which there are Issuer Available Funds available for payments of principal in respect of the Rated Notes in accordance with the Priority of Payments set out in Rated Notes Condition 6 (*Priority of Payments*), the Issuer will cause each Rated Note to be redeemed on such Payment Date in an amount equal to the Principal Payment Amount (as defined below) determined on the related Calculation Date.

#### 9.3 *Optional redemption*

Provided that no Trigger Notice has been served on the Issuer, on any Payment 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:

- 9.3.1 giving not more than 60 (sixty) days and not less than 30 (thirty) days' notice to the Representative of the Noteholders and to the Noteholders of its intention to redeem the Notes;
- 9.3.2 delivering 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; and
- 9.3.3 having notified such redemption to the Rating Agencies prior to the relevant Payment Date on which such redemption shall occur.

#### 9.4 *Conclusiveness of certificates*

Any certificate given by or on behalf of the Issuer pursuant to Rated Notes Condition 9.3 (*Optional redemption*) may be relied on by the Representative of the Noteholders without further investigation and shall be binding on the Rated Noteholders and the Other Issuer Creditors.

#### 9.5 *Calculation of Principal Payment Amount and Principal Amount Outstanding*

- 9.5.1 On each Calculation Date, the Issuer shall calculate or cause the Calculation Agent to calculate:
  - (a) the amount of the Issuer Available Funds;
  - (b) the aggregate principal payment (if any) due on the Rated Notes on the next following Payment Date and the Principal Payment Amount (if any) due on each Rated Note; and
  - (c) the Principal Amount Outstanding of each Rated Note on the next following Payment Date (after deducting any principal payment due to be made on that Payment Date in relation to each Rated Note).
- 9.5.2 The principal amount redeemable in respect of each Rated Note (the "**Principal Payment Amount**") on any Payment Date shall be a *pro rata* share of the principal payment due in respect of the Rated 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 the Rated 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 each Rated Note and the denominator of which is the then Principal Amount Outstanding of all the Rated Notes, and rounding down the resultant figures to the nearest cent, provided always that no



such Principal Payment Amount may exceed the Principal Amount Outstanding of the relevant Rated Note.

9.6 *Calculation by the Representative of the Noteholders in case of Issuer default*

9.6.1 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 Rated Notes, the Principal Payment Amount in respect of each Rated Note or the Principal Amount Outstanding in relation to each Rated Note in accordance with this Rated Notes Condition, such amounts shall be calculated by (or on behalf of) the Representative of the Noteholders in accordance with this Rated Notes 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.

9.6.2 The Representative of the Noteholders shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Rated Notes Condition 9.6 or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Representative of the Noteholders shall not be in any way responsible for any liabilities incurred by reason of misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent, provided that such agent has been selected by the Representative of the Noteholders among financial institutions having experience in making the above determination and calculation in the context of other securitisation transactions.

9.7 *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 the Rated Notes to be notified immediately after calculation (through the Payments Report or the Trigger Event Report) to the Representative of the Noteholders, the Principal Paying Agent and, for so long as the Rated Notes are listed on 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 the Rated Notes to be given in accordance with Rated Notes Condition 17 (*Notices*) not later than two Business Days prior to each Payment Date.

9.8 *Notice of no Principal Payment Amount*

If, after the Payment Date falling on the Initial Amortisation Date, no Principal Payment Amount is due to be made in relation to the Rated Notes on any Payment Date, a notice to this effect will be given to the Rated Noteholders in accordance with Rated Notes Condition 17 (*Notices*) not later than two Business Days prior to such Payment Date.

9.9 *Notice Irrevocable*

Any such notice as is referred to in Rated Notes Condition 9.3 (*Optional redemption*), and Rated Notes Condition 9.7 (*Notice of calculation of Principal Payment Amount*

*and Principal Amount Outstanding*) shall be irrevocable and, upon the expiration of notice pursuant to Rated Notes Condition 9.3 (*Optional redemption*), the Issuer shall be bound to redeem the Rated Notes at their Principal Amount Outstanding.

9.10 *No purchase by Issuer*

The Issuer is not permitted to purchase any of the Rated Notes at any time.

9.11 *Cancellation*

All Rated Notes redeemed in full will be cancelled forthwith by the Issuer and may not be resold or reissued.

10. **LIMITED RECOURSE AND NON PETITION**

10.1 *Noteholders not entitled to proceed directly against Issuer*

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

10.1.1 no Noteholder is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security and no Noteholder (nor any person on its behalf, other than the Representative of the Noteholders, where appropriate) is entitled to take any proceedings against the Issuer to enforce the Security;

10.1.2 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;

10.1.3 until the date falling two years and one day after the date on which the Notes and any other notes issued in the context of any further securitisations 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 the Noteholders and then only if the representative of any further securitisations undertaken by the Issuer, if any, have been so directed by extraordinary resolutions of their respective noteholders in accordance with the relevant transaction document) shall initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and

10.1.4 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.

10.2 *Limited Recourse Obligations of Issuer*

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

- 10.2.1 each Noteholder and Other Issuer Creditor will have a claim only in respect of the Interest Available Funds, the Principal Available Funds or the Issuer Available Funds, as applicable, and at all times only in accordance with the applicable 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;
- 10.2.2 sums payable to such Noteholder or Other Issuer Creditor in respect of the Issuer's obligations to such Other Issuer Creditor, shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Other Issuer Creditor, (b) the Interest Available Funds, the Principal Available Funds, or the Issuer Available Funds, as the case may be, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or *pari passu* with sums payable to such Party; provided that, the Parties agree that if the Issuer Available Funds are insufficient to pay any amount due and payable to the Noteholders and the Other Issuer Creditors, the shortfall then occurring will not be due and payable until a subsequent Payment Date on which the Issuer Available Funds may be used for such purpose in accordance with the relevant Priority of Payments, provided however that any such shortfall will not accrue interest unless otherwise provided in the Transaction Documents; and
- 10.2.3 if the Servicer has certified to the Representative of the Noteholders, that there is no reasonable likelihood of there being any further proceeds in respect of the Receivables or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents or the Rated Notes and the Representative of the Noteholders has given notice on the basis of such certificate in accordance with Rated Notes Condition 17 (*Notices*) that there is no reasonable likelihood of there being any further proceeds in respect of the Receivables or the Security (whether arising from judicial enforcement proceedings, enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Transaction Documents or the Rated Notes, the Rated Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

## 11. PAYMENTS

### 11.1 *Payments through Monte Titoli*

Payment of principal and interest in respect of the Rated 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 Holder in whose accounts with Monte Titoli the Rated 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 Rated Notes or through Euroclear and Clearstream to the accounts with

Euroclear and Clearstream of the beneficial owners of those Rated Notes, all in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

#### 11.2 *Payments subject to fiscal laws*

All payments in respect of the Rated Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Rated Noteholders in respect of such payments.

#### 11.3 *Payments on Business Days*

Rated 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 Rated Noteholder.

#### 11.4 *Change of Principal Paying Agent and appointment of additional paying agents*

The Issuer reserves the right, subject to the prior written approval of the Representative of the Noteholders, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents. The Issuer will cause at least 30 days' prior notice of any change in or addition to the Principal Paying Agent or its Specified Office to be given in accordance with Rated Notes Condition 17 (*Notices*). Within the same term, the Issuer shall notify the Rating Agencies of any such change or addition.

### 12. **TAXATION**

#### 12.1 *Payments free from Tax*

All payments by or on behalf of the Issuer in respect of the Rated Notes shall be made free and clear of and without withholding or deduction for, or on account of, any Taxes, including, for the avoidance of doubt, a Decree 239 Deduction, unless the Issuer, the Representative of the Noteholders or the Principal Paying Agent or any paying agent appointed under Rated Notes Condition 11.4 (*Change of Principal Paying Agent and appointment of additional paying agent*) (as the case may be) is required by law to make any Tax Deduction. In that event the Issuer, the Representative of the Noteholders or such Principal 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.

#### 12.2 *No payment of additional amounts*

None of the Issuer, the Representative of the Noteholders, the Principal Paying Agent or any paying agent appointed under Rated Notes Condition 11.4 (*Change of Principal Paying Agent and appointment of additional paying agent*) (as the case may be) will be obliged to pay any additional amounts to the holders of the Rated Notes as a result of any such Tax Deduction.

#### 12.3 *Tax Deduction not Trigger Event*

Notwithstanding that the Representative of the Noteholders, the Issuer or the Principal Paying Agent or any paying agent appointed under Rated Notes Condition 11.4 (*Change of Principal Paying Agent and appointment of additional paying agent*) are required to make a Tax Deduction this shall not constitute a Trigger Event.

#### 12.4 *FATCA Deduction*

Each party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

Each party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the party to whom it is making the payment and, in addition, shall notify each Other Issuer Creditor.

### 13. **TRIGGER EVENTS**

#### 13.1 *Trigger Events*

Each of the following events is a "**Trigger Event**":

##### 13.1.1 *Non-payment:*

the Issuer defaults in the payment of any Interest Payment Amount or principal due and payable on the Notes and such default is not remedied within a period of 5 (five) Business Days from the due date thereof; or

##### 13.1.2 *Breach of other obligations:*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Rated Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of being remedied or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of being remedied remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied; or

##### 13.1.3 *Insolvency of the Issuer:*

an Insolvency Event occurs with respect to the Issuer; or

##### 13.1.4 *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 Rated Notes or any of the Transaction Documents to which it is a party.

### 13.2 *Delivery of Trigger Notice*

If a Trigger Event occurs and is continuing, subject to Rated Notes Condition 13.3 (*Conditions to delivery of Trigger Notice*) the Representative of the Noteholders:

13.2.1 in the case of a Trigger Event under Condition 12.1.1 shall; and

13.2.2 in the case of a Trigger Event under Condition 12.1.2, 12.1.3 or 12.1.4 shall, if so directed by an Extraordinary Resolution of the Noteholders;

serve a written notice (a "**Trigger Notice**") on the Issuer.

### 13.3 *Conditions to delivery of Trigger Notice*

Notwithstanding Rated Notes Condition 13.2 (*Delivery of a Trigger Notice*) the Representative of the Noteholders shall not be obliged to deliver a Trigger Notice unless:

13.3.1 in the case of the occurrence of any of the events mentioned in Rated Notes Condition 13.1.2 (*Breach of other obligations*), the Representative of the Noteholders shall have certified in writing that the occurrence of such event is in its opinion materially prejudicial to the interests of the Rated Noteholders; and

13.3.2 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.

### 13.4 *Consequences of delivery of Trigger Notice*

Upon the service of a Trigger Notice, all payments of principal, interest and other amounts in respect of the Notes shall become immediately due and payable without further action or formality at their Principal Amount Outstanding, together with any accrued interest and shall be payable in accordance with the order of priority set out in Rated Notes Condition 7.2 (*Post Trigger Notice Priority of Payments*) and on such dates as the Representative of the Noteholders shall determine as being Payments Dates.

For the purposes of this Condition 13 the Issuer undertakes to notify the Representative of the Noteholders as soon as it becomes aware of the occurrence of a Trigger Event.

The Issuer will notify the Rating Agencies of the service of a Trigger Notice by the Representative of the Noteholders.

## 14. **ENFORCEMENT**

### 14.1 *Proceedings*

At any time after a Trigger Notice has been served on the Issuer, 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 Rated Notes and payment of accrued interest thereon but it shall not be bound to do so unless directed

by an Extraordinary Resolution of the Noteholders and subject to article 31.3.3 of the Rules of the Organisation of the Noteholders.

#### 14.2 *Notifications, determinations and liability of the Representative of the Noteholders*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of Condition 13 (*Trigger Events*) or this Condition 14 by the Representative of the Noteholders shall (in the absence of wilful misconduct, gross negligence or manifest error) be binding on the Issuer and all Rated Noteholders and (in such absence as aforesaid) no liability to the Rated Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretion hereunder.

#### 14.3 *Directions to the Representative of the Noteholders*

The Representative of the Noteholders shall not be bound to take any action described in Rated Notes Condition 14.1 (*Proceedings*) and may take such action without having regard to the effect of such action on any individual Noteholder or on any Other Issuer Creditor, provided that the Representative of the Noteholders shall not, and shall not be bound to, act at the request or direction of the Noteholders of any Class other than the Most Senior Class of Notes then outstanding unless:

14.3.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such Class; or

14.3.2 (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.

#### 14.4 *Sale of Receivables*

Following the delivery of a Trigger Notice the Representative of the Noteholder shall direct the Issuer and shall be entitled to dispose in the name and on behalf of the Issuer, according to the Mandate Agreement, to sell the Master Portfolio or a substantial part thereof only if so requested by an Extraordinary Resolution of the Noteholders then outstanding and strictly in accordance with the instructions approved thereby subject to article 31.3.3 of the Rules of the Organisation of the Noteholders (and for the avoidance of doubt subject to its indemnification to satisfaction).

### 15. **THE REPRESENTATIVE OF THE NOTEHOLDERS AND OTHER AGENTS**

#### 15.1 *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.

#### 15.2 *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.

## 16. **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.

## 17. **NOTICES**

### 17.1 *Notices Given Through Monte Titoli*

Any notice regarding the Rated Notes, as long as the Notes are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

### 17.2 *Notices in Luxembourg*

As long as the Rated Notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice to Rated Noteholders shall also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). 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.

### 17.3 *Other method of giving notice*

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to Rated Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Rated Notes are then listed and provided that notice of such other method is given to the Rated Noteholders in such manner as the Representative of the Noteholders shall require.

## 18. **NOTIFICATIONS TO BE FINAL**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Rated Notes Conditions, whether by the Principal Paying Agent or any paying agent appointed under Rated Notes Condition 11.4 (*Change of Principal Paying Agent and appointment of additional paying agent*), the Calculation Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default (*dolo*), gross negligence (*colpa grave*), fraud (*frode*) or manifest error) be binding on the Principal Paying Agent or any paying agent appointed under Rated Notes Condition 11.4 (*Change of Principal Paying Agent and appointment of additional paying agent*), the Calculation Agent, the Issuer, the Representative of the Noteholders and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Principal Paying Agent, the Calculation Agent, the Issuer or the Representative of the Noteholders in connection



with the exercise or non-exercise by them or any of them of their powers, duties and discretion hereunder.

## 19. **GOVERNING LAW AND JURISDICTION**

### 19.1 *Governing Law of Rated Notes*

The Rated Notes and any non-contractual obligations arising out of them are governed by Italian law.

### 19.2 *Governing Law of Transaction Documents*

All the Transaction Documents and any non-contractual obligations arising out of them, except for the Dutch Deed of Pledge are governed by Italian law. The Dutch Deed of Pledge and any non-contractual obligations arising out of them are governed by Dutch law.

### 19.3 *Jurisdiction of Courts*

The Courts of Milan are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Rated Notes.

**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 € 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078 (the "**Class A1 Notes**"), the € 2,665,110,000 Class A2 Residential Mortgage Backed Fixed Rate Notes due October 2078 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**" or the "**Rated Notes**") and the € 1,844,530,000 Class J Residential Mortgage Backed Notes due October 2078 (the "**Junior Notes**" and, together with the Rated Notes, the "**Notes**") issued by Leone Arancio RMBS S.r.l., and is governed by the Rules of the Organisation of the Noteholders set out herein (the "**Rules**").
- 1.2 The Rules shall remain in force and effect until full repayment or cancellation of all the Notes.
- 1.3 The contents of the Rules are deemed to be an integral part of each Note issued by the Issuer.

