

## INFORMATION MEMORANDUM DATED 20 April 2021

pursuant to Article 2 of Italian Law No. 130 of 30 April 1999

### KRIPTON SPE S.R.L.

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

€ 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036

€ 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036

**Issue Price: 100 per cent.**

This Information Memorandum contains information relating to the issue by Krypton SPE S.r.l., a limited liability company organised under the laws of the Republic of Italy (the "Issuer") of the € 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036 (the "Class A Notes" or the "Senior Notes"), and the € 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036 (the "Class B Notes" or the "Mezzanine Notes"). In connection with the issue of the Senior Notes, the Issuer will also issue the € 20,000,000 Class J Asset Backed Partly Paid Notes due March 2036 (the "Class J Notes" or the "Junior Notes" and, together with the Senior Notes and the Mezzanine Notes, the "Notes").

This document constitutes a *Prospetto Informativo* for all Notes for the purposes of Article 2, sub-section 3 of the Securitisation Law. This Information Memorandum also constitutes the admission document of the Senior Notes and the Mezzanine Notes for the admission to trading on the professional segment ("ExtraMOT PRO") of the multilateral trading facility "ExtraMOT" operated by Borsa Italiana S.p.A. The Notes will be issued on 22 April 2021 (the "Issue Date"). The Junior Notes are not being offered pursuant to this Information Memorandum and no application has been made to list the Junior Notes on any stock exchange.

**Capitalised words and expressions in this Information Memorandum shall, except otherwise specified or so far as the context otherwise requires, have the meanings set out herein and in the Terms and Conditions.**

The principal source of payment of interest and of repayment of principal on the Notes will be the collections and recoveries made in respect of the Portfolio of the Receivables arising out of performing (*in bonis*) commercial loan agreements to Small and Medium Enterprise debtors (the "Debtors") and originated by ART SGR S.p.A. (the "Originator"). The Issuer has purchased the Initial Portfolio on 1 April 2021 and, subject to certain conditions set forth under the Transfer Agreement, may purchase from the Originator further portfolios of receivables (the "Further Portfolios") during the Ramp-Up Period.

By operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the Collections and the financial assets purchased through such Collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law in the context of any Further Securitisation). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

Interest in respect of the Senior Notes, the Mezzanine Notes and the Junior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The Senior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date EURIBOR (except in respect of the Initial Interest Period where an interpolated interest rate based on 3 and 6 month deposits in Euro will be substituted for the EURIBOR) plus a margin equal to 2 (two) per cent. *per annum*, provided that, in the event that in respect of any Interest Period the EURIBOR results to be lower than 0 (zero), it shall be deemed to be equal to 0 (zero). The Mezzanine Notes will bear a fixed interest on their Principal Amount Outstanding from and including the Issue Date at 6 (six) per cent. *per annum*. The Junior Notes will bear fixed interest on their Principal Amount Outstanding from and including the Issue Date at 10 per cent *per annum* plus the Additional Return (if any) in accordance with the applicable Priority of Payments. As at the date of this Information Memorandum, all payments of principal and interest in respect of the Notes will be made free and clear of any withholding or deduction for or on account of Italian taxes, unless such a withholding or deduction is required to be made by Italian Decree No. 239 or otherwise by applicable law. If any withholding or deduction for or on account of tax is made in respect of any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes.

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, any of the Other Issuer Creditors, the Lead Manager, the Underwriters or the Arranger. Furthermore, none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners until redemption by Monte Titoli for the account of the relevant Monte Titoli Account Holder. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) Article 83 *bis* of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Notes.

**The Notes will not be assigned a rating. The Notes will be subscribed by the Underwriters, subject to the terms and conditions of the Subscription Agreements.**

Before the relevant maturity date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 8 (*Redemption, Purchase and Cancellation*)). Unless previously redeemed in full or cancelled in accordance with the Terms and Conditions, the Notes will be redeemed on the Final Maturity Date. Save as provided in the Terms and Conditions, the Notes will amortise on each Payment Date, subject to there being sufficient Issuer Available Funds and in accordance with the applicable Priority of Payments. The Notes, to the extent not redeemed in full by the Cancellation Date, shall be cancelled on such date.

**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".**

The Securitisation is intended to qualify as a simple, transparent and standardised securitisation ("STS-Securitisation") within the meaning of Article 18 of Regulation (EU) No. 2402 of 12 December 2017 (the "EU Securitisation Regulation"). Consequently, the Securitisation meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation (the "STS Requirements") and may, after the Issue Date, be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation. No assurance can be provided that the Securitisation does or will continue to qualify as an STS-securitisation under the EU Securitisation Regulation as at the date of this Information Memorandum or at any point in time in the future.

**Compliance with the STS Requirements is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2014/65/EU) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).**

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

Arranger

**BANCA VALSABBINA S.C.P.A.**

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## RESPONSIBILITY STATEMENTS

*None of the Issuer, the Other Issuer Creditors, the Arranger and any other party to the Transaction Documents other than the Originator has undertaken or will undertake any investigations, searches or other actions to verify the details of the Receivables sold by the Originator to the Issuer or to establish the creditworthiness of any Debtor. In the Transfer Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to, inter alia, the Receivables, the Loan Agreements and the Debtors.*

*The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information. The Issuer, having made all reasonable enquiries, confirms that this Information Memorandum contains or incorporates all information which is material in the context of the issuance and offering of the Notes, that the information contained or incorporated in this Information Memorandum is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Information Memorandum are honestly held and that there are no other facts the omission of which would make this Information Memorandum or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.*

*ART SGR S.p.A. ("**ART**") has provided the information included in this Information Memorandum under the sections entitled "The Portfolio", "The Originator", and any other information contained in this Information Memorandum relating to itself, the Receivables, the Loan Agreements, the Loans, the Debtors and the Guarantees and, together with the Issuer, accepts responsibility for the information contained in those sections. To the best of the knowledge and belief of ART (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*Centotrenta Servicing S.p.A. ("**Centotrenta Servicing**") has provided the information included in this Information Memorandum under the section entitled "Centotrenta Servicing", "Credit and Collection Policies" and any other information contained in this Information Memorandum relating to itself and, together with the Issuer, accepts responsibility for the information contained in that section. To the best of the knowledge and belief of Centotrenta Servicing (which has taken all reasonable care to ensure that such is the case), such information is true and does not omit anything likely to affect the import of such information.*

*Save for the parties accepting responsibility for the information included in this Information Memorandum as stated above, no other party to the Transaction Documents accepts responsibility for such information.*

*Save as described under the section headed "Subscription and Sale" and in the sections describing the Transaction Documents, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.*

### **Representations about the Notes**

*No person has been authorised to give any information or to make any representation not contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Arranger, the Representative of the Noteholders, the Issuer, the Sole Quotaholder or ART (in any capacity) or any other party to the Transaction Documents. Neither the delivery of this Information Memorandum nor any sale or allotment made in connection with the offering of any of the Notes shall in any circumstances constitute a representation or create an implication 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, ART 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 Information Memorandum.*

### **Limited recourse**

The Notes constitute direct, secured, limited recourse obligations of the Issuer. By virtue of the operation of the Securitisation Law and the Transaction Documents, the Issuer's rights, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the Collections and the financial assets purchased through such Collection will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law) and, therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, to the Other Issuer Creditors and to any other creditors of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. The Noteholders will agree that the Issuer Available Funds will be applied by the Issuer in accordance with the applicable Priority of Payments.

### **Other business relations with the Originator**

The Arranger and its affiliates may, from time to time, enter into other business relations with the Originator including, but not limited to, the provision of lending and advisory services.

### **U.S. Risk Retention Rules**

The Notes sold on the Issue Date may not be purchased by any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). "**U.S. Risk Retention Rules**" means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended. Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that 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 the Notes, including beneficial interests therein, will, by its acquisition of a Note or beneficial interest therein, be deemed to have made certain representations and agreements, including that it (1) is not a Risk Retention U.S. Person; (2) is acquiring such Note or a beneficial interest therein for its own account and not 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 issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 20 of the U.S. Risk Retention Rules, and no other steps have been taken by the Issuer, the Originator, the Arranger, the Lead Manager, the Underwriters, the bookrunners, managers or any of their affiliates or any other party to accomplish such compliance.