**2. DEFINITIONS AND INTERPRETATION**

**2.1 Definitions**

2.1.1 In these Rules the terms set out below have the following meanings:

**"Basic Terms Modification"** means any proposal:

- (a) to change any date fixed for the payment of principal or interest or Premium in respect of the Notes of any Class;
- (b) to reduce or cancel the amount of principal or interest or Premium due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (c) to change the quorum required at any Meeting or the majority required to pass any Ordinary Resolution or Extraordinary Resolution;
- (d) to change the currency in which payments due in respect of any Class of Notes are payable;
- (e) to alter the priority of payments of interest or Premium or principal in respect of any of the Notes;

- (f) to effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed; or
- (g) to resolve on the matter set out in Condition 10.1.3 (*Noteholders not entitled to proceed directly against the Issuer*) of the Rated Notes Conditions or Condition 11.1.3 (*Noteholders not entitled to proceed directly against the Issuer*) of the Junior Notes Conditions; or
- (h) to change this definition;

**"Blocked Notes"** means Notes which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the relevant Monte Titoli Account Holder for the purpose of voting at a Meeting.

**"Block Voting Instruction"** means, in relation to a Meeting, a document prepared by the Tabulation Agent (where appointed) or otherwise by the Principal Paying Agent summarising the results of the Voting Instructions received by or on behalf of the Noteholders and, in particular:

- (a) where applicable, certifying that the Notes relating to the relevant Voting Instructions are held to the order of the Principal Paying Agent or under its control or have been blocked in an account with a clearing system, the Monte Titoli Account Holder or the relevant custodian and will not be released until the earlier of:
  - (i) the conclusion of the Meeting; and
  - (ii) the surrender the Tabulation Agent (where appointed) or otherwise to the Principal Paying Agent which issued the same 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 confirmation that the Notes are Blocked Notes and notification of the release thereof by the Tabulation Agent (where appointed) or otherwise the Principal Paying Agent to the Issuer and Representative of the Noteholders;
- (b) certifying to have received appropriate evidence of the ownership of the Notes being the subject of the relevant Voting Instructions as at the relevant Record Date;
- (c) certifying that the Holder of the relevant Notes or Blocked Notes, as the case may be, or a duly authorised person on its behalf has notified the Tabulation Agent (where appointed) or otherwise 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; and

- (d) listing the aggregate principal amount of such specified Blocked Notes, distinguishing between those in respect of which instructions have been given to vote for, and against, each resolution.

"**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.

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

"**Conditions**" means, as applicable, the Rated Notes Conditions and the Class J Notes Conditions.

"**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.

"**Junior Notes Conditions**" means the terms and conditions of the Junior Notes as from time to time modified in accordance with the provisions thereof and including any other document expressed to be supplemental thereto and any reference to a particular numbered Junior Notes Condition shall be construed accordingly.

"**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 the Financial Laws Consolidation Act and includes any depositary banks approved by Clearstream and Euroclear.

"**Monte Titoli Mandate Agreement**" means the agreement dated on or about the Issue Date between the Issuer and Monte Titoli.

"**Most Senior Class of Notes**" means the Class A1 Notes while they remain outstanding, thereafter the Class A2 Notes while they remain outstanding and thereafter the Class J 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 any person appointed to vote at a Meeting other than any person whose appointment has been revoked and in relation to whom the Tabulation Agent (where appointed) or otherwise the relevant Principal Paying Agent, or in the case of a proxy appointed under a Voting Certificate, the Issuer has been

notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting.

**"Record Date"** means the date falling 7 Business Days prior to the Meeting;

**"Resolutions"** means Ordinary Resolutions and Extraordinary Resolutions collectively;

**"Specified Office"** means (i) with respect to the Principal Paying Agents (a) the office specified against its name in clause 26.2 (*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 17.11 (*Change in Specified Offices*) of the Cash Allocation, Management and Payment Agreement and (ii) with respect to any additional or other Principal Paying Agent appointed pursuant to the Conditions 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 Principal Paying Agent in accordance with Condition 11.4 (*Change of Principal Paying Agent*) of the Rated Notes Condition and the Condition 12.4 (*Change of Principal Paying Agent*) of the Junior Notes Condition and in each such case, such other address as the Principal Paying Agent may specify in accordance with the provisions of the Cash Allocation, Management and Payment Agreement.

**"Rated Notes Conditions"** means the terms and conditions of the Rated Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or other document expressed to be supplemental thereto and any reference to a particular numbered Rated Notes Condition shall be construed accordingly.

**"Tabulation Agent"** means the agent appointed by the Issuer to take care of the organisation of the Meeting and any administrative activities relating thereto.

**"Transaction Party"** means any person who is a party to a Transaction Document.

**"Trigger Event"** means any of the events described in Condition 13 (*Trigger Events*) of the Rated Notes Condition or Condition 14 (*Trigger Events*) of the Junior Notes Conditions.

**"Trigger Notice"** means a notice described as such in Condition 13.2 (*Delivery of Trigger Notice*) of the Rated Notes Condition or Condition 14.2 (*Delivery of Trigger Notice*) of the Junior Notes Conditions.

**"Voter"** in relation to a Meeting, the Holder named in a Voting Certificate or a Proxy.

**"Voting Certificate"** means, in relation to any Meeting a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time

to time containing, inter alia, evidence of the ownership of the Notes being the subject of the relevant Voting Certificate as at the relevant Record Date.

**"Voting Instruction"** means, in respect to a Resolution, the voting instruction that must be delivered to the Tabulation Agent (where appointed) or otherwise the Principal Paying Agent by each Noteholder wishing to vote without participating directly at the relevant Meeting, whether directly or through the relevant Monte Titoli Account Holder or custodian, stating that the vote(s) attributable to the Notes that are the subject of such voting instruction should be cast in a particular way in relation to the relevant Resolution (either in favour or against such Resolution).

**"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 Rated Notes 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 wishing to participate in person at a Meeting may obtain a Voting Certificate in respect of such Meeting.

4.1.2 A Noteholder wishing to vote but not wishing to participate in person at a Meeting shall deliver a Voting Instruction to the Tabulation Agent (where appointed) or otherwise to the Principal Paying Agent and appoint a Proxy to participate at the Meeting on its behalf.

4.1.3 Upon receipt of all Voting Instructions by the Tabulation Agent (where appointed) or otherwise by the Principal Paying Agents (on the basis of the information received by the Tabulation Agent (where appointed)) will issue a Block Voting Instruction summarising the Noteholders' instructions in accordance to which the designed Proxy will vote at the Meeting.

##### 4.2 Blocking of the Notes

The Notes in respect of which a Voting Instruction has been delivered or a Voting Certificate is being requested may, or may not, at the Issuer discretion, be blocked with a clearing system, the relevant Monte Titoli Account Holder. The relevant Notes, if blocked, will be Blocked Notes with effect from the date on which the Voting Instruction is submitted or the Voting Certificate is requested (as the case may be) until the earlier of: (i) the conclusion of the Meeting and (ii) the surrender to the Tabulation Agent (where appointed) or otherwise the Principal Paying Agent, not less than 48 hours before the time fixed for the Meeting, of the confirmation that the Notes are Blocked Notes and notification of the release thereof by the Tabulation Agent (where appointed) or otherwise the Principal Paying Agent to the Issuer and Representative of the Noteholders.

##### 4.3 Expiry of validity

A Voting Certificate or Block Voting Instruction shall be valid, in case the relevant Notes are blocked, until the release of the Blocked Notes to which it relates or otherwise (unless earlier revoked) until the conclusion of the relevant Meeting.

##### 4.4 Deemed Holder

Noteholders who, as at the Record Date, own beneficial interests (as shown in the records of the relevant clearing system, or the relevant Monte Titoli Account Holders) shall be deemed to be the Holder of the Notes for all purposes in connection with the Meeting.



#### **4.5 Mutually exclusive**

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### **4.6 References to blocking or release**

References to the blocking or release of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of any relevant clearing system.

### **5. 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 for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Principal Paying Agent, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Noteholders or the Tabulation Agent (where appointed) so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy shall be produced at the Meeting but the Representative of the Noteholders or the Tabulation Agent (as the case may be) shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the identity of any Proxy.

### **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.

## **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 and the Principal Paying Agent, with a copy to the Issuer, where the Meeting is convened by the Representative of the Noteholders, or with a copy to the Representative of the Noteholders, where the Meeting is convened by the Issuer.

### **7.2 Content of notice**

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Noteholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that (i) Voting Certificates 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 22 February 2008, as amended from time to time, (ii) the procedure to deliver a Voting Instruction and to appoint a Proxy and (iii) that Notes may or may not at the Issuer's discretion be blocked in an account with a clearing system starting from the delivery of the relevant Voting Instruction or request of the relevant Voting Certificate, as the case may be.

### **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 two or more persons holding or representing at least 50.00 per cent of the Principal Amount Outstanding of the Notes then outstanding in that Class or these Classes or, at any adjourned Meeting at least one person being or representing Noteholders of that Class or these 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 two 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 an adjourned Meeting, two 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 approved separately by each Class of Noteholders), will be two or more persons holding or representing at least 75.00 per cent of the Principal Amount Outstanding of the Notes then outstanding, 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,

**provided that**, if in respect of any Class of Notes, the Principal Paying Agent has received evidence that all the Notes of that Class are held by a single Holder and the Voting Certificates and/or Block Voting Instructions so confirm, then a single Voter appointed in relation thereto or being the Holder of the Notes thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

## 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**

The following categories of persons may attend and speak at a Meeting:

13.1 Voters;

13.2 the directors and the auditors of the Issuer;

13.3 representatives of the Issuer and the Representative of the Noteholders;

13.4 financial advisers to the Issuer and the Representative of the Noteholders;

13.5 legal advisers to the Issuer and the Representative of the Noteholders;

13.6 any other person authorised by virtue of a resolution of such Meeting or by the Representative of the Noteholders.

## 14. **VOTING BY POLL**

### 14.1 **Demand for a poll**

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Representative of the Noteholders or one or more Voters representing or holding not less than one-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.

### 14.2 **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.

## 15. **VOTING BY SHOW OF HANDS**

15.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.

15.2 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.

## 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 every Vote who is so present shall have one vote in respect of each €1,000 of Principal Amount Outstanding of the Notes represented by the Voting Certificate or in respect of which it holds a Proxy or such other amount as the Representative of the Noteholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Representative of the Noteholders in its absolute discretion may stipulate) in the Principal Amount Outstanding of the Notes it holds or represents.

## 16.2 **Voting Instruction**

Unless the terms of any Voting Instruction states 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 Voting Instruction shall be valid even if such 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 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.

## 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 the Rules, the Rated Notes Conditions or the Junior Notes 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.

## 19. EXTRAORDINARY RESOLUTIONS

19.1 A Meeting, in addition to any powers assigned to it in the Rated Notes Conditions or the Junior Notes 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 Rated Notes Conditions, the Junior Notes 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 the Representative of the Noteholders to issue a Trigger Notice as a result of a Trigger Event pursuant to Condition 13 (*Trigger Events*) of the Rated Notes Conditions or Condition 14 (*Trigger Events*) of the Junior Notes Conditions;
- 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 Rated Notes Conditions, the Junior Notes Conditions or any other Transaction Document;
- 19.1.6 grant any authorisation or approval, which, under the provisions of these Rules or of the Rated Notes Conditions or the Junior Notes 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 authorise early redemption of the Notes in the circumstances set out in the Rated Notes Conditions and/or in the Junior Notes Conditions;
- 19.1.9 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;
- 19.1.10 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;

19.1.11 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.

## 19.2 **Basic Terms Modification**

19.2.1 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.

19.2.2 Before resolving for a Basic Term Modification, the Representative of the Noteholders shall give prior notice to the Rating Agencies.

## 19.3 **Extraordinary Resolution of a Single Class**

No Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any Class of Noteholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes ranking senior to or *pari passu* with such Class (to the extent that there are Notes outstanding ranking senior to or *pari passu* with such Class), unless the Representative of the Noteholders considers that none of the Holders of each of the other Classes of Notes ranking senior to or *pari passu* with such Class would be materially prejudiced by the absence of such sanction and, for the purposes of this Article 19.3 (*Extraordinary Resolution of a Single Class*), Class A1 Notes rank senior to Class A2 Notes which rank senior to Class J Notes.

## 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 the 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 duly convened and held as aforesaid shall also be binding upon all the Class A2 Noteholders and the Class K Noteholders; and

20.1.2 any resolution passed at a Meeting of the Class A2 Noteholders duly convened and held as aforesaid shall also be binding upon all the Class J 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 **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 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, the Rated Notes Conditions and the Junior Notes Conditions, joint Meetings of the Class A1 Noteholders, the Class A2 Noteholders and the Class J Noteholders may be held to consider the same Ordinary Resolution or Extraordinary Resolution and the provisions of the Rules shall apply *mutatis mutandis* thereto.

## 25. **SEPARATE AND COMBINED MEETINGS OF NOTEHOLDERS**

25.1 The following provisions shall apply in respect of Meetings where outstanding Notes belong to more than one Class:

25.1.1 business which, in the opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;

25.1.2 business which, in the opinion of the Representative of the Noteholders, affects more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a single Meeting

of the Noteholders of all such Classes of Notes as the Representative of the Noteholders shall determine in its absolute discretion; and

- 25.1.3 business which, in the opinion of the Representative of the Noteholders, affects the Noteholders of more than one Class of Notes and gives rise to an actual or potential conflict of interest between the Noteholders of one such Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

## 26. **INDIVIDUAL ACTIONS AND REMEDIES**

- 26.1 Each Noteholder has accepted and is bound by the provisions of Condition 10 (*Limited Recourse and Non Petition*) of the Rated Notes Conditions or, as the case may be, Condition 11 (*Limited Recourse and Non Petition*) of the Junior Notes Conditions 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 and subject to Article 18.2 (*Ordinary Resolution of a Single Class*), 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.

## 27. **FURTHER REGULATIONS**

Subject to all other provisions contained in the 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 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 TMF Trustee Limited.

##### 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 107 of the Consolidated Banking Act; or

28.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in article 2399 of the Italian civil code cannot be appointed as Representative of the Noteholders and, if appointed as such, they shall be automatically removed.

##### 28.3 Duration of appointment

Unless the Representative of the Noteholders is removed by Extraordinary Resolution of the Noteholders 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.

If the Representative of the Noteholders considers it expedient or necessary or is requested by the Issuer to undertake duties which are of an exceptional nature or otherwise objectively outside the scope of the normal duties of the Representative of the Noteholders under the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Mandate Agreement and the Intercreditor Agreement, the Issuer shall pay to the Representative of the Noteholders such additional remuneration as shall be agreed between them having regard to the average market remuneration for the relevant activities. If the Representative of the Noteholders and the Issuer fail to agree upon such additional remuneration, then such matter shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Representative of the Noteholders and approved by the Issuer or, failing such approval, nominated (on the application of either the Issuer or the Representative of the Noteholders) by a second investment bank (the expenses involved in such nomination and the fees of such investment banks being payable by the Issuer) and the determination of any such investment bank shall be final and binding upon the Representative of the Noteholders and the Issuer.

## 29. RESIGNATION OF THE REPRESENTATIVE OF THE NOTEHOLDERS

The Representative of the Noteholders may resign at any time by giving at least two calendar months' written notice to the Issuer, without needing to provide any specific reason for the resignation and without being responsible for any costs and expenses incurred as a result of such resignation. The resignation of the Representative of the Noteholders shall not become effective until:

- 29.1.1 a new Representative of the Noteholders has been appointed in accordance with Article 28.1 (*Appointment*);
- 29.1.2 such new Representative of the Noteholders has accepted its appointment and confirmed its agreement to be bound by all the provisions of the Rules and the other Transaction Documents to which the resigning Representative of the Noteholders is a party in such capacity; and
- 29.1.3 all security created in favour of the Representative of the Noteholders has been transferred to its successor,

provided that if the Noteholders fail to select a new Representative of the Noteholders within two 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 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 shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, provided that the Representative of the Noteholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Noteholders shall, as soon as reasonably practicable, give notice to the Issuer of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer of the appointment of any sub-delegate as soon as reasonably practicable.

### **30.4 Judicial Proceedings**

The Representative of the Noteholders is authorised to initiate and to represent the Organisation of the Noteholders in any judicial proceedings, including Insolvency Proceedings.

### **30.5 Consents given by Representative of Noteholders**

Any consent or approval given by the Representative of the Noteholders under these Rules and any other Transaction Document may be given on such terms and subject to 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**

Save as expressly otherwise provided in the Transaction Documents, the Representative of the Noteholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Noteholders by these Rules or by operation of law, and the Representative of the Noteholders shall not be responsible for any loss, cost, damage, expense or inconvenience resulting from the exercise, non-exercise or refraining from exercise thereof except insofar as the same are incurred as a result of its wilful misconduct (*dolo*), fraud (*frode*) or gross negligence (*colpa grave*).

### **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 and Purchase Termination Events**

The Representative of the Noteholders may certify whether or not a Trigger Event or Purchase Termination Event is in its opinion materially prejudicial to the interests of the Noteholders and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other party to the Transaction Documents.

### **30.9 Remedy**

The Representative of the Noteholders may determine whether or not a default in the performance by the Issuer or the Originator or the Servicer 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 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 Purchase Termination 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, Purchase Termination 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 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:

- (a) the nature, status, creditworthiness or solvency of the Issuer;
- (b) 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;
- (c) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;

- (d) 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
  - (e) 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;
- 31.2.5 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;
- 31.2.6 shall have no responsibility for procuring or maintaining any rating of the Notes by any credit or rating agency or any other person;
- 31.2.7 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 for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 31.2.8 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;
- 31.2.9 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;
- 31.2.10 shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- 31.2.11 shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- 31.2.12 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;
- 31.2.13 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;
- 31.2.14 shall not be under any obligation to insure the Portfolio or to investigate that any insurance to be put in place by the Issuer is in place or is adequate any part thereof;
- 31.2.15 shall not be responsible for the adequacy, sufficiency or validity of any security interest;



- 31.2.16 shall not be responsible for perfection, priority, maintenance, continuation or accuracy of any required registrations and/or filings in relation to any security interest;
- 31.2.17 shall not (unless and to the extent ordered to do so by a court of competent jurisdiction) be under any obligation to disclose to any Noteholder, any Other Issuer Creditor or any other party any confidential, financial, price sensitive or other information made available to the Representative of the Noteholders by the Issuer or any other person in connection with these Rules and no Noteholder, Other Issuer Creditor or any other party shall be entitled to take any action to obtain from the Representative of the Noteholders any such information;
- 31.2.18 shall not be obliged to evaluate the consequences that any modification of these Rules or any of the Transaction Documents or exercise of its rights, powers and authorities may have for any individual Noteholders;
- 31.2.19 shall not be deemed responsible for having acted pursuant to instructions received from the Meeting, even if it is later discovered that the Meeting had not been validly convened or constituted, and that such resolution had not been duly approved or was not otherwise valid or binding for the Noteholders.
- 31.2.20 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 carrying out of any activity under the Transaction Documents, unless such activities are carried out with gross negligence (*colpa grave*) or willful misconduct (*dolo*).

### 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 regard 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 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 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 opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or liability which it may incur as a consequence of such action. The Representative of the Noteholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

### **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, credit or rating agency or other expert, whether obtained by the Issuer or the Representative of the Noteholders. The Representative of the Noteholders shall not be liable for any damages, losses, liabilities or expenses incurred by any party as a result of the Representative of the Noteholders acting in accordance with any such advice.

#### **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.

If the Issuer requests the Representative of the Noteholders to act on instructions or directions delivered by letter, telegram, e-mail or fax transmission, the Representative of the Noteholders shall have (i) no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer and (ii) no liability for any losses liabilities, costs or expenses incurred or sustained by the Issuer as a result of such reliance upon compliance with such instructions or directions.

### 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 22 February 2008, as amended 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, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the Noteholders or, as the case may be, holders of the Most Senior Class of Notes if the then current credit ratings of the Rated Notes would not be adversely affected by such exercise. Notwithstanding the foregoing, it is agreed and acknowledged by the Representative of the Noteholders and notified to the Noteholders that a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders, and it is expressly agreed and acknowledged that a rating confirmation does not impose on or extend to the Rating Agencies any actual or contingent liability to the Representative of the Noteholders, the Noteholders or any other third party or create legal relations between the Rating Agencies and the Representative of the Noteholders, the Noteholders or any other third party by way of contract or otherwise. If the Representative of the Noteholders, in order properly to exercise its rights or fulfill its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Notes or any Class thereof, the Representative of the Noteholders may inform the Issuer, which will then take the necessary actions in order to obtain such views at its expense on behalf of the Representative of the Noteholders or the Representative of the Noteholders may seek and obtain such views itself at the cost of the Issuer, provided that the Representative of the Noteholders shall not be released from its obligation under these Rules or the Transaction Documents should the Rating Agencies not be willing to provide any views or rating confirmation.

### 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 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 or an error established to the satisfaction of the Representative of the Noteholders;

33.1.2 any modification to these Rules or any of the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of these Rules or any of the Transaction Documents referred to in the definition of Basic Terms Modification) in relation to which its consent is required which, in the 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

33.1.3 any modification to these Rules or the Transaction Documents (other than in respect of a Basic Terms Modification or any provision of the Rules or any of the Transaction Documents referred to in the definition of a Basic Terms Modification) which the Issuer has requested the Representative of the Noteholders to approve in the context of any further securitisation referred to in Condition 5.11 of the Rated Notes Conditions and Condition 5.11 of the Junior Notes Conditions and which, in the opinion of the Representative of the Noteholders, will not be materially prejudicial to the interests 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 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 to Noteholders and the relevant Transaction Documents.

### 33.3 **Evidence of error**

In establishing whether an error is established as such to its satisfaction, the Representative of the Noteholders may have regard to any evidence on which the Representative of the Noteholders considers it appropriate to rely, and may, but shall not be obliged to, have regard to all or any of the following:

33.3.1 a certificate from the Arranger, stating the intention of the parties to the relevant Transaction Document, confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention and stating the modification to the relevant Transaction Document that is required to reflect such intention;

33.3.2 the circumstance that, after giving effect to such modification, the Rated Notes shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

### 33.4 **Modification at the direction of 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 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. **SECURITY DOCUMENTS**

### 35.1 **Security Documents**

The Representative of the Noteholders shall have the right to exercise all the rights granted by the Issuer to the Representative of the Noteholders pursuant to the Security Documents. The beneficiaries of the Security Documents are referred to in this Article 35 as the "**Secured Noteholders**".

### 35.2 **Rights of Representative of the Noteholders**

35.2.1 The Representative of the Noteholders, acting on behalf of the Secured Noteholders, shall be entitled to appoint and entrust the Issuer to collect, in the Secured Noteholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Issuer, to the respective debtors of the pledged claims to make the payments related to such claims to the Payments Account or to any other account opened in the name of the Issuer and appropriate for such purpose;

35.2.2 The Secured Noteholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to Accounts or to any other account opened in the name of the Issuer and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Noteholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under

the Deed of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

## 36. INDEMNITY

Pursuant to the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement, the Issuer has covenanted and undertaken upon demand, and subject to and in accordance with the relevant Priority of Payments, to indemnify the Representative of the Noteholders, its officers, employees and directors, against and to reimburse, pay or discharge (on a full indemnity basis), to the extent not already reimbursed, paid or discharged by the Other Issuer Creditors 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:

- 36.1.1 the negotiation, preparation and execution of these Rules, the Conditions and the Transaction Documents and the completion of the transactions and perfection of the security contemplated therein;
- 36.1.2 the preservation, exercise or purported exercise of any of its rights, powers, authorities and discretions or the performance of its duties under and otherwise in relation to these Rules, the Conditions and the Transaction Documents;
- 36.1.3 any breach by the Issuer of its obligations under these Rules, the Conditions or the Transaction Documents;
- 36.1.4 any other action taken in connection with the enforcement of the obligations of the Issuer under these Rules, the Conditions or the Transaction Documents or the recovery from the Issuer of the amounts payable by the Issuer in respect of Issuer's obligations under the Notes or the Transaction Documents or any of them; and
- 36.1.5 any payment in respect of the Issuer's obligations under the Notes or the Transaction Documents or any of them (whether by the Issuer or any other person) which is subsequently impeached or declared void for any reason whatsoever,

in each case, with the addition of applicable VAT or similar tax charged or chargeable in respect thereof and including, but not limited to, legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Noteholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Noteholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under the Rules, the Notes or the Transaction Documents, except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*). The provisions of this Condition 36 (*Indemnity*) shall continue in full force and effect notwithstanding any discharge or the completion of the arrangements set out herein. The indemnity under this Condition 36 (*Indemnity*) constitutes a separate and independent obligation of the Issuer and shall give a separate and independent cause of action. The provisions of this Condition 36 shall continue in



full force and effect notwithstanding any discharge or the completion of the arrangements set out herein. The indemnity under this Condition 36 constitutes a separate and independent obligation of the Issuer and shall give a separate and independent cause of action.

37. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Noteholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Notes or these Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

## TITLE IV

### THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF AN ENFORCEMENT NOTICE

#### 38. POWERS

It is hereby acknowledged that, upon service of a Trigger Notice or, prior to 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 article 1723, paragraph 2, 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**

#### **39. GOVERNING LAW**

The Rules and any non-contractual obligation arising out of them are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

#### **40. JURISDICTION**

The Courts of Milan 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.

## 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.

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**"), Italian Law Decree no. 91 of 24 June 2014 ("*Disposizioni urgenti per il settore agricolo, la tutela ambientale e l'efficientamento energetico dell'edilizia scolastica e universitaria, il rilancio e lo sviluppo delle imprese, il contenimento dei costi gravanti sulle tariffe elettriche, nonché per la definizione immediata di adempimenti derivanti dalla normativa europea*") converted with amendments into Law No. 116 of 11 August 2014 ("**Law 116/2014**") and the Law Decree No. 50 of 24 April 2017 ("*Disposizioni urgenti in materia finanziaria, iniziative a favore degli enti territoriali, ulteriori interventi per le zone colpite da eventi sismici e misure per lo sviluppo*"), converted with amendments into Law no. 96 of 21 June 2017 ("**Law 96/2017**") introduced certain amendments to the Securitisation Law to the purpose of improving the Securitisation Law by granting additional legal benefits to the entities involved in the securitisation transactions in Italy and better clarifying certain provisions of the Securitisation Law. In particular, the following main changes have been introduced by such laws in respect of the Securitisation Law:

- (1) the assigned debtors in securitisation transactions shall not be entitled to exercise any set-off between the amounts due by them under the assigned receivables and their claims arisen after the date of publication in the Official Gazette of the notice of transfer of the relevant portfolio or the date certain at law ("*data certa*") on which the relevant purchase price (even if partial) has been paid;
- (2) payments made by assigned debtors under securitised claims are not subject to the declaration of ineffectiveness pursuant to Article 65 of the Bankruptcy Law;
- (3) the assignment of receivables owed by public entities made under the Securitisation Law will now be subject only to the formalities contemplated by the Securitisation Law (*i.e.*, the publication of the notice of assignment in the Official Gazette and the registration of the assignment in the register of companies where the assignee is enrolled) and no other formalities shall apply; and
- (4) where the Notes issued by the special purpose vehicle are subscribed by qualified investors, the underwriter can also be a sole investor.

- (5) the servicer, the sub-servicer or the depository bank, with which the accounts for the deposit of the collections received from the assigned debtors of securitisation transactions have been opened, becomes subject to insolvency proceedings, the amounts credited on such accounts will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan;
- (6) securitisation companies established under the Securitisation Law are allowed to grant direct financings to entities which are not individuals or so called micro-companies, subject to certain conditions;
- (7) certain consequential changes are made to the Securitisation Law to reflect such new possibility;
- (8) the segregation principle set out in the second paragraph of article 3 of the Securitisation Law, as better described under the paragraph set out below (*Ring-fencing of the assets*), is widened to include any right arising in favour of the securitisation company in the context of the relevant securitisation transaction, the relevant collections and the financial assets acquired with such collections.

### **Ring-fencing of the assets**

Under the terms of article 3 of the Securitisation Law (as recently amended, as set out above), (i) the assets and moneys relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and (ii) any claim of the Issuer which has arisen in the context of the Securitisation, their collections and the financial assets purchased using those funds will, by operation of law, be segregated for all purposes from all other deposits and moneys of the relevant depository. Prior to and on a winding-up of such a company the receivables, moneys and deposits listed above will only be available to the holders of the notes issued to finance the acquisition of the relevant receivables and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant receivables. In addition, the receivables, moneys and deposits relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company. However, under Italian law, any creditor of the Issuer would be able to commence insolvency or winding up proceedings against the company in respect of any unpaid debt.

In addition to the above, it should be noted that, pursuant to the amendments recently introduced to the Securitisation Law by Law 9/2014 and Law 116/2014, it has been provided for that *inter alia*:

- (i) the amounts credited into the accounts opened by companies incorporated as special purpose vehicles pursuant to article 3 of Law 130 with the servicers or with the depository bank of securitisation transactions, on which the amounts paid by the assigned debtors as well as any other amount due to the relevant special purpose vehicle under the securitisation may be credited, may be utilized only to fulfil the obligations of the relevant special purpose vehicle against the noteholders and the other creditors under the securitisation and to pay the expenses to be borne in connection with the

securitisation. Should any proceeding under Title IV of the Consolidated Banking Act, or any other insolvency procedure apply to the relevant servicer or depositary bank, the amounts credited on such accounts and the sums deposited during the course of the relevant insolvency procedure (i) will not be subject to the suspension of payments; and (ii) will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan; and

in respect of the accounts opened by the servicers and the sub-servicers with banks, and into which the amounts paid by the assigned debtors may be credited, the creditors of the relevant servicer or sub-servicer may exercise claims only in respect of the amounts credited on such accounts that exceed the amounts due to the relevant special purpose vehicle. Should any insolvency procedure apply to the relevant servicer or sub-servicer, the amounts credited on such segregated accounts and the sums deposited during the course of the relevant insolvency procedure will be immediately and fully returned to the special purpose vehicle in accordance with the provisions of the relevant agreement and without the need to for the filing of any petition in the relevant insolvency proceeding and outside any distribution plan. Under Italian law, however, any creditor of the Issuer would be able to commence insolvency or winding-up proceedings against the Issuer in respect of any unpaid debt.

### **The assignment**

The assignment of the receivables under the Securitisation Law will be governed by article 58 paragraphs 2, 3 and 4 of the Consolidated Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Securitisation Law, is that the assignment can be perfected against the Originator, the debtors in respect of the assigned debts, and third party creditors by way of publication of the relevant notice in the Official Gazette and, in the case of the debtors, registration in the companies register where the Issuer is enrolled, so avoiding the need for notification to be served on each assigned debtor.

Furthermore the Bank of Italy could require further formalities.

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

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

As of the later of (i) the date of the publication of the notice in the Official Gazette or (ii) the date of registration of the notice in the companies register, the assignment becomes enforceable against:

- (a) the debtors; and

- (b) the liquidator or other bankruptcy official of such debtors (so that any payments made by a debtor whose debt has been assigned to the purchasing company may not be subject to any claw-back action pursuant to article 67 of the Bankruptcy Law).

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

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

Notice of the assignment of the Receivables comprised in the Portfolio pursuant to the Receivables Purchase Agreement was published in the *Gazzetta Ufficiale della Repubblica Italiana, Parte Seconda*, number 71 of 21 June 2018 and was registered with the companies register of Milan on 25 June 2018.

### **The Issuer**

The Issuer is subject to the provisions contained in Chapter V of the Consolidated Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered on the general register of special purpose vehicles held by the Bank of Italy, pursuant to its regulation dated 7 June 2017.