### **Selling Restrictions**

The distribution of this Information Memorandum and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum (or any part of it) comes are required by the Issuer, the Senior Notes Underwriter and the Mezzanine Notes Underwriter to inform themselves about, and to observe, any such restrictions. Neither this Information Memorandum nor any part of it constitutes an offer, and this Information Memorandum may not be used for the purpose of an offer to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any other state securities laws and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act).

The Notes may not be offered or sold directly or indirectly, and neither this Information Memorandum nor any

other offering circular or any Information Memorandum, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

The Notes are complex instruments which involve a high degree of risk and are suitable for purchase only by sophisticated investors which are capable of understanding the risk involved. In particular the Notes should not be purchased by or sold to individuals and other non-expert investors.

No action has or will be taken which would allow an offering to the public (or a "offerta al pubblico") of the Notes in the Republic of Italy unless in compliance with the relevant Italian securities, tax and other applicable laws and regulations. Accordingly, the Notes may not be offered, sold or delivered and neither this Information Memorandum nor any other offering material relating to the Notes may be distributed or made available to the public in the Republic of Italy. Individual sales of the Notes to any persons in the Republic of Italy may only be made in accordance with Italian securities, tax and other applicable laws and regulations.

Neither this Information Memorandum nor any other information supplied in connection with the issue of the Notes should be considered as a recommendation or an invitation or offer by the Issuer, ART (in any capacity), the Lead Manager or the Arranger that any recipient of this Information Memorandum, or of any other information supplied in connection with the issue of the Notes, should purchase any of the Notes. Each investor contemplating purchasing any of the Notes must make its own independent investigation and appraisal of the financial condition and affairs of the Issuer.

For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Information Memorandum, see the section entitled "Subscription and Sale".

#### **PRIIPs / EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU; (ii) a customer within the meaning of Directive 2002/92/EC, as amended and replaced by Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a Qualified Investor. Consequently, no key information document required by Regulation (EU) 1286/2014 for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **PRIIPs / UK Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be

unlawful under the UK PRIIPs Regulation.

### **MIFID II product governance / Professional investors and ECPs only target market**

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

### **Benchmark Regulation (Regulation (EU) 2016/1011)**

Amounts payable in relation to the Senior Notes which bear a floating interest rate will be calculated by reference to the EURIBOR. As at the date of this Information Memorandum, the administrator of the EURIBOR is included on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011.

### **STS Regulation**

On 12 December 2017, the European Parliament adopted Regulation (EU) 2017/2402 (i.e. the Securitisation Regulation) which applies from 1 January 2019. The Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the Securitisation Regulation) as regards (i) risk retention, (ii) due diligence, (iii) transparency, and (iv) the underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace certain provisions in CRR, the AIFM Regulation and the Solvency II Regulation and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to article 32 of Directive (EU) 2016/2341. Secondly, the Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("STS-securitisations").

### **Interpretation**

Certain monetary amounts and currency translations included in this Information Memorandum 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.

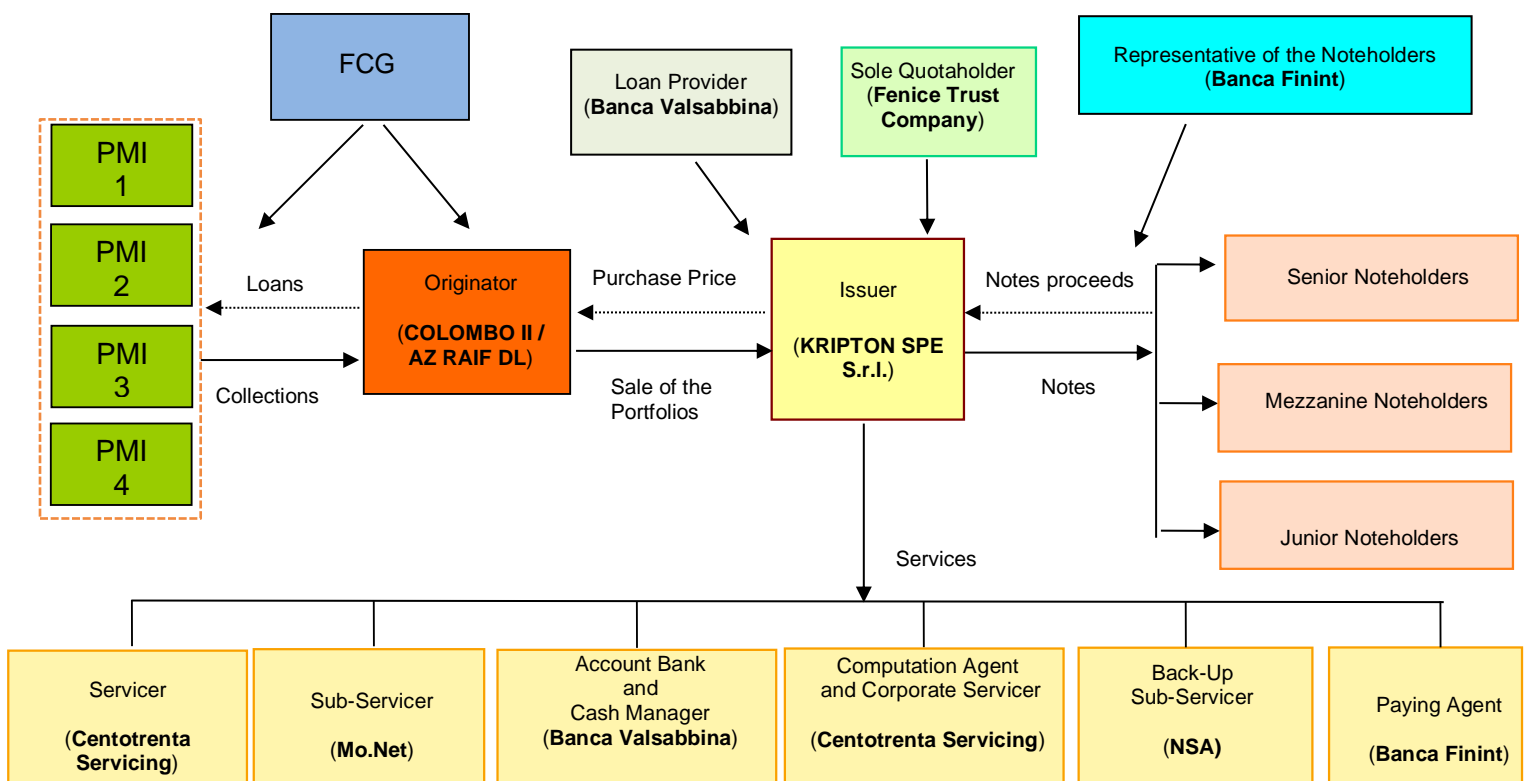
All references in this Information Memorandum to "Euro", "EUR", "€" and "cents" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended and integrated from time to time.

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

## TRANSACTION OVERVIEW

The following information is an summary of certain aspects of the transaction, the parties thereto, the assets underlying the Notes and the related documents and does not purport to be complete. Therefore, it should be read in conjunction with and is qualified in its entirety by reference to the more detailed information presented elsewhere in this Information Memorandum and in the Transaction Documents. This Information Memorandum contains the information and requirements provided by Article 2, paragraph 3, of the Securitisation Law, it is not exhaustive and it does not purport to be complete. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, and conduct its own due diligence and investigation on the economic, financial, legal and credit risk associated with the investment in the Notes and the Receivables thereunder.

### 1. TRANSACTION DIAGRAM



### 2. THE PRINCIPAL PARTIES

**Issuer**

KRIPTON SPE S.R.L..

The issued quota capital of the Issuer is equal to €10,000 and is fully held by the Sole Quotaholder.

**Originator**

ART as management company of COLOMBO II and investment manager of AZ RAIF DL.

**Servicer**

CENTOTRENTA SERVICING. The Servicer will act as such pursuant to the Master Servicing Agreement.