### **Enforcement proceedings**

The Italian civil code provides that Mortgages may be "voluntary" (*ipoteche volontarie*), where granted by a borrower or a third party guarantor by way of a deed, or "judicial" (*ipoteche giudiziarie*), where registered in the appropriate land registry (*Conservatoria dei Registri Immobiliari*) following a court order or injunction to pay amounts in respect of any outstanding debt or unperformed obligation.

In accordance with the Italian code of civil procedure, as amended and supplemented by Legislative Decree number 35 of 14 March 2005, converted into Law number 80 of 14 May 2005, a mortgage lender (whose debt is secured by a mortgage whether "voluntary" or "judicial") may commence enforcement proceedings by seeking a court order or injunction for payment in the form of a *titolo esecutivo* from the court in whose jurisdiction the mortgaged property is located. This court order or injunction must be served on the debtor.

If the mortgage loan was executed in the form of a public deed (*atto pubblico*) or a notarised private deed (*scrittura privata autenticata*), a mortgage lender can serve a copy of the mortgage loan agreement, stamped by a notary public with an order for the execution thereof (*formula esecutiva*) directly on the debtor without the need to obtain a *titolo esecutivo* from the court. An *atto di precetto* is notified to the debtor together with either the *titolo esecutivo* or the loan agreement, as the case may be. The property will be attached by a court order to be filed with the appropriate land registry (*Conservatoria dei Registri Immobiliari*).

The enforcement proceeding shall begin not earlier than 10 days, but not later than 90 days, from the date on which notice of the *atto di precetto* is served. The mortgage lender who intends

to request the attachment of the mortgaged property shall (i) search the land registry to ascertain the identity of the current owner of the property and then serve notice of the request for attachment on the current owner, even if no transfer of the property from the original borrower or mortgagor to a third party purchaser has been previously notified to the mortgage lender, and (ii) deposit at the competent court, within 120 days of filing, any relevant documentation, as required by law. The court may, at the request of the mortgage lender and after hearing the debtor, appoint a custodian to manage the mortgaged property in the interests of the mortgage lender. If the debtor does not occupy the mortgaged property, the court shall appoint a third party as custodian.

Technical delays may be caused by the need to append to the mortgage lender's request for attachment copies of the relevant mortgage and cadastral certificates, which usually take some time to obtain. According to law number 302 of 3 August 1998 a mortgage lender can substitute such cadastral certificates with certificates obtained from public notaries; the latter are allowed to conduct various activities which were before exclusively within the powers of the courts.

Within 30 days of deposit of the required documentation, the court shall set a hearing in order to examine any challenge filed by the debtor and to plan the sale of the mortgaged property. The Italian code of civil procedure, as recently amended, provides that the court shall make every effort to sell the mortgaged property by acquiring sealed bids (*vendita senza incanto*) rather than proceeding by an auction (*vendita con incanto*). Should the bidding procedure not be successful, the mortgaged property shall be sold with an auction.

If the court proceeds with the auction (*vendita con incanto*) of the mortgaged property, it will usually appoint an expert to value the property and, on the basis of the expert's valuation, the court shall determine the minimum bid price for the property at the auction. If an auction fails to result in the sale of the property, the court will arrange a new auction with a lower minimum bid price. The courts have discretion to decide whether, and to what extent, the bid price should be reduced (the maximum permitted reduction being one-fifth of the minimum bid price of the previous auction). In practice, the courts tend to apply the one-fifth reduction.

The sale proceeds, after the deduction of the expenses of the enforcement proceedings and any expenses for the cancellation of the mortgages, will be applied in satisfaction of the claims of the mortgage lender in priority to the claims of any other creditor of the debtor (except for the claims for taxes due in relation to the mortgaged property and for which the collector of taxes participates in the enforcement proceedings).

Pursuant to article 2855 of the Italian civil code the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (i) the interest accrued at the contractual rate in the calendar year in which the initial stage of the enforcement proceedings are taken and in the two preceding calendar years and (ii) the interest accrued at the legal rate until the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the enforcement proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Upon payment in full of the purchase price by the purchaser within the specified time period, title to the property will be transferred after the court issues an official decree ordering the transfer. In the event that proceedings have been commenced by creditors other than the mortgage lender, the mortgage lender will have priority over such other creditors in having



recourse to the assets of the borrower during such proceedings, such recourse being limited to the value of the mortgaged property.

The average length of enforcement proceedings, from the court order or injunction of payment to the final sharing out, is between six and seven years. In the medium-sized central and northern Italian cities it can be significantly less whereas in major cities or in Southern Italy the duration of the procedure can significantly exceed the average. In such a sense, Law number 302 of 3 August 1998 was issued for the purpose of shortening the duration of enforcement proceedings by an average of two or three years, by allowing notaries to conduct certain stages of the enforcement procedures in place of the courts.

### ***Mutui fondiari* enforcement proceedings**

The Mortgage Loans are *mutui fondiari*. Enforcement proceedings in respect of *mutui fondiari* commenced after 1 January 1994 are currently regulated by article 38 (and following) of the Consolidated Banking Act in which several exceptions to the rules applying to enforcement proceedings in general are provided for. In particular, there is no requirement to serve a copy of the loan agreement directly on the borrower and the mortgage lender of *mutui fondiari* is entitled to commence or continue enforcement proceedings after the debtor is declared insolvent or insolvency proceedings have been commenced.

Moreover, the custodian appointed to manage the mortgaged property in the interest of the *fondionario* lender pays directly to the lender the revenues recovered on the mortgaged property (net of administration expenses and taxes). After the sale of the mortgaged property, the court orders the purchaser (or the assignee in the case of an assignment) to pay that part of the price corresponding to the *mutui fondiari* lender's debt directly to the lender.

Pursuant to article 58 of the Consolidated Banking Act, as amended by article 12 of Legislative Decree number 342 of 4 August 1999, the Issuer will be entitled to benefit from such procedural advantages which apply in favour of a lender of a *mutui fondiari* loan.

Enforcement proceedings for *mutui fondiari* commenced on or before 31 December 1993 are regulated by Royal Decree number 646 of 16 July 1905 which confers on the *mutuo fondionario* lender rights and privileges which are not conferred by the Consolidated Banking Act with respect to enforcement proceedings on *mutui fondiari* commenced on or after 1 January 1994. Such additional rights and privileges include the right of the bank to commence enforcement proceedings against the borrower even after the real estate has been sold to a third party who has replaced the borrower as debtor under the *mutuo fondionario* provided that the name of such third party has not been notified to the lender. Further rights include the right of the bank to apply for the real estate to be valued by the court after commencement of enforcement proceedings, at the value indicated in the *mutuo fondionario* agreement without having to have a further expert valuation.

### **Attachment of Debtor's Credits**

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

## Insolvency proceedings

A commercial entrepreneur (*imprenditore che esercita un'attività commerciale*) qualifying under article 1 of the Bankruptcy Law may be subject to insolvency proceedings (*procedure concorsuali*). Insolvency proceedings under Bankruptcy Law may take the form of, *inter alia*, bankruptcy (*fallimento*), or a composition with creditors (*concordato preventivo*) or an out-of-court debts restructuring procedure (*accordi di ristrutturazione dei debiti*).

Insolvency proceedings are applicable to commercial entrepreneurs that are in state of insolvency (*stato di insolvenza*) and not small businesses run either by companies or by individuals (*imprenditori commerciali non piccoli*). An individual who is not a sole entrepreneur is not subject to insolvency. The procedure followed will depend on factors relating to the financial status of the debtor, the court and the creditors involved. In each case, a lender must petition the court for approval of its claim against the debtor.

Legislation setting out a reform of Italian insolvency proceedings has recently been approved by the Italian Parliament (*Legge Delega* no. 155/2017). Over the course of 2018, the Government is expected to enact one or more legislative decree(s) amending the Bankruptcy Law as currently in force.

A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors or any public prosecutors) if it is not able to timely and duly fulfil its obligations and the overall amount of its obligations is not less than €30,000 (article 15 of the Bankruptcy Law). The debtor loses control over all its assets and the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*), save in the case, provided by article 104 of the Bankruptcy Law, of the court's authorisation to carry on the business or a portion of it temporarily (*esercizio provvisorio dell'impresa del fallito*).

Once judgment has been made by the court on the basis of the evidence of the creditors and the opinion of the court-appointed receiver (*curatore fallimentare*), and the creditors' claims have been approved, the sale of the debtor's property is conducted in a manner similar to foreclosure proceedings or forced sale of goods, as the case may be. After insolvency proceedings are commenced, no legal action can be taken against the debtor and no foreclosure proceedings or forced sale proceedings may be initiated. Moreover, all action taken and proceedings already initiated by creditors are automatically suspended.

An entrepreneur which is in a crisis situation (*stato di crisi*) may propose, pursuant to articles 160 and following of the Bankruptcy Law, to its creditors a creditors composition (*concordato preventivo*). The proposed composition plan may provide for the restructuring of debt and terms for the satisfaction of creditors, the transfer of business activities, the grouping of creditors in classes and their proposed treatment. The proposed composition plan must be accompanied by specific documentation relating to, *inter alia*, the financial situation of the enterprise and a report by an expert certifying that the data relating to the enterprise are true and the proposed composition plan is feasible.

A proposal for a composition plan is approved if it receives the favourable vote of creditors representing the majority of the claims admitted to vote; in case of classes of creditors, such majority shall be verified also in respect of the majority of the classes. If an approved composition plan is not challenged in court, the court will validate the composition plan by decree; such decree terminates the procedure.

See "*Concordato preventivo (Composition with creditors)*" and "*Accordi di ristrutturazione dei debiti (Debts' restructuring arrangements with creditors)*", below.

Pursuant to the newly introduced Italian Law 27 January 2012, No. 3 (*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*), a debtor who is not eligible to be adjudicated bankrupt under the Bankruptcy Law is entitled to file to the competent court a restructuring plan, to be approved by its creditors representing at least 60% of the outstanding debts, in order to request, among others, up to a one-year suspension of the payments of the outstanding debts and a rescheduling of any other payments.

### **Equitable reduction of prepayment penalties under the ABI - Consumers agreement entered into in accordance with article 7, paragraph 5, of the Bersani Decree and other miscellaneous measures relating to mortgage liens**

Law decree number 7 of 31 January 2007 (the "**Bersani Decree**"), as converted into law by law number 40 of 2 April 2007, provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is void with respect to mortgage loan agreements entered into, with an individual as borrower, on or after 2 February 2007 (being the date on which the Bersani Decree entered into force) for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

With respect to loan agreements entered into prior to the enactment of the Bersani Decree (i.e., prior to 2 February 2007), article 7, paragraph 5 of the Bersani Decree provided that the Italian banking association ("**ABI**") and the main national consumer associations were entitled to reach, within three months from 2 February 2007, an agreement regarding the equitable renegotiation of prepayment penalties within certain maximum limits calculated on the residual amount of the loans (in each instance, the "**Substitutive Prepayment Penalty**"). Had ABI and the relevant consumer associations failed to reach an agreement, the Bank of Italy would have determined the Substitutive Prepayment Penalty by 2 June 2007.

The agreement reached on 2 May 2007 between ABI and national consumer associations (the "**Prepayment Penalty Agreement**") contains the following main provisions (as described in an ABI press release dated May 2007):

- (a) with respect to variable rate loan agreements - the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date;
- (b) with respect to fixed rate loan agreements entered into before 1 January 2001 - the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date;
- (c) with respect to fixed rate loan agreements entered into after 31 December 2000 - the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent if the relevant early redemption is carried out following the first half of loan's

agreed duration, provided however that the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent, in case of early redemption of the loan carried out within three years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the *Clausola di Salvaguardia* provides that:

- (a) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent;
- (b) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent; or (y) 0.15 per cent, if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

In relation to the provisions of the Prepayment Penalty Agreement, it is expected that further interpretative and supplemental indications may be issued, the specific impact of which cannot be accurately anticipated at this time.

The Bersani Decree moreover includes other miscellaneous provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

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

On the 3rd of 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 amortization plan of the relevant loan.

All the small and middle-sized companies which (i) on the 30th of 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 the 30th of 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. ABI has clarified on one hand that securitised claims have not been expressly excluded from the object of the Convention and that assigning banks have to do any reasonable effort to satisfy the requests for Suspension also in respect of the securitized claims.

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 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.

The terms within which the request for the Suspension according to the New PMI Convention could be requested has been extended until 30 September 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 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 benefit from the above suspension at 30 June 2014, the requests for the extension of the duration of such loans may be submitted within 31 December 2014.

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 30 December 2014, ABI and the associations of the representative of the companies agreed to extend the validity period of the 2013 PMI Convention from 1 July 2013 until 30 March 2015 and to enter into a new convention by the same date. On 31 March 2015, ABI and the associations of the representative of the companies entered into a new convention (the "**2015 PMI Convention**"). The 2015 PMI Convention comprises three different programs:

- "*Imprese in Ripresa*" program which regards the extensions and the suspension of the loan agreement given to small and medium enterprises;
- "*Imprese di Sviluppo*" program which regards the financing of new projects carried out by the small and medium enterprises; and
- "*Imprese e PA*" program which regard the disinvestment of claims to be paid by the Public Administration to the small and medium enterprises
- "*Imprese in Ripresa*" program allows the small and middle-sized companies to require, *inter alia*: (i) a 12-month suspension of payments of instalments in respect of the principal of medium and long-term loans; and (ii) the extension of the final maturity of the loan agreements. In general, the loan which may benefit of the provisions of the 2015 PMI Convention are the loans which (a) were outstanding as at the date of the entering to of the 2015 PMI Convention; and (b) did not benefit from the suspension or extension of the duration in the 24-month period prior to the date of the request of suspension or extension, except for the easing of terms generally applying by operation of law.

In particular:

- the suspension under the 2015 PMI Convention applies on the condition that the instalments: (A) are timely paid; or (B) in case of late (or partial) payments, the relevant instalment has not been outstanding for more than 90 days from the date of the relevant request; and
- the extension under the 2015 PMI Convention applies on the condition that the such extension could not exceed three years for unsecured loans and four years for mortgage loans.

As further condition, in order to benefit either from the suspension or the extension of duration, middle-sized companies shall have, as at the date of the request, no positions which could be classified as unlikely to pay ("*inadempienze probabili*") and restructured ("*ristrutturate*").

On 13 December 2017, ABI and the associations of the representative of the companies agreed to extend the validity period of the 2015 PMI Convention from 31 December 2017 until 31 July 2018, without prejudice to the rights of the parties to withdraw by the 31 December of each year.

### **Other recent legislative provisions relating to Mortgage Loans**

Recently various law decrees (subsequently converted into law) containing provision applicable to Mortgage Loans have been issued. In this respect please refer to section "*Risk Factors - Yield and payment considerations*".

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following overview 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. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This overview is based upon the laws and/or practice in force as at the date of this Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.*

### ***Tax treatment of Notes issued by the Issuer***

Italian Legislative Decree No. 239 of 1<sup>st</sup> April, 1996 ("**Decree 239**") sets out the applicable tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian limited liability company incorporated under Article 3 of Law No. 130 of 30 April 1999.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation of the issuer to pay at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

### ***Italian Resident Noteholders***

Pursuant to Decree 239, where the Italian resident holder of Notes, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (b) a partnership (other than a *societa' in nome collettivo* or *societa' in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association;
- (c) private or public institutions (other than companies), trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes).



If the Noteholders described under (a), (b) and (c) have entrusted the management of his financial assets, including the Notes, to an authorised intermediary and they have opted for the application of the so called "*regime del risparmio gestito*" (the "**Asset Management Regime**") according to Article 7 of Italian Legislative Decree No. 461 of 21<sup>st</sup> November, 1997, as amended ("**Decree No. 461**"), they are subject to a 26 per cent. annual substitute tax (the "**Asset Management Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest 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, paragraph 100-114 of Law No. 232 of 11 December 2016 ("**Law No. 232**").