<b>Sub-Servicer</b>	MO.NET. The Sub-Servicer will act as such pursuant to the Sub-Servicing Agreement.
<b>Reporting Entity</b>	ART as management company of COLOMBO II and investment manager of AZ RAIF DL. The Reporting Entity will be designated under the Intercreditor Agreement. The Reporting Entity will act as such, pursuant to and for the purposes of Article 7(2) of the EU Securitisation Regulation.
<b>Computation Agent</b>	CENTOTRENTA SERVICING. The Computation Agent will act as such pursuant to the Agency Agreement.
<b>Account Bank</b>	BANCA VALSABBINA. The Account Bank will act as such pursuant to the Agency Agreement.
<b>Paying Agent</b>	BANCA FININT. The Paying Agent will act as such pursuant to the Agency Agreement.
<b>Cash Manager</b>	BANCA VALSABBINA. The Cash Manager will act as such pursuant to the Agency Agreement.
<b>Representative of the Noteholders</b>	BANCA FININT. The Representative of the Noteholders will act as such pursuant to the Subscription Agreements, the Terms and Conditions, the Rules of the Organisation of the Noteholders, the Intercreditor Agreement and the other Transaction Documents.
<b>Corporate Servicer</b>	CENTOTRENTA SERVICING. The Corporate Servicer will act as such pursuant to the Corporate Services Agreement.
<b>Loan Provider</b>	BANCA VALSABBINA. The Loan Provider will act as such pursuant to the Limited Recourse Loan Agreement.
<b>Back-Up Sub-Servicer</b>	NSA. The Back-Up Sub-Servicer will act in such capacity pursuant to the Back-Up Sub-Servicing Agreement.
<b>Sole Quotaholder</b>	FENICE TRUST COMPANY. The Quotaholder will act as such pursuant to the Intercreditor Agreement.
<b>Arranger</b>	BANCA VALSABBINA.
<b>Lead Manager</b>	BANCA VALSABBINA. The Lead Manager will act in such capacity pursuant to the Senior Notes Subscription Agreement.
<b>Class A Notes Underwriter</b>	BANCA VALSABBINA The Senior Notes Underwriter will act as such pursuant to the Senior Notes Subscription Agreement.
<b>Class B Notes Underwriter</b>	BANCA VALSABBINA The Mezzanine Notes Underwriter will act as such pursuant to the Mezzanine Notes Subscription Agreement.
<b>Class J Notes Underwriters</b>	AZ RAIF I – STRUCTURED CREDIT BRIDGE ART



The Junior Notes Underwriters will act as such pursuant to the Junior Notes Subscription Agreement.

### 3. 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>The Senior Notes</b>	€ 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036;
<b>The Mezzanine Notes</b>	€ 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036;
<b>The Junior Notes</b>	€ 20,000,000 Class J Asset Backed Partly Paid Notes due March 2036;
<b>Partly-Paid Notes</b>	The Notes will be issued on a partly-paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to the Conditions, the Subscription Agreements and the terms of the Transaction Documents, on the Issue Date the Underwriters will pay the Initial Instalments of the subscription price of each Class of Notes in order to fund the purchase of the Initial Portfolio from the Originator pursuant to the Transfer Agreement.
<b>Incremental Instalments</b>	<p>Subject to and in accordance with the Conditions, the terms of the Transaction Documents and the Subscription Agreements, during the Ramp-Up Period, on any Incremental Instalment Date, the Noteholders will pay <i>pro rata</i> the relevant Incremental Instalment on each Class of Notes as notified by the Issuer, in order to:</p> <ul style="list-style-type: none"><li>(a) fund the purchase of the relevant Further Portfolio from the Originator on the immediately preceding Transfer Date in accordance with the relevant Transfer Deed;</li><li>(b) reimburse any amount in respect of principal of Drawing(s) made available to the Issuer under the Limited Recourse Loan on the immediately preceding Infra-Period Settlement Date;</li><li>(c) pay the Cash Reserve Increase Amount; and</li><li>(d) any costs or expense due in accordance with the Subscription Agreements and the other Transaction Documents,</li></ul> <p>in accordance with the terms and the conditions of the Subscription Agreements and the Limited Recourse Loan, provided that no Trigger Event or Purchase Termination Event has occurred or arisen and is continuing.</p>

<b>Issue Date</b>	The Notes will be issued on 22 April 2021.
<b>Issue Price</b>	On the Issue Date the Notes will be issued at 100 per cent. of their principal amount.
<b>Use of Proceeds</b>	<p>The net proceeds from the issue of the Notes will be applied by the Issuer, on the Issue Date, to make the following payments:</p> <ul style="list-style-type: none"> <li>(i) <i>First</i>, to repay the Initial Drawing granted to finance the purchase of the Initial Portfolio;</li> <li>(ii) <i>Second</i>, to credit the Required Cash Reserve Amount into the Cash Reserve Account;</li> <li>(iii) <i>Third</i>, to credit the Retention Amount into the Expense Account;</li> <li>(iv) <i>Fourth</i>, to pay any up-front fee and expense due in accordance with the Subscription Agreements and the other Transaction Documents.</li> </ul> <p>After the payments set out in paragraphs (i), (ii), (iii) and (iv) above, any remaining amount will be credited to the Payments Account.</p>
<b>Interest on the Senior Notes</b>	<p>The Senior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the EURIBOR which shall be fixed two business days before the beginning of each Interest Period (except in respect of the Initial Interest Period where an interpolated interest rate based on 3 and 6 month deposits in Euro will be substituted for the EURIBOR) plus a margin equal to 2 (two) per cent. <i>per annum</i>, provided that, in the event that in respect of any Interest Period the EURIBOR results to be lower than 0 (zero), it shall be deemed to be equal to 0 (zero).</p> <p>Interest in respect of the Senior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The first payment of interest in respect of the Senior Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.</p>
<b>Alternative Base Rate</b>	As provided in Condition 7.7 ( <i>Fallback Provisions</i> ) of the Notes, the Representative of the Noteholders, with the prior express consent of the Noteholders, may request the Issuer to agree to amend the EURIBOR and make such other related or consequential amendments as are necessary or advisable in order to facilitate such change.
<b>Interest on the Mezzanine Notes</b>	The Mezzanine Notes will bear a fixed interest rate on their Principal Amount Outstanding from and including the Issue

Date at 6 (six) per cent. *per annum*.

Interest in respect of the Mezzanine Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The first payment of interest in respect of the Mezzanine Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.

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

The Junior Notes will bear fixed interest on their Principal Amount Outstanding from and including the Issue Date at 10 (ten) per cent *per annum* plus the Additional Return (if any) in accordance with the applicable Priority of Payments.

Interest in respect of the Junior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments. The first payment of interest in respect of the Junior Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.

#### **Form and Denomination**

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be accepted for clearance by Monte Titoli with effect from the Issue Date. The Notes will at all times be in book entry form and title to the Notes will be evidenced by book entry in accordance with the provisions of (i) Article 83 *bis* of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018. No physical document of title will be issued in respect of the Notes.

The denomination of the Notes will be € 100,000 with additional increments of Euro 1,000.

#### **Status and Ranking**

In respect of the obligations of the Issuer to pay interest and repay principal on the Notes, subject to the provisions of the relevant Priority of Payments, the Notes of each Class rank as set out in Condition 6 (*Priority of Payment*).

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders.

#### **Withholding on the Notes**

As at the date of this Information Memorandum, payments of interest and other proceeds under the Notes may be subject to a Decree 239 Deduction. Upon the occurrence of any withholding or deduction for or on account of tax from any payment under the Notes, neither the Issuer nor any other person shall have any obligation to pay any additional amount(s) to any holder of the Notes on account of such

withholding or deduction.

### **Mandatory Redemption**

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on any Payment Date, in accordance with the provisions of the Terms and Conditions, in each case if and to the extent that, on such dates, there are sufficient Issuer Available Funds which may be applied towards redemption of the Notes, in accordance with the applicable Priority of Payments.