If the Noteholders described above under (a) and (c) are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Pursuant to Decree 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called "**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock brokers and other qualified entities identified by a decree of the Ministry of Finance ("**Intermediaries**" and each an "**Intermediary**"). An Intermediary must (a) be resident in Italy or have permanent establishments in Italy of a non Italian resident Intermediary, and (b) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the Rated Noteholder or, absent that by the Issuer.

Payments of Interest in respect of Notes that qualify as *obbligazioni* or *titoli similari alle obbligazioni* are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

- (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (ii) Italian resident partnerships carrying out commercial activities (*'società in nome collettivo'* or *'società in accomandita semplice'*);
- (iii) Italian resident open-ended or closed-ended collective investment funds (together the "**Funds**" and each a "**Fund**"), *società di investimento a capitale variabile* ("**SICAV**"), *società d'investimento a capitale fisso* ("**SICAF**"), Italian resident pension funds

referred to in Legislative Decree No. 252 of 5th December, 2005 ("**Decree No. 252**"), Italian resident real estate investment funds subject to the regime provided for by law Decree No. 351 of 25<sup>th</sup> September, 2001 ("**Decree No. 351**"), as subsequently amended, and real estate SICAF; and

- (iv) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Rated Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due. Interest accrued on the Notes shall be included in the corporate taxable income (and in certain circumstances, depending on the "*status*" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – "**IRAP**") of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

If the investor is resident in Italy and is a Fund, a SICAV or a SICAF and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, the SICAV or the SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. may apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of the Decree No. 351 apply, or a real estate SICAF, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or a real estate SICAF. The income of the real estate fund or of the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Where a Noteholder is an Italian resident pension funds subject to the regime provided by Article 17 of Decree No. 252 and the Notes are deposited with an Italian resident 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 relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax (the "**Pension Fund Tax**") on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). Subject to certain conditions (including

a minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 - 114) of Law 232.

### ***Non-Italian resident Noteholders***

According to Decree 239, payments of Interest in respect of the Notes will not be subject to the *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected provided that:

- (a) such beneficial owners are resident for tax purposes in a state or territory which allows an adequate exchange of information with the Italian tax authorities and listed in the Ministerial Decree dated 4<sup>th</sup> September, 1996 as amended from time to time (the "**White List**"). According to Article 11, paragraph 4, let. c) of Decree no. 239, the White List will be updated every six months period. In absence of the issuance of the new White List, reference has to be made to the Italian Ministerial Decree dated 4<sup>th</sup> September, 1996 as amended from time to time; and
- (b) all the requirements and procedures set forth in Decree 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree 239 also provides for additional exemptions from the *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;
- (b) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above-mentioned White List states. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12<sup>th</sup> December, 2001 (as amended and supplemented), is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy

and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non Italian resident holder of the Notes to comply in due time with the procedures set forth in Decree 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interests payments to such non Italian resident holder of the Notes.

Non-Italian resident holders of the Notes who are subject to substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

### ***Fungible issues***

Pursuant to Article 11, paragraph 2, of Decree No. 239, where the relevant Issuer issues a new tranche forming part of a single series with a previous tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new tranche will be deemed to be the same as the issue price of the original tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the previous tranche and (b) the difference between the issue price of the new tranche and that of the original tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

### **Capital Gains**

#### ***Italian resident Noteholders***

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- (a) an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;
- (b) an Italian resident partnership not carrying out commercial activities;
- (c) an Italian private or public institution not carrying out mainly or exclusively commercial activities;

on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*regime della dichiarazione*" (the "**Tax Declaration Regime**"), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year. Pursuant to Law Decree No. 66 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014, ("**Decree No. 66**"), capital losses realised from 1<sup>st</sup> January 2012 to 30<sup>th</sup> June 2014 may be offset against capital gains of the same

nature realised after 30<sup>th</sup> June 2014 for an overall amount of 76.92 per cent. of the same capital losses.

Alternatively to the Tax Declaration Regime, holders of the Notes who are:

- (a) Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- (b) Italian resident partnerships not carrying out commercial activities;
- (c) Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the "**Administrative Savings Regime**"). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Pursuant to Decree No. 66, capital losses realised from 1<sup>st</sup> January 2012 to 30<sup>th</sup> June 2014 may be offset against capital gains of the same nature realised after 30<sup>th</sup> June 2014 for an overall amount of 76.92 per cent. of the same capital losses. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to determine the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio accrued at year end may be carried forward against appreciation accrued in each of the following years up to the fourth. Pursuant to Decree No. 66, depreciations of the managed assets registered from 1<sup>st</sup> January 2012 to 30<sup>th</sup> June, 2014 may be offset against any subsequent increase in value accrued as of 1<sup>st</sup> July 2014 for an overall amount of 76.92 per cent. of the same depreciations in value. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-

term individual savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, paragraph 100 – 114, of Law No. 232.

In the case of Notes held by Funds, SICAVs and SICAFs, capital gains on Notes contribute to determinate the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year. The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax may apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is an Italian resident real estate investment fund, to which the provisions of the Decree No. 351 apply, or a real estate SICAF, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or real estate SICAF. The income of the real estate fund or of the real estate SICAF is subject to tax, in the hands of the unitholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain conditions (including a minimum holding period requirement) and limitations, capital gains realised upon sale, transfer for consideration or redemption of the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100 - 114) of Law 232.

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461 non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from the *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a state or territory listed in the White List as defined above, and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these

circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a self declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

### **Inheritance and gift tax**

Pursuant to Law Decree No. 262 of 3<sup>rd</sup> October, 2006, converted with amendments by Law No. 286 of 24<sup>th</sup> November, 2006 effective from 29<sup>th</sup> November, 2006, and Law No. 296 of 27<sup>th</sup> December, 2006, the transfers of any valuable assets (including the Notes) as a result of death or donation (or other transfers for no consideration) and the creation of liens on such assets for a specific purpose are taxed as follows:

- (a) 4 per cent. if the transfer is made to spouses and direct descendants or ancestors; in this case, the transfer is subject to tax on the value exceeding Euro 1,000,000 (per beneficiary);
- (b) 6 per cent. if the transfer is made to brothers and sisters; in this case, the transfer is subject to the tax on the value exceeding Euro 100,000 (per beneficiary);
- (c) 6 per cent. if the transfer is made to relatives up to the fourth degree, to persons related by direct affinity as well as to persons related by collateral affinity up to the third degree; and

(d) 8 per cent. in all other cases.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding Euro 1,500,000.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

### **Transfer tax**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of Euro 200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **Tax Monitoring Obligations**

Italian resident individuals, non commercial entities, non commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28<sup>th</sup> June, 1990 converted into law by Law Decree No. 227 of 4<sup>th</sup> August, 1990, as amended from time to time, for tax monitoring purposes, the amount of Notes held abroad during each tax year. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

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

### **Stamp duty**

Pursuant to Article 13, paragraph 2-ter, of the tariff Part I attached to Presidential Decree No. 642 of 26<sup>th</sup> October, 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed Euro 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24<sup>th</sup> May, 2012, the stamp duty applies to any investor who is a client (as defined



in the regulations issued by the Bank of Italy on 20<sup>th</sup> June, 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth tax on financial assets deposited abroad**

According to Article 19 of Decree No. 201 of 6<sup>th</sup> December, 2011, Italian resident individuals holding financial assets – including the Notes – outside of the Italian territory are required to pay in its own annual tax declaration a wealth tax at the rate of 0.2 per cent. This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax if administered by Italian financial intermediaries pursuant to an administration agreement.

## **SUBSCRIPTION, SALE AND SELLING RESTRICTIONS**

### **The Rated Notes Subscription Agreement**

ING Bank N.V. (the "**Sole Arranger**") has, pursuant to the Rated Notes Subscription Agreement dated on or about the Issue Date between the Issuer, the Originator, the Representative of the Noteholders and the Sole Arranger, agreed to subscribe and pay the Issuer for the Rated Notes at their Issue Price of 100 per cent of their principal amount.

The Rated Notes Subscription Agreement is subject to a number of conditions and may be terminated by the Sole Arranger in certain circumstances prior to payment for the Rated Notes to the Issuer. The Issuer and the Originator have agreed to indemnify the Sole Arranger against certain liabilities in connection with the issue of the Rated Notes.

### **The Junior Notes Subscription Agreement**

ING Bank N.V., Milan Branch has, pursuant to the Junior Notes Subscription Agreement dated on or about the Issue Date between ING Bank N.V., Milan Branch, the Representative of the Noteholders and the Issuer, agreed to subscribe and pay the Issuer for the Junior Notes at the Issue Price of 100 per cent of their principal amounts upon issue of the Junior Notes.

### **The Junior Notes Conditions**

Save for the Premium payable on the Class J Notes, the denomination and Junior Notes and Junior Notes Condition 10.12 (*Early redemption through the disposal of the Portfolio following full redemption of the Rated Notes*), the Junior Notes Conditions are the same, *mutatis mutandis*, as the Rated Notes Conditions.

Under the Rated Notes Conditions and the Junior Notes Conditions the obligations of the Issuer to make payment in respect of the Class J 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 Class J Noteholders will be the first creditors to bear any shortfall.

### **Selling Restrictions**

Each of the Issuer, the Originator and the Sole Arranger as, pursuant to, respectively, the Junior Notes Subscription Agreements and the Rated Notes Subscription Agreement undertaken to the others that it 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 this Prospectus or any related offering material, in all cases at its own expense.

Each of the Issuer, the Originator and the Sole Arranger has, pursuant to the Rated Notes Subscription Agreement and the Junior Notes Subscription Agreement, represented and warranted that it has not made or provided and undertaken not to make or provide any representation or information regarding the Issuer, the Originator or the Notes save as contained in this Prospectus or as approved for such purpose by the Issuer or the Originator or which is a matter of public knowledge.

## **General**

The Sole Arranger has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Rated Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Rated Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Arranger to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Rated Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Rated Notes, in all cases at their own expense.

## **United States of America**

### **No registration under Securities Act**

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state and federal securities laws. Accordingly, the Notes are being offered and sold outside the United States to persons other than U.S. persons pursuant to Regulation S. The Issuer is not, and will not be, registered as an investment company under the Investment Company Act. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act.

Except with the prior written consent of the Sole Arranger and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" 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 organization or entity organized or incorporated under the laws of any State or of the United States<sup>3</sup>;
- 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);

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<sup>3</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

- g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- h) Any partnership, corporation, limited liability company, or other organization or entity if:
  - 1) Organized or incorporated under the laws of any foreign jurisdiction; and
  - 2) 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<sup>4</sup>.

Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S under the Securities Act, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The material difference between such definitions is that (1) a "U.S. person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "U.S. persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (2) any organization or entity described in (1) is treated as a "U.S. person" under the U.S. Risk Retention Rules, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Each purchaser of an interest in a Note (each initial purchaser of Notes, together with each subsequent transferee of Notes, is referred to herein as the "Purchaser") will be deemed to have acknowledged, represented and agreed as follows (terms used in this section that are defined in Regulation S under the Securities Act are used herein as defined therein).

(1) the Notes have not been and will not be registered under the Securities Act and the Issuer has not registered and does not intend to register as an "investment company" under the Investment Company Act,

(2) neither the Notes nor any beneficial interest in the Notes may be re-offered, resold, pledged or otherwise transferred except in a transaction in which the transferee is not a U.S. person and is acquiring the Notes or a beneficial interest in the Notes outside the United States in compliance with Rule 903 and 904 of Regulation S under the Securities Act and

(3) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

In addition, each purchaser of the Notes from the Issuer, including beneficial interests therein, will be deemed, and in certain circumstances will be required, to have represented and agreed

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<sup>4</sup> The comparable provision from Regulation S is: "(viii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the [Securities Act], unless it is organized or incorporated, and owned, by accredited investors (as defined in [17 CFR §230.501(a)]) who are not natural persons, estates or trusts."

that it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained the written consent of the Originator to the acquisition of the Notes, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules).

### **Compliance by the Issuer with United States securities laws**

Issuer has, pursuant to the Subscription Agreement, represented, warranted and undertaken to the Sole Arranger that neither it nor any of its affiliates (including any person acting on behalf of the Issuer or any of its affiliates) has offered or sold, or will offer or sell, to any person any Notes in any circumstances which would require the registration of any of the Notes under the Securities Act (including as a result of integration) or the qualification of any document related to the Notes as an indenture under the United States Trust Indenture Act of 1939 and, in particular, that:

- (a) *No directed selling efforts*: neither the Issuer nor any its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes;
- (b) *Offering restrictions*: the Issuer and its affiliates have complied with and will comply with the offering restrictions requirement of Regulation S under the Securities Act; and
- (c) *No solicitation*: neither the Issuer nor any of its affiliates nor any person acting on its or their behalf has solicited or will solicit any offer to buy or sell the Notes by any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in the United States.

### **Sole Arranger's compliance with United States securities laws**

The Sole Arranger:

- 1. Offers/sales only in accordance with Regulation S: has represented, warranted and undertaken to the Issuer that it has offered and sold the Notes, and will offer and sell the Notes:
- 2. Original distribution: as part of its distribution at any time; and
- 3. Outside original distribution: otherwise until 40 days after the later of the commencement of the offering and the Issue Date,
- 4. only in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that:
  - (i) *No directed selling efforts*: neither it nor any of its affiliates (including any persons acting on behalf of the Sole Arranger or any of its affiliates) have engaged or will engage in any directed selling efforts with respect to the Notes;

- (ii) *Offering restrictions*: it and its affiliates have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act;
  - (iii) *No solicitation*: neither it nor any of its affiliates (including any person acting on its or the behalf of such Sole Arranger or any of its affiliates) has solicited or will solicit any offer to buy or sell the Notes by any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in the United States;
5. No contractual arrangements: has represented, warranted and undertaken to the Issuer that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer; and
6. Prescribed Form of Confirmation: has undertaken to the Issuer that at, or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:
- (i) *"The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."*

The Sole Arranger under the Subscription Agreement has also agreed that, except with the prior written consent of the Originator and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules. Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

- Any natural person resident in the United States;
- Any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;
- Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- Any agency or branch of a foreign entity located in the United States;
- 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);

- Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- Any partnership, corporation, limited liability company, or other organization or entity if:
  - (1) organized or incorporated under the laws of any foreign jurisdiction; and
  - (2) formed by a U.S. person (as defined under other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

### **United Kingdom**

ING Bank N.V. has, pursuant to the Rated Notes Subscription Agreement, represented, warranted and undertaken to the Issuer and each of the other that:

- (b) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the 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
- (c) 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 Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation. The Sole Arranger has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (d) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (e) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

### **Prohibition of Sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4 (1) of Directive 2014/65/EU (as amended, "**MiFID II**");
  - (ii) a customer within the meaning of Directive 2016/96/EU ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Accordingly, none of the Issuer or the Arranger expects to be required to prepare, and none of them has prepared, or will prepare, a "key information document" in respect of the Notes for the purposes of Regulation (EU) No 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (the "**PRIIPs Regulation**") and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), it is represented and agreed that there has not been and there will not be an offer of the Notes to the public in that Relevant Member State other than on the basis of an approved prospectus in conformity with the Prospectus Directive or:

1. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
2. to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
3. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any 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.

Under the Notes Subscription Agreement, the Originator has undertaken that any purchase, sale, offer and delivery of all or part of the Notes shall be made in compliance with article 405 of the CRR.



## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the Luxembourg Stock Exchange at the date of this Prospectus and shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

- the financial statements of the Issuer as at 31 December 2015,
- the financial statements of the Issuer and the Independent Auditors' Report as at 31 December 2016, and
- the financial statements of the Issuer and the Independent Auditors' Report as at 31 December 2017,

and shall be made available as further set out in paragraph entitled "General Information" below.

Any information not listed in the cross-reference table but included in the documents incorporated by reference is given for information purposes only.