### **Optional Redemption**

Unless previously redeemed in full, on any Payment Date falling after the end of the previous Quarterly Collection Period on which the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the sum of the Outstanding Principal of each Portfolios as at the relevant Valuation Date, the Issuer, having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with the Condition 16 (*Notices*), may redeem the Senior Notes (in whole but not in part) the Mezzanine Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding, together with interest accrued thereon, up to the date fixed for redemption, in accordance with the Condition 8.3 (*Redemption, Purchase and Cancellation – Optional Redemption*), provided that:

- (a) no Trigger Event has occurred prior to or upon such date; and
- (b) the Issuer has certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Senior Notes and the Mezzanine Notes and any amount required to be paid under the Priority of Payments in priority to or *pari passu* with the Senior Notes.

The Issuer may obtain the necessary funds in order to effect the above optional redemption of the Notes, in accordance with the Condition 8.3 (*Redemption, Purchase and Cancellation – Optional Redemption*), through the sale of the Portfolio subject to the terms and conditions of the Intercreditor Agreement. The relevant sale proceeds shall form part of the Issuer Available Funds.

### **Redemption for Taxation**

If the Issuer at any time satisfies the Representative of the Noteholders, immediately prior to giving the notice referred to below, that on the next Payment Date:

- (a) the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree

239 Deduction) from any payment of principal or interest on any Class of Notes (the "**Affected Class**"), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction) (hereinafter, the "**Tax Event**"); and

- (b) the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities in respect of the Affected Class and any amount required to be paid, according to the Priority of Payments in priority to or *pari passu* with the Notes of the Affected Class,

then the Issuer may, on any such Payment Date at its option having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*), redeem the Senior Notes (in whole but not in part or) the Mezzanine Notes (in whole but not in part), and the Junior Notes (in whole or in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date, in accordance with Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*).

Following the occurrence of a Tax Event, the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio, or any part thereof, to finance the early redemption of the Notes in accordance with Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), subject to the terms and conditions of the Intercreditor Agreement.

#### **Source of Payments of the Notes**

The principal source of payment of interest and of repayment of principal on the Notes will be the Collections made in respect of the Receivables arising out of the Loan Agreements, purchased by the Issuer from the Originator pursuant to the Transfer Agreement.

#### **Segregation of the Portfolio**

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the

relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

The Portfolio may not be seized or attached in any form by creditors of the Issuer other than the Noteholders, until full discharge by the Issuer of its payment obligations under the Notes or cancellation of the Notes. Pursuant to the terms of the Intercreditor Agreement, the Issuer has empowered the Representative of the Noteholders, following the service of a Trigger Notice or upon failure by the Issuer to promptly exercise its rights under the Transaction Documents, 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.

#### **Limited recourse obligations of the Issuer**

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

- (a) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Priority of Payments and will not have, by operation of law or otherwise, any claim against, or recourse to, the Issuer's other assets or its contributed capital;
- (b) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such Noteholder; and (ii) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or *pari passu* with such sums payable to such Noteholder; and
- (c) upon the Representative of the Noteholders giving notice in accordance with Condition 16 (*Notices*)

that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be realised in respect of the 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 Servicer having confirmed the same in writing to the Representative of the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

### **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 of the Issuer deriving from any of the Transaction Documents or enforce the Security and no Noteholder shall be entitled to proceed directly against the Issuer to obtain payment of such obligations or to enforce the Security, save as provided by the Rules of the Organisation of the Noteholders. In particular no Noteholder:

- (a) is entitled, save as expressly permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) 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 to it;
- (c) shall be entitled, both before and following the delivery of a Trigger Notice, until the date falling two years and one day after the date on which all the Notes and any other notes issued in the context of any other securitisation carried out by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (d) shall be entitled, both before and following the delivery of a Trigger Notice, to take or join in the taking of any corporate action, legal proceeding or other procedure or step which would result in the Priority of Payments not being complied with.

<b>Final Maturity Date</b>	Unless previously redeemed in full or cancelled in accordance with the relevant Terms and Conditions, the Notes are due to be repaid in full at their respective Principal Amount Outstanding on the Final Maturity Date.
<b>Cancellation Date</b>	<p>The Notes shall be cancelled on the Cancellation Date which is the earlier of:</p> <ul style="list-style-type: none"> <li>(a) the date on which the Notes have been redeemed in full;</li> <li>(b) the Final Maturity Date; and</li> <li>(c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled.</li> </ul>
<b>The Organisation of the Noteholders</b>	<p>The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.</p> <p>Pursuant to the Rules of the Organisation of the Noteholders, for as long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of the issue of the Notes, who is appointed by the Senior Notes Underwriter, the Mezzanine Notes Underwriter and the Junior Notes Underwriters, subject to and in accordance with the provisions of the Subscription Agreements. Each Noteholder is deemed to accept such appointment.</p>
<b>Listing and admission to trading</b>	Application will be made to list the Senior Notes and the Mezzanine Notes on the professional segment ExtraMOT PRO of the multilateral trading facility "ExtraMOT" managed by Borsa Italiana S.p.A..
<b>Rating</b>	The Notes will not be assigned any credit rating.
<b>STS-Securitisation</b>	The Securitisation is intended to qualify as a simple, transparent and standardised (STS) securitisation within the meaning of Article 18 of the EU Securitisation Regulation (" <b>STS-Securitisation</b> "). Consequently, the Securitisation



meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and will be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation. No assurance can be provided that the Securitisation does or continues to qualify as an STS-Securitisation under the EU Securitisation Regulation at any point in time in the future.

The STS Notification in respect of the Securitisation will be publicly available on the following ESMA website: <https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation>.

**Governing Law**

The Notes will be governed by Italian law.

**Purchase of the Notes**

The Issuer may not purchase any Notes at any time.

**Selling restrictions**

There will be current market standard restrictions on the sale of the Notes and on the distribution of information in respect thereof.

For further details, see the section entitled "*Subscription and Sale*".

Any transfer of the Notes during the Ramp-Up Period shall be notified in writing to the Issuer and the Servicer.

**4. ACCOUNTS**

**Collection Account**

The Issuer has established with the Account Bank the Collection Account, into which the Servicer and the Sub-Servicer shall transfer on a daily basis all the amounts received or recovered in respect of the Portfolio.

**Payments Account**

The Issuer has established with the Paying Agent the Payments Account, into which all amounts due to the Issuer under any of the Transaction Documents (other than the Collections) will be paid.

**Incremental Instalments**

**Account**

The Issuer has established the Incremental Instalments Account with the Account Bank into which the proceeds deriving from the Incremental Instalments on the Notes will be credited for the purchase of the Further Portfolios, during the Ramp-Up Period.

**Cash Reserve Account**

The Issuer has established with the Account Bank the Cash Reserve Account, for the deposit on the Issue Date and, thereafter, on each Incremental Instalment Date and each Payment Date until the Senior Notes and the Mezzanine Notes have been repaid in full, of the Required Cash Reserve Amount in accordance with the applicable Priority

of Payments.

**Loan Account**

The Issuer has established the Loan Account with the Account Bank on which the Loan Provider will make available to the Issuer an overdraft facility up to the Commitment Amount of the Limited Recourse Loan. During the Ramp-Up Period, the Issuer can dispose and use the overdraft facility by debiting the Loan Account up to the Commitment Amount, in accordance with the terms of the Limited Recourse Loan Agreement.

**Securities Account**

After the Issue Date the Issuer may open with the Account Bank a securities investment account, in accordance with the provisions of the Agency Agreement. The Securities Account (if any) shall be managed and operated in accordance with the provisions of the Agency Agreement.

**Expense Account**

The Issuer has established with the Account Bank the Expense Account, into which, on the Issue Date, the Retention Amount will be credited.

During each Collection Period, the Retention Amount will be used by the Issuer to pay the Expenses.

To the extent that the amount standing to the credit of the Expense Account on any Payment Date is lower than the Retention Amount, the Issuer shall credit such an amount as will bring the balance of the Expense Account equal to, but not in excess of, the Retention Amount, in accordance with the relevant Priority of Payments.

**Quota Capital Account**

The Issuer has established the Quota Capital Account with Banca del Fucino for the deposit of the Issuer's quota capital.