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## 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 Quotaholder of the Issuer passed on 2 July 2018.
2. Application has been made to the Luxembourg Stock Exchange for the Rated Notes to be admitted to the Official List and trading on its regulated market. The Prospectus has been approved by the CSSF, as competent authority under the Prospectus Directive 2003/71/EC, as amended from time to time. The CSSF only approves the Prospectus as meeting the requirements imposed under Luxembourg and EU law pursuant to the Prospectus Directive 2003/71/EC, as amended from time to time.
3. The Issuer is not (and was not in the 12 months preceding the date of this Prospectus) involved in any litigation, arbitration, governmental or administrative proceedings relating to claims or amounts which are material and which may have, or have had, during such 12 months' period, a significant effect on its financial position or profitability, nor is the Issuer, to the best of its knowledge, aware that any such proceedings are pending or threatened.
4. Since 31 December 2017 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared) there has been no material adverse change in the financial position or prospects of the Issuer.
5. Since 31 December 2017 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial position or prospects of the Issuer.
6. 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.
7. 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 and at the specified office of the Principal Paying Agent, where such documents will be physically available for inspection and where copies of such documents may be obtained free of charge upon request during usual business hours.
8. The Rated Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class</i>	<i>ISIN code</i>	<i>Common Code</i>
A1	IT0005337909	185454061
A2	IT0005337917	185454576

9. As long as the Rated Notes are listed on the Luxembourg Stock Exchange, copies of the following documents are physically available, may be inspected and obtained free of charge during usual business hours at the specified offices of the Principal Paying Agent and of the Representative of the Noteholders at any time after the date of this Prospectus:
- (i) the *statuto* and *atto costitutivo* of the Issuer;
  - (ii) the following agreements:
    - Master Receivables Purchase Agreement;
    - Servicing Agreement;
    - Warranty and Indemnity Agreement;
    - Intercreditor Agreement;
    - Cash Allocation, Management and Payments Agreement;
    - Rated Notes Subscription Agreement;
    - Junior Notes Subscription Agreement;
    - Dutch Deed of Pledge;
    - Liquidity Facility Agreement;
    - Mandate Agreement;
    - Corporate Services Agreement;
    - Master Definitions Agreement; and
  - (iii) the financial statements of the Issuer and the Independent Auditors' Report as at 31 December 2017;
  - (iv) the financial statements of the Issuer and the Independent Auditors' Report as at 31 December 2016;
  - (v) the financial statements of the Issuer as at 31 December 2015.
10. 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 offices of the Issuer, the Representative of the Noteholders and the Principal Paying Agent, 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, the Representative of the Noteholders and the Principal Paying Agent on or about the Payment Date falling in October 2018. The Payments Reports will be produced semiannually 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 in respect of each Rated Note.

11. The estimated total expenses payable by the Issuer in connection with the admission of the Rated Notes to trading on the regulated market of the Luxembourg Stock Exchange amount to approximately Euro 41,200 (excluding application of VAT, if any).

## 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.*

"**Accounts**" means, collectively, the Main Transaction Account, the Payments Account, the Expenses Account and "**Account**" means any of them.

"**Account Banks**" means ING Bank N.V., Milan Branch and the Dutch Account Bank, and "**Account Bank**" means any of them.

"**Account Bank Reports**" means the reports delivered by each of the Dutch Account Bank as set out under clause 5.6 of the Cash Allocation, Management and Payments Agreement.

"**Account Bank Report Date**" means (i) prior to the service of a Trigger Notice, and with respect to each Quarterly Collection Period, the 1<sup>st</sup> Business Day of the month immediately following the relevant Quarterly Collection Period (i.e. January, April, July and October); and (ii) following the service of a Trigger Notice, each date, which has to be a Business Day, determined by the Representative of the Noteholders as such.

"**Account Mandate**" means the resolutions, instructions and signature authorities relating to each Account.

"**Accrued Interest**" means, as at the relevant date, the portion of Interest Instalments accrued on such date but not yet due.

"**Additional Collateral Exposure**" means at any date the amount which can be off-set by the relevant Debtor (including, without limitation, any amount which any relevant Debtors is entitled to receive from the Originator under any bonds issued by the Originator or any bank accounts held by the relevant Debtor with the Originator or any other amount which can be off-set by the relevant Debtor against the Originator in accordance with any relevant agreements between the Debtor and the Originator and any applicable laws) against any amount owed to it by the Originator and calculated as the lower of any amount due (a) on the Valuation Date of the relevant Portfolio and (b) on each Calculation Date after the relevant Valuation Date set out in letter (a) above (and preceding any such date on which the Additional Collateral Exposure is calculated).

"**Additional Criteria**" means any additional criteria which can be agreed pursuant to the Master Receivables Purchase Agreement.

"**Amortisation Amount Limit**" means at any given date an amount equal to 10% of the aggregate Principal Amount Outstanding of all the Notes.

"**Amortisation Limit Purchase Termination Event**" has the meaning ascribed to such term in clause 8.1.4 of the Master Receivables Purchase Agreement.

"**Amortisation Period**" means the period commencing on the Payment Date falling on the Initial Amortisation Date and ending on the earlier of (i) the Final Maturity Date and (ii) the date on which the Notes are redeemed in full.

**"Amortisation Report"** means the report to be prepared and delivered by the Servicer in accordance with the Servicing Agreement.

**"Authorised Signatory"** means, in relation to each party to the Securitisation, any individual expressly authorised to execute any agreement, deed, letter or contract on behalf of such party, by virtue of powers granted to it by any constitutional documents, resolutions or powers of attorney.

**"Back-up Servicer"** means any eligible entity appointed in accordance with the Servicing Agreement.

**"Back-up Calculation Agent"** means any entity appointed as such in accordance with the Cash Allocation, Management and Payments Agreement.

**"Bankruptcy Law"** means Italian Royal Decree number 267 of 16 March 1942.

**"Borrower"** means any borrower or entity (and/or any successor or assign) who entered into a Mortgage Loan Agreement as principal debtor.

**"Broker Channel"** any channel which originates Mortgage Loans different from the (i) on line (e.g. call center) and/or web based platform or (ii) any physical premises of the Originator.

**"Business Day"** means any day on which banks are generally open for business in Milan, Amsterdam and Luxembourg and on which TARGET2, the Trans-European Automated Real Time Gross Transfer System, which uses a single shared platform and was launched on 19 November 2007 (or any successor thereto) is open.

**"Calculation Agent"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Calculation Date"** means (i) prior to the service of a Trigger Notice, and with respect to each Quarterly Collection Period, the first Business Day of the month immediately following such Quarterly Collection Period (i.e. January, April, July and October of each year); and (ii) following the service of a Trigger Notice, each date, which has to be a Business Day, determined by the Representative of the Noteholders as such.

**"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 Dutch Account Bank, the Corporate Services Provider, the Calculation Agent and the Principal Paying Agent.

**"Cash Flow Report"** means the report to be prepared and delivered by the Servicer in accordance with the Servicing Agreement.

**"Cash Manager"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Cash Manager Report Date"** means (i) prior to the service of a Trigger Notice, and with respect to each Quarterly Collection Period, the 1<sup>st</sup> Business Day of the month immediately following the relevant Quarterly Collection Period (i.e. January, April, July and October of each year); and (ii) following the service of a Trigger Notice, each date, which has to be a Business Day, determined by the Representative of the Noteholders as such.

"**Class A Noteholders**" means the holders from time to time of any of the Class A Notes.

"**Class A1 Noteholders**" means the holders from time to time of any of the Class A1 Notes.

"**Class A2 Noteholders**" means the holders from time to time of any of the Class A2 Notes.

"**Class A Notes**" means any of the Class A1 Notes and the Class A2 Notes.

"**Class A1 Notes**" means the € 4,949,490,000 Class A1 Residential Mortgage Backed Floating Rate Notes due October 2078 issued by the Issuer on the Issue Date.

"**Class A1 Notes Nominal Amount**" means in respect of the Class A1 Notes, € 4,949,490,000 as nominal amount issued on the Issue Date.

"**Class A2 Notes**" means the € 2,665,110,000 Class A2 Residential Mortgage Backed Fixed Rate Notes due October 2078 issued by the Issuer on the Issue Date.

"**Class A2 Notes Nominal Amount**" means in respect of the Class A2 Notes, € 2,665,110,000 as nominal amount issued on the Issue Date.

"**Class J Notes**" means the € 1,844,530,000 Class J Residential Mortgage Backed Notes due October 2078 issued by the Issuer on the Issue Date.

"**Class J Notes Nominal Amount**" means in respect of the Class J Notes, € 1,844,530,000 as nominal amount issued on the Issue Date.

"**Clearstream**" means Clearstream Banking, Luxembourg with offices at 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Security**" means any security interest (different from a Mortgage) granted in order to guarantee or secure the payments and/or repayments of Receivables.

"**Collection Date**" means (i) prior to the service of a Trigger Notice, the 1<sup>st</sup> (first) Business Day of each month; and (ii) following the service of a Trigger Notice, each date, which is a Business Day, determined by the Representative of the Noteholders as such.

"**Collection Period**" means any of the Monthly Collection Period or the Quarterly Collection Period.

"**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.

"**Common Criteria**" means the criteria listed in Schedule 1 to the Master Receivables Purchase Agreement.

"**Conditions**" means the Rated Notes Conditions or the Junior Notes Conditions, as the case may be, and "**Condition**" means a condition thereof.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.



"**Consolidated Banking Act**" means Italian Legislative Decree number 385 of 1 September 1993.

"**Corporate Services Agreement**" means the agreement executed on or about the Issue Date between the Issuer and the Corporate Services Provider.

"**Corporate Services Provider**" means TMF Management Italy S.r.l..

"**Credit and Collection Policies**" means the procedures for the underwriting of the Mortgage Loans and the collection and recovery of the Receivables attached as annex 1 to the Servicing Agreement.

"**Crediti in Sofferenza**" means the Receivables classified as such in accordance with the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and as set out in the Credit and Collection Policy attached to the Servicing Agreement.

"**Criteria**" means, collectively, the Common Criteria, the Specific Criteria and the Additional Criteria.

"**Cumulative Gross Default Ratio**" means at any given date the ratio between (i) the aggregate of the Outstanding Principal Due in respect of each Defaulted Receivable as at the relevant date of default and (ii) the Principal Amount Outstanding of the Notes at the Issue Date.

"**Cumulative Gross Default Trigger**" means at each Calculation Date the product of (a) and (b) where (a) is the ratio between (X) and (Y) where (X) is the number of Calculation Dates occurred since the Issue Date; and (Y) is the total number of Calculation Dates between the Issue Date and the Initial Amortisation Date; and (b) is 2.25%.

"**Current LTV**" means at any given date for each Mortgage Loan the ratio between (i) the Outstanding Principal Due; and (ii) the value of the Real Estate Asset.

"**DBRS**" means DBRS Ratings Limited or any successor to its rating business.

"**DBRS Critical Obligations Rating**" or "**COR**" means, in relation to a relevant entity, the public rating assigned by DBRS which addresses the risk of default of particular obligations and/or exposures of the relevant entity that in the view of DBRS have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations. A COR assigned by DBRS to the relevant entity will be indicated on the website of DBRS ([www.dbrs.com](http://www.dbrs.com)).

"**DBRS Equivalent Rating**" means

- (a) if a Fitch public rating, a Moody's public rating and an S&P public rating in respect of the relevant company or the relevant investment, as applicable, (each, a "**Public Long Term Rating**") are all available at such date, the DBRS Equivalent Rating will be (i) such Public Long Term Rating remaining (upon conversion on the basis of the DBRS Equivalent Chart) after disregarding the highest and lowest of such Public Long Term Ratings from such rating agencies or (ii) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart). In any case, provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower;

- (b) if Public Long Term Ratings of the relevant company or the relevant investment, as applicable, are available only by any two of Fitch, Moody's and S&P at such date, the DBRS Equivalent Rating will be the lower of such Public Long Term Ratings (upon conversion on the basis of the DBRS Equivalent Chart and provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, then it will be considered one notch lower); and
- (c) if a Public Long Term Rating is available only by any one of Fitch, Moody's and S&P at such date, the DBRS Equivalent Rating will be such Public Long Term Rating (upon conversion on the basis of the DBRS Equivalent Chart and provided that if such Public Long Term Rating is under credit watch negative, or the equivalent, it will be considered one notch lower).

If at any time the DBRS Equivalent Rating cannot be determined under subparagraphs (a) to (c) above, then a DBRS minimum rating of "C" shall apply at such time.

"DBRS Equivalent Chart" means:

<b>DBRS</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
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(low)	Caa3	CCC-	
CC	Ca	CC C	
C	C	D	D

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

**"Decree 213"** means Legislative Decree number 213 of 24 June 1998.

**"Decree 239"** means Legislative Decree number 239 of 1 April 1996.

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

**"Defaulted Receivable"** means, collectively, those Receivables which following the Valuation Date are or have been classified by the Servicer (on behalf of the Issuer) as *Inadempienze Probabili* or *Crediti in Sofferenza* or which are or have been Delinquent Receivables for at least 360 days.

**"Delinquent Receivable"** means, collectively, those Receivables which have not been classified as Defaulted Receivables and in respect of which there is at least one Unpaid Instalment.

**"Determination Date"** means:

- (i) with respect to the Initial Interest Period, the day falling two Business Days prior to the Issue Date; and
- (ii) 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.

**"Documentation"** means any and each paper and processing document and data available to the Servicer relating to: (i) Receivables, Mortgages or other real and personal guarantees, Insurance Policies, Mortgage Loan Agreements, any kind of registration, enrolment annotation of such document, examination (*perizia*) and certification of the register of immovable; (ii) Insolvency Proceedings and judicial proceedings, included but not limited to, any judicial acts, decrees, attachments and decision related to Insolvency Proceedings and judicial proceedings, any documents concerning judicial examination by judicial expert and auctions, any

correspondence with the Debtors and their legal advisors, any proof of a debt in bankruptcy and relevant correspondence; (iii) Collections, included but not limited to, any invoices, receipts, early payments, consolidation of a debt, debt rescheduling; and (iv) settlement (if any) with the Debtors and/or Mortgagors and negotiations (if any) in order to reach settlements with the Debtors and/or Mortgagors.

**"Dutch Account Bank"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Dutch Deed of Pledge"** means the Dutch law deed of pledge entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders (acting on behalf of the Noteholders and of the Other Issuer Creditors).

**"Effective Date"** means, as appropriate, the date specified in clause 9.1 of the Master Receivables Purchase Agreement, in clause 13 of the Servicing Agreement and in clause 10 of the Warranty and Indemnity Agreement.

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

- (a) in the case of Fitch whose unsecured and unsubordinated short-term debt obligations are rated at least "F1" or long-term debt obligations are rated at least "A" (or such other rating which will not affect the rating of the Notes), or which is guaranteed by an entity, whose unsecured and unsubordinated short-term debt obligations are rated at least "F1" or long-term debt obligations are rated at least "A", and the relevant guarantee issued by such entity complies with the criteria then established for such purposes by Fitch (provided that, if any of the above persons is on rating watch negative, it shall be treated as one notch below its current Fitch rating);
- (b) in the case of DBRS:
  - (i) the higher of:
    - (A) the rating one notch below the relevant institution's Critical Obligation Rating (COR) given by DBRS; and
    - (B) "A" by DBRS in respect of long-term debt, public or private, rating; or
  - (ii) in case the institution does not have a COR rating by DBRS, at least "A" by DBRS in respect of long-term debt, public or private, rating; or
  - (iii) if there is no such public or private rating, the DBRS minimum rating of "A".