The Eligible Accounts will be maintained with the relevant Account Bank.

**5. CREDIT STRUCTURE**

**Portfolio**

The Initial Portfolio and any Further Portfolio purchased by the Issuer during the Ramp-Up Period pursuant to the Transfer Agreement comprise Receivables arising out of performing (*in bonis*) commercial loans granted by the Originator to small and medium enterprises and with the benefit of the State guarantee provided by Italian law No. 662 of 23 December 1996.

**Pool selection criteria**

All the Receivables comprised in the Portfolio will be selected on the basis of certain eligibility criteria set out under the Transfer Agreement.

For further details, see the section entitled "*The Portfolio*".

**Purchase Conditions**

In addition, the Receivables comprised in the Further Portfolios shall satisfy the Purchase Conditions.

For further details, see the section entitled "*The Portfolio*".

## Issuer Available Funds

The Issuer Available Funds means, in respect of any Payment Date, the aggregate amounts of:

- (a) any Collection and all amounts received or recovered by the Issuer or on behalf of the Issuer in accordance with the terms of the Transfer Agreement, the Master Servicing Agreement and the Intercreditor Agreement, or from any party to the Transaction Documents during the Collection Period immediately preceding the relevant Payment Date (including but not limited to, for the avoidance of any doubt, all amounts (i) recovered from the FCG Guarantee or recovered from the Debtors, (ii) received from the sale, if any, of the Portfolio (in whole or in part) together with any proceeds deriving from the enforcement of the Issuer's Rights, and (iii) collected or recovered by the Issuer under clause 15 of the Transfer Agreement (i.e. the limited recourse loan granted by the Originator));
- (b) all amounts of interest accrued and paid on the Collection Account, the Payments Account, the Incremental Instalments Account and the Cash Reserve Account (if any) during the Collection Period immediately preceding the relevant Payment Date;
- (c) all amounts deriving from the Eligible Investments (if any) made under the terms of the Agency Agreement due to be paid on the Eligible Investments Maturity Date immediately prior to the relevant Payment Date; and
- (d) any and all other amounts standing to the credit of the Collection Account, the Payments Account, the Incremental Instalment Account (excluding any amount paid as Initial Instalment and/or Incremental Instalment on each Class of the Notes in accordance with the Subscription Agreements) and the Cash Reserve Account, following the payments required to be made from such accounts on the immediately preceding Payment Date.

On each Settlement Date and/or Payment Date the proceeds deriving from the Incremental Instalments on each Class of Notes paid by the Noteholders on the relevant Incremental Instalment Date shall be exclusively used by the Issuer to pay:

- (i) the Purchase Price of the relevant Further Portfolios purchased on the immediately preceding Transfer Date; and

- (ii) reimburse any amount in respect of principal of Drawing(s) made available to the Issuer under the Limited Recourse Loan on the immediately preceding Infra-Period Settlement Date;
- (iii) the Cash Reserve Increase Amount; and
- (iv) any costs or expense due in accordance with the Subscription Agreements and the other Transaction Documents.

### **Limited Recourse Loan**

During the Ramp-Up Period, the Issuer may dispose and use the Limited Recourse Loan made available to it by debiting the Loan Account up the Commitment Amount, pursuant to the terms of the Limited Recourse Loan Agreement.

The Limited Recourse Loan will be made available to the Issuer for the purpose to pay (in whole or in part) the purchase price due by the Issuer to the Originator in respect of the Initial Portfolio or the relevant Further Portfolio.

The Issuer shall repay and redeem:

- (a) on the Issue Date, the principal amount due in relation to the Initial Drawing using exclusively and within the limits of the net proceeds deriving from the Initial Instalments on the Notes.
- (b) on each Incremental Instalment Date, the principal amount due in relation to the relevant Further Drawing using exclusively and within the limits of the net proceeds deriving from the relevant Incremental Instalments on the Notes of each Class of Notes.

The Issuer will be entitled to request to the Loan Provider a Drawing under the Limited Recourse Loan in excess of the Commitment Amount in accordance with the terms of the Limited Recourse Loan Agreement.

### **Purchase Termination Events**

Pursuant to the Intercreditor Agreement, the occurrence of any of the following events during the Ramp-Up Period shall constitute a Purchase Termination Event:

- (a) *Breach of obligations by the Originator:*
  - (i) the Originator defaults in the performance or observance of any of its payment obligations under or in respect of any of the Transaction Documents to which it is a party and (except where, in the reasonable opinion of the Representative of the Noteholders, such default is not capable of remedy) such default remains unremedied for 5 days after the Representative of the Noteholders has given written notice

thereof to the Issuer and the Originator, declaring that such default is, in its opinion, materially prejudicial to the interest of the Senior Noteholders; or

- (ii) the Originator defaults in the performance or observance of any of its obligations under or in respect of any of the Transaction Documents to which it is a party - other than the payment obligations under (i) above - and (except where, in the reasonable opinion of the Representative of the Noteholders, such default is not capable of remedy) such default remains unremedied for 30 days after the Representative of the Noteholders has given written notice thereof to the Issuer and the Originator declaring that such default is, in its opinion, materially prejudicial to the interest of the Senior Noteholders; or

- (b) *Breach of representations and warranties by the Originator:*

any of the representations and warranties given by the Originator under any of the Transaction Documents to which it is party is or proves to have been incorrect in any material respect which is materially prejudicial to the interest of the Senior Noteholders in the opinion of the Representative of the Noteholders when made or repeated and such breach is not remedied; or

- (c) *Insolvency of the Originator:*

- (i) 30 days have elapsed since an application is made for the commencement of an *amministrazione straordinaria* or *liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings or preparatory or early intervention measures pursuant to the Directive 2014/59/EU (as implemented from time to time) against the Originator in any jurisdiction and such application has not been rejected by the relevant court nor has it been withdrawn by the relevant applicant (unless the Originator has provided the Representative of the Noteholders with a legal opinion or other adequate comfort

confirming that such application is manifestly without grounds), provided that in the 30 days period following the date of the relevant application, the Originator shall not be entitled to deliver any Offer to the Issuer for the transfer of a Further Portfolio pursuant to the Transfer Agreement; or

(ii) the Originator becomes subject to any *amministrazione straordinaria, liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings in any jurisdiction or the whole or any substantial part of the assets of the Originator are subject to a *pignoramento* or similar procedure having a similar effect; or

(iii) the Originator takes any action for a restructuring or deferment of fulfilment of any of its obligations relating to financial indebtedness or makes any out of court settlements with its creditors (to the extent such out of court settlements may be materially prejudicial to the interests of the Senior Noteholders) for the extension of fulfilment of its obligations relating to financial indebtedness or the enforcement of any guarantee given to guarantee such fulfilment; or

(d) *Winding up of the Originator:*

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution in any form of the Originator; or

(e) *Insolvency of the Servicer:*

(i) 30 days have elapsed since an application is made for the commencement of an *amministrazione straordinaria* or *liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings or preparatory or early intervention measures pursuant to the Directive 2014/59/EU (as implemented from time to time) against the Servicer in any jurisdiction and such application has not been rejected by the relevant court nor has it been withdrawn by the relevant applicant (unless the Servicer has provided the

Representative of the Noteholders with a legal opinion or other adequate comfort confirming that such application is manifestly without grounds); or

(ii) the Servicer becomes subject to any *amministrazione straordinaria, liquidazione coatta amministrativa* or any other applicable bankruptcy proceedings in any jurisdiction or the whole or any substantial part of the assets of the Servicer are subject to a *pignoramento* or similar procedure having a similar effect; or

(iii) the Servicer takes any action for a restructuring or deferment of fulfilment of any of its obligations relating to financial indebtedness or makes any out of court settlements with its creditors (to the extent such out of court settlements may be materially prejudicial to the interests of the Senior Noteholders) for the extension of fulfilment of its obligations relating to financial indebtedness or the enforcement of any guarantee given to guarantee such fulfilment; or

(f) *Winding up of the Servicer:*

an order is made or an effective resolution is passed for the winding up, liquidation or dissolution in any form of the Servicer; or

(g) *Breach of ratios:*

(i) the Expected Cumulative Net Default Ratio of the Portfolio, as determined by the Sub-Servicer with respect to the end of the Collection Period immediately preceding the relevant Offer Date, is equal to or has exceeded 1.5%; or

(ii) the Cash Reserve Amount is less than the Required Cash Reserve Amount as of the immediately preceding Payment Date; or

(h) *Service of a Trigger Notice*

the Representative of the Noteholders has serviced a Trigger Notice; or

(i) *Outstanding Principal Due of the Loans*

the Outstanding Principal Due of the Loans secured by a non-valid and non-binding Guarantee exceeds,

as at the end of the relevant Collection Period, 2% (two per cent.) of the Outstanding Principal of the Collateral Portfolio; or

(j) *Failure to transfer Further Portfolios*

for three consecutive Monthly Offer Dates, the Originator has not offered any Further Portfolio to the Issuer; or

(k) *Failure to use the Issuer Available Funds*

the amount of the Issuer Available Funds, paid under item sixteenth of the Pre-Enforcement Priority of Payments, not used for two consecutive Payment Dates exceeds Euro 3 (three) millions,

(l) *Letter from an independent auditor*

no later than the Payment Date following the Determination Date in respect of which the Outstanding Credit of the Portfolio exceeded Euro 100,000,000.00, a recognised auditing firm carried out a pool audit of the Portfolio as at the Determination Date and sent Banca Valsabbina a letter reporting significant findings in relation to the Portfolio and the activities carried out. Upon the occurrence of any Purchase Termination Event, the Representative of the Noteholders shall serve a Purchase Termination Notice on the Issuer and the Originator stating that a Purchase Termination Event has occurred.

After the service of a Purchase Termination Notice, the Ramp-Up Period will be terminated, the Issuer shall refrain from purchasing any Further Portfolio and, unless the delivery of a Trigger Notice, the Pre-Enforcement Priority of Payments shall continue to be applied.

## Trigger Events

Condition 13.1 (*Trigger Events*) provides the following Trigger Events:

(a) *Non-payment:* The Issuer defaults in the payment of:

- (i) (1) the Interest Amount payable on the Senior Notes as at the relevant Payment Date; or
- (2) before the occurrence of a First Performance Event, the Interest Amount payable on the Mezzanine Notes for two consecutive Payment Dates; or
- (3) in case there are sufficient Issuer Available Funds in accordance with the applicable Priority of Payments, the amount of principal due and payable on the Senior Notes and/or



the Mezzanine Notes on the relevant Payment Date (as set out in the relevant Payments Report)

and such default is not remedied within a period of five Business Days from the due date thereof; or

(ii) any amount due to the Other Issuer Creditors under items *First* and *Second* of the Priority of Payments and such default is not remedied within a period of five Business Days from the due date thereof; or

- (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 specified in (a) above) which is in the Representative of the Noteholders' sole and absolute opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders having given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or
- (c) *Breach of Representations and Warranties by the Issuer:* Any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within 15 days after the Representative of the Noteholders has served notice requiring remedy; or
- (d) *Insolvency of the Issuer:* An Insolvency Event occurs in respect of the Issuer; or
- (e) *Unlawfulness for the Issuer:* It is or will become unlawful (in any respect deemed to be material by the Representative of the Noteholders) 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.

Upon the occurrence of a Trigger Event, the Representative of the Noteholders:

- (1) in the case of a Trigger Event under (a) or (e) above, shall; and/or
- (2) in the case of a Trigger Event under (b) and (c) above, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall; and/or
- (3) in the case of a Trigger Event under (d) above, may at its sole discretion or, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall,

serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Notes will be due and payable at their Principal Amount Outstanding and the Issuer Available Funds shall be applied in accordance with the Post-Enforcement Priority of Payments.

Following the service of a Trigger Notice, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the operational functioning of the Issuer or the orderly payments of the amounts due under the Notes in accordance with the Post-Enforcement Priority of Payments and pursuant to the terms of the Transaction Documents, as required by Article 21(4)(a) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Following the service of a Trigger Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio (in full or in part), subject to the terms and conditions of the Intercreditor Agreement. It is understood that no provisions shall require the automatic liquidation of the Portfolio pursuant to Article 21(4)(d) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

## **Pre-Enforcement**

### **Priority of Payments**

Prior to the service of a Trigger Notice, a redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*,
  - (a) 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 Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and
  - (b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;
- (ii) *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 any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;
  - (b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Sub-Servicer, the Back-Up Sub-Servicer and the Servicer (but excluding any amounts to be paid under any item set out below in this Priority of Payments); and
  - (c) any other documented costs, fees, expenses and other amounts due to the Lead Manager and/or the Underwriters and/or other persons who are not parties to the Intercreditor Agreement;
- (iii) *Third*, in or towards satisfaction of any amount in respect of interest and principal due and payable in respect of the Limited Recourse Loan made available to the Issuer during the immediately preceding Interest Periods;
- (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Senior Notes;
- (v) *Fifth*, to pay, prior to the occurrence of a First

Performance Event, *pari passu* and *pro rata* according to the respective amounts thereof all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;

- (vi) *Sixth*, to pay the Required Cash Reserve Amount into the Cash Reserve Account;
- (vii) *Seventh*, prior the occurrence of a First Performance Event, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (viii) *Eight*, to pay, *pari passu* and *pro rata*, to the Other Issuer Creditors any other amount due under the Transaction Documents (including, for the avoidance of any doubt, the payment and reimbursement of the limited recourse loan, if any, granted by the Originator under Article 15 of the Transfer Agreement but excluding any amounts to be paid under any item set out below in this Priority of Payments);
- (ix) *Ninth*, during the Ramp-Up Period:
  - (a) to pay to the Originator any amount (if any) due as Purchase Price for any Further Portfolio under (b) below and unpaid on the previous Incremental Instalment Dates;
  - (b) to pay to the Originator any amount (if any) due as Purchase Price for the relevant Further Portfolio purchased in accordance with the provisions of the Transfer Agreement at the Quarterly Offer Date immediately after the end of the relevant Collection Period, provided that any payments to be made under this paragraph (b) of item *Ninth* will be made (in whole or in part) out of the proceeds of the Incremental Instalments on the Notes made as of such Incremental Instalment Date;
- (x) *Tenth*, following the end of the Ramp-Up, to pay to the Originator any amount due as Purchase Price for any Further Portfolio under (ix) above and unpaid on the previous Incremental Instalment Dates;

- (xi) *Eleventh*, after the Ramp-Up Period, to pay, prior to the occurrence of a First Performance Event, any principal amount on the Senior Notes up to the Senior Notes Redemption Amount;
- (xii) *Twelfth*, after the Ramp-Up Period, to pay, prior to the occurrence of a First Performance Event, any principal amount on the Mezzanine Notes up to the Mezzanine Notes Redemption Amount;
- (xiii) *Thirteenth*, to pay:
  - (a) after the occurrence of a First Performance Event, any principal amount on the Senior Notes up to Senior Notes Redemption Amount; or
  - (b) after the occurrence of a Second Performance Event, any Principal Amount Outstanding on the Senior Notes;
- (xiv) *Fourteenth*, to pay, after the occurrence of a First Performance Event, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;
- (xv) *Fifteenth*, to pay, after the occurrence of a First Performance Event, any principal amount of the Mezzanine Notes up to the Mezzanine Notes Redemption Amount;
- (xvi) *Sixteenth*, during the Ramp-Up Period, to pay all the Issuer Available Funds remaining after the payments made from item (i) to (xv) on the Incremental Instalments Account;
- (xvii) *Seventeenth*, to pay, prior to the occurrence of a First Performance Event, *pari passu* and *pro rata* any principal amount on the Junior Notes up to the Junior Notes Redemption Amount;
- (xviii) *Eighteenth*, to pay, after the occurrence of a First Performance Event, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (xix) *Nineteenth*, to pay, after the occurrence of a First Performance Event, *pari passu* and *pro rata*, any principal amount of Junior Notes up to the Junior Notes Redemption Amount;
- (xx) *Twentieth*, to pay, *pari passu* and *pro rata*,

according to the respective amounts thereof, the Additional Return to the Junior Noteholders;

- (xxi) *Twenty-first*, on the Cancellation Date, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any outstanding principal amount in respect of the Junior Notes.