**"Eligible Investment"** means:

- (a) any senior, unsubordinated debt security, investment, commercial paper, deposit or other debt instrument (including, for the avoidance of doubt, a money market fund, provided that they are designed to meet the dual objective providing liquidity and preserving capital and either they maintain the highest rating from Fitch or DBRS) issued by, or fully and unconditionally guaranteed by, an Eligible Institution, which:
  - (i) will be denominated in Euro;

- (ii) will have a maturity date falling, or which are redeemable at par together with accrued unpaid interest, not later than one Business Day prior to the next following Calculation Date;
- (iii) (except in the case of a deposit) will be in the form of notes or financial instruments having, as applicable:
  - (A) in the case of Eligible Investments with a maturity which is equal to or less than 30 calendar days, a long-term rating of at least BBB or a short-term rating of at least "F2" from Fitch and a long-term rating of at least "BBB (high)" or a short-term rating of at least "R-1 (low)" from DBRS; or
  - (B) in the case of Eligible Investments with a maturity which is longer than 30 calendar days a "AA-" long-term rating or an F1+ short-term rating (or its equivalent) by Fitch and a "AA (low)" long-term rating (or its equivalent) or "R-1 (middle)" by DBRS, as applicable, for their unguaranteed, unsecured and unsubordinated debt obligations;

Provided that, in the absence of a public or private rating by DBRS:

- (C) in the case of Eligible Investments with a maturity which is equal to or less than 30 calendar days, a DBRS minimum rating at least equal to "BBB (high)" in respect of long-term debt or such other rating being compliant with the criteria established by DBRS from time to time; or
  - (D) in the case of Eligible Investments with a maturity which is longer than 30 calendar days, a DBRS minimum rating at least equal to "AA(low)" in respect of long-term debt or such other rating being compliant with the criteria established by DBRS from time to time;
- (iv) provides for principal to be repaid in respect of such investment which is at least equal to the price paid to purchase such investment and does not fall to be determined by reference to any formula or index and is not subject to any contingency.

**"Eligible Investment Liquidation Date"** means (i) the date falling two Business Days before each Calculation Date or (ii) as long as ING Bank N.V. is acting as Dutch Account Bank, the date falling on each Calculation Date.

**"Eligible Investment Securities Account"** means the account which may be established in the name of the Issuer with an Eligible Institution in accordance with the Cash Allocation, Management and Payments Agreement, or such substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

**"Equity Capital Account"** means the euro denominated account established in the name of the Issuer with ING Bank N.V., Milan Branch (IBAN: IT22T0347501601000052120702).

**"EU Insolvency Regulation"** means the Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015.

**"Euribor"** means:

- (a) prior to the delivery of a Trigger Notice, the Euro-Zone Inter-bank offered rate for 3 month Euro deposits which appears on the display page designated Euribor 01 on Reuters; 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 Reuters 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 Reuters 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 Reuters 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"** or, in the case of the Initial Interest Period, the **"Additional Screen Rate"**) at or about 11:00 a.m. (Brussels time) on the Determination Date; and

- (e) if the Screen Rate (or, in the case of the Initial Interest Period, the Additional Screen Rate) is unavailable at such time for Euro deposits for the relevant period, then the rate for any relevant period shall be:
  - (i) the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Calculation Agent at its request by each of the Reference Banks as the rate at which 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 Calculation 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 Calculation 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"**, **"€"** and **"EUR"** refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended from time to time.

**"Euroclear"** means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

**"Expenses"** means 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 the then outstanding securitisation transaction 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.

**"Expenses Account"** means the euro denominated account established in the name of the Issuer with ING Bank N.V., Milan Branch, or such other substitute account 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 October 2078.

**"Financial Laws Consolidation Act"** means Italian Legislative Decree number 58 of 24 February 1998.

**"First Payment Date"** means the Payment Date falling on 4 October 2018.

**"Fitch"** means Fitch Ratings Limited.

**"FSMA"** means the Financial Services and Markets Act 2000.

**"Inadempienze Probabili"** means the Receivables classified as such in accordance with the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and as set out in the Credit and Collection Policy attached to the Servicing Agreement.

**"Individual Purchase Price"** means, in respect of each Receivable and as at the Valuation Date, an amount calculated pursuant to clause 4.1.1 of the Master Receivables Purchase Agreement.

**"ING Group"** means ING Group N.V. and its subsidiaries (*dochtermaatschappijen*) from time to time.

**"Initial Amortisation Date"** means (i) the Revolving Period End Date or (ii) the earlier Payment Date on which principal on the Notes may become payable following a resolution to this effect by the Noteholders in accordance with the Rules.

**"Initial Interest Period"** means the first Interest Period, which shall begin on (and include) the Issue Date and end on (but exclude) the First Payment Date.

**"Initial Portfolio"** means the initial portfolio of Receivables purchased by the Issuer on 14 June 2018, pursuant to the Master Receivables Purchase Agreement.

**"Initial Portfolio Purchase Price"** has the meaning ascribed to such term in clause 4.1.2 of the Master Receivables Purchase Agreement.

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

- (i) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition, emergency regulations, suspension of payments or reorganisation (including, without limitation (i) "*faillissement*", "*noodregeling*", "*surseance van betaling*", "*onder bewindstelling*", "*ontbinding*" and/or "*liquidatie*", each such expression bearing the meaning ascribed to it by the laws of The Netherlands and (ii) "*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), including the seeking of liquidation, winding-up, reorganisation, dissolution, administration or similar proceedings or the whole or any substantial part of the undertaking or assets of such company or corporation are subject to a "*beslag*", "*onder bewindstelling*", "*pignoramento*" or similar procedure having a similar effect (other than, in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), and unless, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (ii) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders (who may in this respect rely on the advice of a lawyer selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (iii) such company or corporation is in a situation that it has ceased to make payments, takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee, indemnity or assurance against loss, given by it in respect of any indebtedness or applies for suspension of payments of any indebtedness given by it; or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation or any of the events under article 2484 of the Italian civil code occurs with respect to such company or corporation (except a winding-up for the purposes of, or pursuant to, a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Noteholders); or
- (v) such company or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is incorporated, established and/or is deemed to carry on business.

**"Insolvency Receiver"** means any receiver appointed in the context of any insolvency proceeding.

**"Instalment"** means, with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment or an Interest Instalment and a Principal Instalment.



**"Insurance Policy"** means each of the insurance policies taken out in relation to each Real Estate Asset and the related Mortgage Loan.

**"Intercreditor Agreement"** means the intercreditor agreement entered into on or about the Issue Date between the Issuer and the Other Issuer Creditors.

**"Interest Available Funds"** means, in respect of any Payment Date, the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of interest, fees and pre-payment penalties during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (ii) all Recoveries collected by the Servicer during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (iii) all amounts of interest accrued (net of any withholding or expenses, if due) and available on the Accounts during the immediately preceding Collection Period and all amounts of interest accrued and paid on the Liquidity Reserve Account;
- (iv) any amounts drawn down by the Issuer under the Liquidity Facility Agreement;
- (v) any amounts allocated on such Payment Date under item First of the Pre-Trigger Notice Principal Priority of Payments;
- (vi) any amounts allocated on such Payment Date under item Tenth of the Pre-Trigger Notice Principal Priority of Payments;
- (vii) on the Payment Date on which the Notes are to be redeemed in full, any amount standing to the credit of the Expenses Account;
- (viii) all amounts received by the Issuer from the Originator pursuant to the Master Receivables Purchase Agreement during the immediately preceding Collection Period;
- (ix) all other payments received from the Originator which do not qualify as Principal Available Funds and which have been credited to the Main Transaction Account during the immediately preceding Collection Period; and
- (x) without duplication of (iii) above, an amount equal to any interest components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

**"Interest Instalment"** means the interest component of each Instalment due from a Debtor in respect of a Receivable.

**"Interest Payment Amount"** shall have the meaning ascribed to it in Rated Notes Condition 7.6 (*Calculation of Interest Payment Amount*) and in Junior Notes Condition 7.6 (*Calculation of Interest Payment Amount*), as the case may be.

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

**"Interest Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1.1 (*Priority of Payments - Pre-Trigger Notice Priority of Payments - Interest Priority of Payments*).

**"Interest Rate"** shall have the meaning ascribed to such term in Rated Notes Condition 8.5 (*Rates of interest*).

**"Interest Shortfall Amount"** means, on any Payment Date, an amount equal to the difference, if positive, between (a) the aggregate amounts payable under items *First* to *Fifth* of the Pre-Trigger Notice Interest Priority of Payments; and (b) the Interest Available Funds (net of such Interest Shortfall Amount) on such Payment Date.

**"Issue Date"** means 5 July 2018, or such other date on which the Notes are issued.

**"Issuer"** means Leone Arancio RMBS S.r.l., having as its sole corporate object the performance of securitisation transactions under the Securitisation Law.

**"Issuer Available Funds"** means, in respect of any Payment Date, the aggregate of the Interest Available Funds and the Principal Available Funds.

**"Joint Regulation"** means the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008 and published on the Official Gazzette number 54 of 4 March 2008.

**"Junior Noteholders"** means the holders from time to time of any of the Junior Notes.

**"Junior Notes"** means the Class J Notes.

**"Junior Notes Conditions"** means the terms and conditions of the Class J Notes, as from time to time modified in accordance with the provisions thereof and including any agreement or document expressed to be supplemental thereto and any reference to a particular numbered Junior Notes Condition shall be construed accordingly.

**"Junior Notes Subscription Agreement"** means the subscription agreement in relation to the Class J Notes entered into on or about the Issue Date.

**"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.

**"Liquidity Facility Agreement"** means the liquidity facility agreement entered into on or about the date hereof by the Issuer and the Liquidity Facility Provider.

**"Liquidity Facility Provider"** means ING Bank N.V., Milan Branch.

**"Liquidity Reserve Account"** means the account to be opened in accordance with the Liquidity Facility Agreement.

**"Listing Agent"** means the Bank of New York Mellon (Luxembourg) S.A., a bank incorporated under the laws of Grand Duchy of Luxembourg, having its registered office at Vertigo Building - Polaris – 2-4 rue Eugène Ruppert - L-2453, Luxembourg.

**"Losses"** means any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses).

**"Main Transaction Account"** means the GIC account established in the name of the Issuer with the Dutch Account Bank with number NL63INGB0008675148, or such other substitute account (either opened in the form of a GIC account or not) as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

**"Mandate Agreement"** means the mandate agreement entered into on or about the Issue Date between the Issuer and the Representative of the Noteholders.

**"Master Definitions Agreement"** means the master definitions agreement entered into on or about the Issue Date between all parties to the Transaction Documents.

**"Master Portfolio"** means the aggregate of the Initial Portfolio and any Subsequent Portfolio of Receivables purchased by the Issuer pursuant to the terms and conditions of the Master Receivables Purchase Agreement and any relevant Subsequent Portfolio Transfer Agreement.

**"Master Receivables Purchase Agreement"** means the master receivables purchase agreement entered into on 14 June 2018 between the Issuer and the Originator.

**"Monte Titoli"** means Monte Titoli S.p.A., a *società per azioni* having its registered office at Piazza Affari, 6, 20123 Milan, Italy.

**"Monte Titoli Account Holders"** means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with article 30 of Decree 213 and includes any depository banks approved by Euroclear and Clearstream.

**"Monthly Collection Period"** means:

- (i) prior to the service of a Trigger Notice, each period commencing on (but excluding) a Collection Date of each month and ending on (and including) the immediately following Collection Date;
- (ii) following the service of a Trigger Notice, each period commencing on, and ending on, the dates determined by the Representative of the Noteholders; and
- (iii) in the case of the first Monthly Collection Period, the period commencing on (but excluding) the Valuation Date in respect of the Initial Portfolio and ending on (and including) the Collection Date falling in August 2018.

**"Monthly Servicer's Report"** means the monthly report to be prepared by the Servicer in accordance with the Servicing Agreement.

**"Monthly Servicer's Report Date"** means, with respect to each Monthly Collection Period, the last Business Day of such Monthly Collection Period.

**"Mortgage"** means each mortgage ("*ipoteca*") created on the relevant Real Estate Asset, pursuant to the Italian law, in order to secure the Receivables.

**"Mortgage Loan"** means each mortgage loan granted to a Debtor, on the basis of a Mortgage Loan Agreement pursuant to which the Issuer has title to enforce a Receivable (or portion thereof) against the relevant Debtor.

**"Mortgage Loan Agreement"** means each mortgage loan agreement (*contratto di mutuo fondiario residenziale*) entered into between the Originator and a Debtor, as amended from time to time.

**"Mortgage Loans List"** means the list of the Mortgage Loans out of which the Receivables arise, containing the following data: Mortgage Loan number, client code, Borrower residence, amount initially advanced, Outstanding Principal Due, payment frequency, interest rate type, kind of interest rate, base interest type, margin, origination date, initial maturity, amortisation type, mortgage lien, mortgage amount, originator name, interest rate, value of the Real Estate Asset, location of the Real Estate Asset, offsetable amount. The Mortgage Loan List in respect of the Initial Portfolio is attached to the Master Receivables Purchase Agreement as schedule 3.

**"Mortgagor"** means any person, either a Debtor or a third party, who has granted a Mortgage in favour of the Originator to secure the Receivables arising from any of the Mortgage Loans or any of his successors, transferees and assigns.

**"Most Senior Class of Notes"** means (i) the Class A1 Notes (ii) following the full repayment of all the Class A1 Notes, the Class A2 Notes; (iii) following the full repayment of all the Class A2 Notes, the Class J Notes.

**"Northern Italian Region"** means collectively Lombardia, Emilia Romagna, Friuli Venezia Giulia, Liguria, Piemonte, Trentino Alto Adige, Valle d'Aosta and Veneto.

**"Noteholders"** means, together, the Rated Noteholders and the Junior Noteholders.

**"Notes"** means, together, the Rated Notes and the Junior Notes.

**"Notes Further Payment"** means any further payment made by the Noteholders, during the Revolving Period, in accordance with the Subscription Agreement(s).

**"Notes Further Payment Date"** means the date on which any Notes Further Payments have to be paid to the Issuer in accordance with the Subscription Agreement(s), provided that any such date shall fall within the Revolving Period.

**"Notes Further Payment Request"** means the request of irrevocable order of payment made by the Issuer or the Computation Agent (on behalf of the Issuer) with respect to the Notes Further Instalment Payments pursuant to the Subscription Agreement(s).

**"Notes Further Payment Request Date"** means the date on which a Notes Further Payment Request has been sent by the Issuer to the Noteholders, provided that any such date shall fall not later than one Business Day following the Valuation Date of the relevant Subsequent Portfolio.

**"Notes Initial Payment"** means the initial payment made by the Underwriter in respect of the Notes on the Issue Date, in accordance with the Subscription Agreement(s).

**"Notice"** means any notice delivered under or in connection with any Transaction Document.

**"Obligations"** means all the obligations of the Issuer created by or arising under the Notes and the Transaction Documents.

**"Official Gazette"** means the *Gazzetta Ufficiale della Repubblica Italiana*.

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

**"Original LTV"** means for each Mortgage Loan the ratio between (i) the Outstanding Principal Due initially granted to the Debtor; and (ii) the then value of the Real Estate Asset.

**"Originator"** means ING Bank N.V., Milan Branch.

**"Other Issuer Creditors"** means the Originator, the Servicer, the Representative of the Noteholders, the Calculation Agent, the Corporate Services Provider, the Liquidity Facility Provider, the Principal Paying Agent, the Back-up Servicer (if any), the Back-up Calculation Agent (if any), the Dutch Account Bank, the Cash Manager and any other person who may from time to time accede to the Intercreditor Agreement in accordance with the terms thereof.

**"Outstanding Principal"** means, on any relevant date, in relation to any Receivable, the aggregate of the Principal Instalments not yet due on such date.

**"Outstanding Principal Due"** means, on any relevant date, in relation to any Receivable, the aggregate of (i) all Principal Instalments due but not paid on such relevant date, and (ii) the Principal Instalments not due yet.

**"Payment Date"** means (a) prior to the delivery of a Trigger Notice, the 4<sup>th</sup> Business Day of January, April, July and October in each year, and (b) following the delivery of a Trigger Notice, any day, which has to be Business Day, on which any payment is required to be made by the Representative of the Noteholders in accordance with the Trigger Event Priority of Payments, the Conditions and the Intercreditor Agreement, provided that the first Payment Date will fall on 4 October 2018.

**"Payments Account"** means the account established in the name of the Issuer with the Dutch Account Bank with number NL89INGB0008675165, 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 relevant 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.

**"Portfolio"** means any of the Initial Portfolio or any Subsequent Portfolio of Receivables.

**"Post-Trigger Notice Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.2 (*Post-Trigger Notice Priority of Payments*) and in Junior Notes Condition 7.2 (*Post-Trigger Notice Priority of Payments*).

**"Post Trigger Notice Report"** means the report to be delivered pursuant to clause 6.7.1 of the Cash Allocation, Management and Payments.

**"Pre-Trigger Notice Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1 (*Pre-Trigger Notice Priority of Payments*) and in Junior Notes Condition 7.1 (*Pre-Trigger Notice Priority of Payments*).

**"Premium"** means the amount, which may be payable on the Junior Notes on each Payment Date subject to the Junior Notes Conditions, determined by reference to the residual Interest Available Funds or Issuer Available Funds (as applicable), if any, after satisfaction of the items ranking in priority pursuant to the applicable Priority of Payment on such Payment Date.

**"Principal Amount Outstanding"** means, on any date, (i) the principal amount of a Note that have been paid up to that date, minus (ii) the aggregate amount of all principal payments which have been paid prior to such date in respect of such Note.

**"Principal Available Funds"** means, in respect of any Payment Date, the aggregate of:

- (i) all amounts collected by the Servicer in respect of the Receivables on account of principal during the immediately preceding Collection Period and credited to the Main Transaction Account;
- (ii) the Interest Available Funds, if any, to be credited to the Principal Deficiency Ledger on such Payment Date under item Sixth of the Pre-Trigger Notice Interest Priority of Payments;
- (iii) any funds transferred under item Seventh of the Pre-Trigger Notice Interest Priority of Payments;
- (iv) all the proceeds deriving from the sale, if any, of the Portfolio in accordance with the Transaction Documents;
- (v) any amounts (if any) paid by the Originator to the Issuer pursuant to the Warranty and Indemnity Agreement including any amount advanced as limited recourse loan pursuant to clause 6.1 of the Warranty and Indemnity Agreement;
- (vi) any amounts (other than the amounts already allocated under other items of the Principal Available Funds and the Interest 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 under the Transaction Documents);
- (vii) the proceeds deriving from any Notes Further Payments made in respect of the Notes; and
- (viii) an amount equal to any principal components arising from any Eligible Investments (if any) during the immediately preceding Collection Period, following liquidation thereof on the preceding Eligible Investment Liquidation Date.

**"Principal Deficiency"** means, on any Interest Calculation Date and in respect of the immediately preceding Collection Period, the Outstanding Principal Due of the Receivables classified as Defaulted Receivables, calculated on the date on which any such Receivable has been qualified as Defaulted Receivable.

**"Principal Deficiency Ledger"** means the ledger maintained by the Calculation Agent, on which any Principal Deficiency shall be recorded on each Payment Date.

**"Principal Instalment"** means the principal component of each Instalment.

**"Principal Loss"** means, in respect of a Receivable which has been classified as a Defaulted Receivable during a Collection Period, the Outstanding Principal Due in respect of any such Defaulted Receivable, calculated on the date when such Receivable has been classified as a Defaulted Receivable.

**"Principal Paying Agent"** means ING Bank N.V. or any other entity appointed to act as such pursuant to the Cash Allocation, Management and Payments Agreement.

**"Principal Payment Amount"** shall have the meaning ascribed to it in Rated Notes Condition 9.5 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*) and in Junior Notes Condition 10.5 (*Calculation of Principal Payment Amount and Principal Amount Outstanding*), as the case may be.

**"Principal Priority of Payments"** means the Priority of Payments under Rated Notes Condition 7.1.2 (*Priority of Payments - Pre-Trigger Notice Priority of Payments - Principal Priority of Payments*).

**"Priority of Payments"** means the order of priority (being the Principal Priority of Payments and the Interest Priority of Payments) 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.

**"Privacy Law"** means Legislative Decree number 196 of 30 June 2003 and, to the extent applicable, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and Law number 675 of 31 December 1996, inclusive of any regulations for the implementation thereof, as supplemented by any regulations as the Italian Privacy Protection Authority (*Autorità Garante per la Protezione dei Dati Personali*) may issue from time to time.

**"Prospectus"** means the prospectus dated on or about the Issue Date prepared in connection with the issue of the Notes by the Issuer.

**"Prospectus Directive"** means Directive 2003/71/EC.

**"Purchase Termination Event"** has the meaning ascribed to such term in clause 8.1 of the Master Receivables Purchase Agreement.

**"Purchase Termination Notice"** means the notice to be delivered by the Representative of the Noteholders upon occurrence of a Purchase Termination Event in accordance with the terms of the Master Receivables Purchase Agreement.

**"Quarterly Collection Date"** means the Third Business Day of January, April, July and October of each year.

**"Quarterly Collection Period"** means:

- (i) prior to the service of a Trigger Notice, each period commencing on (but excluding) a Quarterly Collection Date and ending on (and including) the immediately following Quarterly Collection Date;
- (ii) following the service of a Trigger Notice, each period commencing on, and ending on, the dates determined by the Representative of the Noteholders; and
- (iii) in the case of the first Quarterly Collection Period, the period commencing on (but excluding) the Valuation Date in respect of the Initial Portfolio and ending on (and including) the Collection Date falling in October 2018.

**"Quarterly Delinquency Ratio"** means at any Quarterly Collection Date the ratio between (i) the Outstanding Principal Due of all the Mortgage Loans included in the Master Portfolio and classified as Delinquent Receivables; and (ii) the Outstanding Principal Due of all the Mortgage Loans included in the Master Portfolio.

**"Quarterly Delinquency Trigger"** means 0.75%.

**"Quarterly Servicer's Report"** means the quarterly report to be prepared by the Servicer in accordance with the Servicing Agreement.

**"Quarterly Servicer's Report Date"** means, with respect to each Quarterly Collection Period (i.e. January, April, July and October), the last Business Day of such Quarterly Collection Period.

**"Quotaholder"** means Stichting Leone Arancio.

**"Rata Costante"** means any Mortgage Loan, with fixed Instalment and variable maturity, whose rate is fixed for the first ten years and thereafter floating until maturity.

**"Rated Noteholders"** means the holders from time to time of any of the Rated Notes.

**"Rated Notes"** means each of the Class A1 Notes and the Class A2 Notes.

**"Rated Notes Conditions"** means the terms and conditions of the Rated Notes, as from time to time modified in accordance with the provisions herein contained and including any agreement or document expressed to be supplemental thereto and any reference to a particular numbered Rated Notes Condition shall be construed accordingly.

**"Rated Notes Subscription Agreement"** means the subscription agreement in relation to the Rated Notes entered into on or about the Issue Date.

**"Rating Agencies"** means, collectively, DBRS and Fitch.

**"Real Estate Assets"** means the real estate properties which have been mortgaged in order to secure payment of the Receivables pursuant to the Mortgage Loan Agreements.

**"Receivables"** means all rights and claims of the Issuer arising out from any Mortgage Loan Agreement and the Insurance Policies existing or arising from the Valuation Date (included), including without limitation:

- (i) all rights and claims in respect of the repayment of the outstanding principal;



- (ii) all rights and claims in respect of the payment of interest (including the default interest) accruing on the Mortgage Loans;
- (iii) all rights and claims in respect of payments of any amount deriving from damages suffered, costs, expenses, taxes and ancillary amounts incurred;
- (iv) all rights and claims in respect of each Mortgage and any other guarantee and security relating to the relevant Mortgage Loan Agreement;
- (v) all rights and claims under and in respect of the Insurance Policies; and
- (vi) the privileges and priority rights (diritti di prelazione) transferable pursuant to the Securitisation Law supporting the aforesaid rights and claims, as well as any other right, claim and action (including any legal proceeding for the recovery of suffered damages), substantial and procedural action and defence inherent or otherwise ancillary to the aforesaid rights and claims, including, without limitation, the remedy of termination (risoluzione contrattuale per inadempimento) and the declaration of acceleration of the Debtors (decadenza dal beneficio del termine).

**"Recoveries"** means any amounts received or recovered by the Servicer in relation to any Defaulted Receivables and any amounts received or recovered by the Servicer in relation to any Delinquent Receivable.

**"Representative of the Noteholders"** means TMF Trustee Limited or any other person for the time being acting as such pursuant to the Transaction Documents.

**"Repurchase Option"** means the option granted to the Originator under clause 14.2 of the Master Receivables Purchase Agreement.

**"Retention Amount"** means an amount equal to Euro 50,000.

**"Revolving Period"** means the period commencing on the Issue Date and ending on the Revolving Period End Date.

**"Revolving Period End Date"** means the earlier of (i) the Payment Date falling three years after the Issue Date (excluded); and (ii) the date on which the Representative of the Noteholders serves a Trigger Notice or a Purchase Termination Notice (other than a Purchase Termination Notice caused by an Amortisation Limit Purchase Termination Event) on the Issuer.

**"Rules of the Organisation of the Noteholders"** means the rules of the organisation of the Noteholders attached as 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 thereof.

**"Scheduled Collection"** means any amount expected to be received by the Servicer, or any other person on its behalf, in respect of the Instalments due under the Receivables in accordance with the relevant Mortgage Loan Agreement.

**"Scheduled Interest"** means any amount expected to be received by the Servicer, or any other person on its behalf, in respect of the Interest Instalments due under the Receivables.

**"Scheduled Instalment Date"** means any date on which an Instalment is due pursuant to each Mortgage Loan Agreement.

**"Securities Act"** means the U.S. Securities Act of 1933, as amended.

**"Securitisation"** means the securitisation of the Receivables made by the Issuer through the issuance of the Notes, pursuant to articles 1 and 5 of the Securitisation Law.

**"Securitisation Law"** means Italian Law number 130 of 30 April 1999, as amended from time to time.

**"Security Interest"** means: (i) any mortgage, charge, pledge, lien, privilege (*privilegio speciale*) or other security interest securing any obligation of any person; and (ii) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set-off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or any other type of preferential arrangement having a similar effect.

**"Servicer"** means ING Bank N.V., Milan Branch or any other person for the time being acting as such pursuant to the Servicing Agreement.

**"Servicer's Report"** means any of the Monthly Servicer's Report and the Quarterly Servicer's Report.

**"Servicer's Report Date"** means any of the Monthly Servicer's Report Date and the Quarterly Servicer's Report Date.

**"Servicing Agreement"** means the agreement entered into on 14 June 2018 between the Issuer and the Servicer.

**"Southern Italian Region"** means collectively Basilicata, Calabria Campania, Molise, Puglia, Sicilia and Sardegna.

**"Specific Criteria"** means the criteria listed in schedule 2 to the Master Receivables Purchase Agreement.

**"Stock Exchange"** means the regulated market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*).

**"Subsequent Portfolio"** means each further portfolio of Receivables purchased by the Issuer in accordance with the terms of the Master Receivables Purchase Agreement and pursuant to the each relevant Subsequent Portfolio Transfer Agreement.

**"Subsequent Portfolio Effective Date"** has the meaning ascribed to such term in clause 9.2 of the Master Receivables Purchase Agreement.

**"Subsequent Portfolio Offer Date"** means, during the Revolving Period and with respect to the relevant Subsequent Portfolio, the date falling on the Quarterly Collection Date immediately preceding the next Payment Date.

**"Subsequent Portfolio Transfer Agreement"** has the meaning ascribed to such term in clause 6.2.2 of the Master Receivables Purchase Agreement.

**"Subsequent Portfolio Transfer Proposal"** has the meaning ascribed to such term in clause 6.1 of the Master Receivables Purchase Agreement.

**"Supervisory Regulations of the Bank of Italy"** means the supervisory instructions for the Banks issued by the Bank of Italy.

**"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 present or future tax, levy, impost, duty charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying of any of the same, but excluding taxes or net income) imposed or levied by or on behalf of any tax authority in Italy.

**"Total Nominal Amount"** means the aggregate of the Class A1 Notes Nominal Amount, the Class A2 Notes Nominal Amount, and the Class J Nominal Amount.

**"Transaction Documents"** means, together, the Master Receivables Purchase Agreement (and any Subsequent Portfolio Transfer Agreement), the Servicing Agreement, the Warranty and Indemnity Agreement, the Rated Notes Subscription Agreement, the Junior Notes Subscription Agreement, the Liquidity Facility Agreement, the Intercreditor Agreement, the Cash Allocation, Management and Payments Agreement, the Dutch Deed of Pledge, the Mandate Agreement, the Corporate Services Agreement, the Master Definitions Agreement, the Conditions, the Prospectus and any other document which may be deemed to be necessary in relation to the Securitisation.

**"Transaction Party"** means any party to the Transaction Documents.

**"Trigger Event"** means any of the following events:

*a) Non-payment*

the Issuer defaults in the payment of the amount of interest and/or principal due and payable on the Rated Notes and such default is not remedied within a period of 5 (five) Business Days from the due date thereof.

*b) Breach of other obligations*

the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party (other than any obligation to pay principal or interest in respect of the Notes) and such default (a) is in the opinion of the Representative of the Noteholders, incapable of remedy or (b) being a default which is, in the opinion of the Representative of the Noteholders, capable of remedy remains unremedied for 30 (thirty) days after the Representative of the Noteholders has given written notice of such default to the Issuer requiring the same to be remedied.

*c) Insolvency of the Issuer*

an Insolvency Event occurs with respect to the Issuer.

d) *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.

**"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 Rated Notes Condition 13 (*Trigger Events*) and in Junior Notes Condition 14 (*Trigger Events*).

**"Unpaid Instalment"** means an Instalment which, at a given date, is due but not fully paid and remains such for at least 30 days, following the date on which it should have been paid under the terms of the relevant Mortgage Loan.

**"Unscheduled Collection"** means any amount, different from the Instalments, received by the Servicer, or any other person on its behalf, in respect of the Receivables.

**"Usury Law"** means Law number 108 of 7 March 1996, as subsequently amended and supplemented, and Law number 24 of 28 February 2001, which converted into law the Law Decree number 394 of 29 December 2000.

**"Valuation Date"** means, in respect of the Initial Portfolio, 1 March 2018 (included) and in respect of each Subsequent Portfolio the date designated by the Originator in the relevant Subsequent Portfolio Transfer Proposal.

**"VAT"** means *Imposta sul Valore Aggiunto (IVA)* as defined in Italian D.P.R. number 633 of 26 October 1972.

**"Warranty and Indemnity Agreement"** means the agreement entered into on 14 June 2018 between the Issuer and the Originator.

**"Weighted Average Interest Rate"** means as at the relevant Valuation Date the ratio between (A) and (B), where:

(A) is the product, calculated on an aggregate basis, of (i) the Outstanding Principal Due of each Receivable and (ii) in respect of each such Receivable, the relevant interest rate applicable for the calculation of the Interest Instalment scheduled to be paid at the Scheduled Instalment Date immediately following the relevant Valuation Date; and

(B) is the aggregate of the Outstanding Principal Due of all the Receivables.

**"Weighted Average Margin"** means as at relevant date, the weighted average interest rate payable on the Notes on the immediately following Payment Date, weighted by the Principal Amount Outstanding of the Notes.

**"Write-off Amount"** means, at any date and with respect to any Defaulted Loans included in the Master Portfolio, the actual loss suffered by the Issuer with respect to the Outstanding Principal Due, after completion of any (i) out of court settlement; or (ii) in court settlement, as specified in the relevant Servicer's Report.

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