The Issuer shall, if necessary, make the payments set out under items *First* paragraph (a) and *Second* paragraph (c) above on any day during an Interest Period using the amounts standing to the credit of any Account in accordance with the provisions of the Agency Agreement.

## **Post-Enforcement**

### **Priority of Payments**

Following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*), or in the event of redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), or optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), or on the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*,
  - (a) 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 Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and
  - (b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;
- (ii) *Second*, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;
- (iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,

- (a) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Sub-Servicer, the Back-Up Sub-Servicer and the Servicer (but excluding any amounts to be paid under any item set out below in this Priority of Payments); and
  - (b) (if the Trigger Event is not an Insolvency Event) any other documented costs, fees, expenses and other amounts due to the Lead Manager and/or the Underwriters and/or other persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;
- (iv) *Fourth*, to pay any outstanding amount due and payable to the Loan Provider in respect of the Limited Recourse Loan made available to the Issuer up to the end of the Ramp-Up Period and not paid on the preceding Payment Dates;
  - (v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount in respect of interest due (including any previous outstanding interest accrued but not paid) on the Senior Notes;
  - (vi) *Sixth*, to pay, *pro rata*, any principal amount on the Senior Notes;
  - (vii) *Seventh*, to pay, *pari passu* and *pro rata* according to the respective amount thereof, any amount of interest due (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;
  - (viii) *Eighth*, to pay, *pro rata*, any principal amount due on the Mezzanine Notes;
  - (ix) *Ninth*, to pay, *pari passu* and *pro rata*, to the Other Issuer Creditors any other amount due under the Transaction Documents (including, for the avoidance of any doubt, the payment and reimbursement of the limited recourse loan, if any, granted by the Originator under Article 15 of the Transfer Agreement but excluding any amounts to be paid under any item set out below in this Priority of Payments);

- (x) *Tenth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, any principal amount on the Junior Notes up to the amount redeemed as principal in respect of the Junior Notes is equal to 99% of the nominal amount of the Junior Notes;
- (xii) *Twelfth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Additional Return to the Junior Noteholders;
- (xiii) *Thirteenth*, on the Cancellation Date, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any outstanding principal amount in respect of the Junior Notes.

Unless an Insolvency Event has occurred in respect to the Issuer, the Issuer shall, if necessary, make the payments set out under items *First*, paragraph (a), and *Second*, paragraph (c), above on any day during an Interest Period using the amounts standing to the credit of any Account in accordance with the provisions of the Agency Agreement.

## 6. REPORTS

### **Monthly Servicer's Report**

Under the Master Servicing Agreement, the Servicer has delegated the Sub-Servicer to prepare, on each Monthly Servicer's Report Date, the Monthly Servicer's Report setting out information on the performance of the Receivables and the Loans during the relevant Monthly Collection Period.

### **Quarterly Servicer's Report**

Under the Master Servicing Agreement, the Servicer has delegated the Sub-Servicer to prepare, on each Quarterly Servicer's Report Date, the Quarterly Servicer's Report setting out information on the performance of the Receivables and the Loans during the relevant Quarterly Collection Period.

### **Transparency Loan Report**

Under the Master Servicing Agreement, the Servicer has delegated the Sub-Servicer to prepare and submit to the Reporting Entity, on a quarterly basis by no later than the Transparency Report Date, the Transparency Loan Report setting out all the information required to comply with Article 7(1)(a) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

### **Sub-Servicer Report**

Under the Sub-Servicing Agreement, the Sub-Servicer shall prepare, on each Sub-Servicer Report Date, the Sub-



Servicer Report.

**Account Bank Report**

Under the Agency Agreement, the Account Bank has undertaken to prepare, on each Account Bank Report Date, the Account Bank Report setting out information concerning, *inter alia*, the transfers and the balances relating to the Eligible Accounts.

**Securities Account Report**

Under the Agency Agreement, in the event that a Securities Account is opened, the Account Bank (in the event that the Securities Account has been opened with the Account Bank) has undertaken to prepare, on each Account Bank Report Date the Securities Account Report setting out the relevant Eligible Investments made during the preceding Collection Period pursuant to the Agency Agreement.

**Paying Agent Report**

Under the Agency Agreement, the Paying Agent has undertaken to prepare, no later than the first day of each Interest Period, the Paying Agent Report setting out certain information in respect of certain calculations to be made on the Notes.

**Cash Manager Report**

Under the Agency Agreement, the Cash Manager has undertaken to prepare, on or prior each Cash Manager Report Date, the Cash Manager Report setting out certain information on the investments made.

**Payments Report**

Under the Agency Agreement, the Computation Agent has undertaken to prepare, on or prior to each Calculation Date, the Payments Report setting out, *inter alia*, the Issuer Available Funds and each of the payments and allocations to be made by the Issuer on the next Payment Date, in accordance with the applicable Priority of Payments.

**Transparency Investors' Report**

Under the Intercreditor Agreement, the Sub-Servicer has undertaken to prepare and submit to the Reporting Entity the Transparency Investors' Report setting out all information with respect to the Notes required to comply with Article 7(1)(e), 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards. Such report shall be prepared both (i) on or prior to the Transparency Report Date with reference to the information requested under Article 7(1)(e), 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation, and (ii) in case an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation) has occurred, without delay with reference to the information requested under Article 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation.

**Investors' Report**

Under the Agency Agreement, the Computation Agent has undertaken to prepare, on or prior each Investors' Report Date, the Investors' Report setting out certain information

with respect to the Notes.

#### **Incremental Instalment Request**

Under the Agency Agreement, the Issuer has undertaken to prepare on the Incremental Request Date, with the cooperation of the Computation Agent, the Incremental Instalment Request setting out certain information relating to the Incremental Instalment.

#### **Material Net Economic Interest in the Securitisation**

Under the Intercreditor Agreement, the Originator has undertaken that it will:

- (a) retain, on an on-going basis, a material net economic interest in the Securitisation of not less than 5 (five) per cent., in accordance with option (d) of Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (b) not change the manner in which such material net economic interest is held, unless expressly permitted by Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (c) procure that any change to the manner in which such retained interest is held in accordance with paragraph (ii) above will be notified to the Calculation Agent to be disclosed in the Investors Report; and
- (d) comply with the disclosure obligations imposed on originators under Article 7(1)(e)(iii) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the EU Securitisation Regulation and the applicable Regulatory Technical Standards are applicable to the Securitisation.

In addition, the Originator has undertaken that the material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

## **7. TRANSACTION DOCUMENTS**

### **Transfer Agreement**

Pursuant to the Transfer Agreement, the Originator (a) has assigned and transferred to the Issuer all of its right, title and interest in and to the Portfolio, (b) may assign and transfer to the Issuer Further Portfolios, on a monthly basis, during the Ramp-Up Period and up to the end thereof by entering

into the relevant Transfer Deeds, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

Pursuant to the Transfer Agreement, the Originator has given certain representations and warranties in favour of the Issuer in relation to the Initial Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio.

**Initial Portfolio**

The Issuer purchased the Initial Portfolio from the Originator pursuant to the Transfer Agreement executed on 1 April 2021.

The Purchase Price of the Initial Portfolio has been funded through the Initial Drawing and the proceeds of the Initial Instalments paid on the Notes.

**Further Portfolios**

During the Ramp-Up Period, the Issuer may purchase on a revolving basis Further Portfolios in accordance with the provisions of the Transfer Agreement and the Transaction Documents.

**Purchase Price of each Portfolio**

The Purchase Price in respect of the Initial Portfolio and any Further Portfolio is equal to the sum of the Individual Purchase Prices of the relevant Receivables.

During the Ramp-Up Period, the Purchase Price of any Further Portfolio will be paid by the Issuer:

- (a) on the Infra-Period Settlement Date immediately following the relevant Transfer Date of such Portfolio, through the funds drawn under the Limited Recourse Loan; or
- (b) on the Settlement Date immediately following the relevant Transfer Date of such Portfolio, through the Incremental Instalments paid by the Noteholders on each Class of Notes on the relevant Incremental Instalment Date; or
- (c) on the Payment Date immediately following the relevant Quarterly Transfer Date of such Portfolio, using (i) the Issuer Available Funds available for such purpose under the applicable Priority of Payments, and (ii) only for the amount not covered under (i) above, and within the limits of, the net proceeds of the payment of any Incremental Instalments made by the Noteholders in respect of each Class of the Notes,

in any case to the extent no Purchase Termination Notice or Trigger Notice has been served pursuant to, respectively, the Intercreditor Agreement and the Conditions.

**Master Servicing Agreement**

Pursuant to the Master Servicing Agreement, the Servicer has agreed to administer service, collect and recover

amounts in respect of the Portfolio on behalf of the Issuer. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (entity responsible for the collection of the assigned receivables and the cash and payment services) pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Information Memorandum pursuant to Article 2, paragraph 3(c) and Article 2, paragraph 6 *bis* of the Securitisation Law.

**Sub-Servicing Agreement**

Pursuant to the Sub-Servicing Agreement, the Servicer, with the consent of the Issuer, has appointed the Sub-Servicer as its sub-delegate in relation to certain operational activities relating to the management, administration and recovery of the Receivables comprised in the Portfolio and the request, maintenance and enforcement of the FCG Guarantee, in accordance with the terms and conditions of the Sub-Servicing Agreement.

**Back-Up Sub-Servicing Agreement**

Pursuant to the Back-Up Sub-Servicing Agreement, the Back-Up Sub-Servicer has been appointed and has agreed to act as substitute Sub-Servicer with respect to the management, administration and enforcement of the FCG Guarantee, subject to, *inter alia*, the appointment of the Sub-Servicer being terminated, in accordance with the terms of the Sub-Servicing Agreement.

**Limited Recourse Loan Agreement**

Pursuant to the Limited Recourse Loan Agreement, the Loan Provider has agreed to make available to the Issuer an overdraft revolving facility to be drawn by the Issuer for the payment of the Purchase Price of the Initial Portfolio due on the Initial Drawing Date and any Further Portfolio due on any Infra-Period Settlement Date.

**Intercreditor Agreement**

Pursuant to the Intercreditor Agreement, the Issuer and the Other Issuer Creditors have agreed, *inter alia*, to apply the Issuer Available Funds in accordance with the applicable Priority of Payments, the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio and the circumstances in which the Issuer may dispose of the Portfolio.

The parties to the Intercreditor Agreement have agreed that the obligations owed by the Issuer to each of the Noteholders and, in general, to each of the Other Issuer Creditors will be limited recourse obligations of the Issuer. The Other Issuer Creditors will have a claim against the Issuer only to the extent of the Issuer Available Funds and in accordance with the applicable Priority of Payments,

subject to and as provided in the Intercreditor Agreement and the other Transaction Documents.

Under the Intercreditor Agreement, all the parties thereto have acknowledged and accepted that, for the purpose of compliance with Article 20(7) of the EU Securitisation Regulation, (i) any disposal of the Portfolio and/or the Receivables is permitted only in limited circumstances provided for in the Transaction Documents, and (ii) none of such circumstances constitutes an active portfolio management of the Portfolio.

Further, pursuant to the Intercreditor Agreement, the Issuer, the Originator and the Servicer have undertaken that in no event the Portfolio shall be managed in order to allow an active management on a discretionary basis as set forth in Article 20(7) of the EU Securitisation Regulation.

#### **Agency Agreement**

Pursuant to the Agency Agreement, the Servicer, the Computation Agent, the Account Bank, the Paying Agent and the Cash Manager have agreed to provide the Issuer with certain agency services and certain calculation, notification and reporting services together with account handling, investment and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts.

Pursuant to the terms of the Agency Agreement, amounts standing from time to time to the credit of the Eligible Accounts may be invested in Eligible Investments.

#### **Corporate Services Agreement**

Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain corporate administrative services, including the maintenance of corporate books and of accounting and tax registers, in compliance with reporting requirements relating to the Receivables and with other regulatory requirements imposed on the Issuer.

#### **Senior Notes**

##### **Subscription Agreement**

Pursuant to the Senior Notes Subscription Agreement, the Issuer has agreed to issue the Senior Notes and the Lead Manager and the Senior Notes Underwriter has agreed to subscribe for such Senior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca FININT, which has accepted, as Representative of the Noteholders.

#### **Mezzanine Notes**

##### **Subscription Agreement**

Pursuant to the Mezzanine Notes Subscription Agreement, the Issuer has agreed to issue the Mezzanine Notes and the Mezzanine Notes Underwriter has agreed to subscribe for

such Mezzanine Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca FININT, which has accepted, as Representative of the Noteholders.

**Junior Notes**

**Subscription Agreement**

Pursuant to the Junior Notes Subscription Agreement, the Issuer has agreed to issue the Junior Notes and the Junior Notes Underwriters have agreed to subscribe for such Junior Notes, subject to the terms and conditions set out thereunder, and has also appointed Banca FININT, which has accepted, as Representative of the Noteholders.

**Master Definitions Agreement**

Pursuant to the Master Definitions Agreement, the definitions of certain terms used in the Transaction Documents have been set out.

## **RISK FACTORS**

*The following paragraphs set out certain aspects of the issue of the Notes of which prospective noteholders should be aware. Prospective noteholders should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making an investment decision.*

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

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

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

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

### **RISK FACTORS RELATED TO THE ISSUER**

#### **Securitisation Law**

The Securitisation Law was enacted in Italy on April 1999. As at the date of this Information Memorandum, as far as the Issuer is aware, no 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 Information Memorandum.

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

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent on the receipt by the Issuer of (a) the Collections (including, for the avoidance of any doubt, the relevant recoveries) made on its behalf by the Servicer or the Sub-Servicer (as the case may be) in respect of the Portfolio and (b) any other amounts required to be paid to the Issuer by the various agents and counterparts of the Issuer pursuant to the terms of the relevant Transaction Documents. The performance by such parties of their respective obligations under the relevant Transaction Documents is dependent on the solvency of each relevant party.

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

Following the delivery of a Trigger Notice, the Issuer may (with the prior consent of the Representative of the Noteholders), or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to, dispose of the Aggregate Portfolio

then outstanding in accordance with the provisions of the Intercreditor Agreement.

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

None of the Issuer or the Arranger nor any other party to the Transaction Documents (other than the Originator) has undertaken or will undertake any investigation, search or other action 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 investigation, search or other action to establish the creditworthiness of any of the Debtors. There can be no assurance that the assumptions used in modelling the cash flows of the Receivables and the Portfolio accurately reflect the status of the underlying Loans.

The Issuer will rely instead on the representations and warranties given by the Originator in the Transfer 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 damage deriving therefrom, subject to the terms and conditions of the Transfer Agreement. There can be no assurance, however, that the Originator will have the financial resources to honour such obligations.

### **Commingling Risk**

The Issuer is subject to the risk that, in the event of insolvency of the Servicer or the Sub-Servicer, the Collections held by the Servicer are lost or frozen. Recently, the Securitisation Law has been amended so as to clarify, *inter alia*, that, should any insolvency procedure be opened against the relevant servicer as account-holder, any positive balance standing to the credit of the relevant bank account/s, as well as any amounts credited to such account/s during such procedure, shall be immediately returned to the Issuer regardless the ordinary procedural rules about the filing of claims and distribution of payments out of the insolvency estate.

However, such risk is mitigated through the obligation of the Servicer or the Sub-Servicer under the Master Servicing Agreement and the Sub-Servicing Agreement to transfer any Collections held by the Servicer to the Collection Account on a daily basis.

### **Liquidity and Credit Risk**

The Issuer is subject to the risk of delay arising between the receipt of payments due from the Debtors and the Scheduled Instalment Dates. This risk is mitigated, in respect of the Senior Notes, through the establishment of a cash reserve into the Cash Reserve Account.

Furthermore, the Issuer is subject to the risk of failure by the Servicer or the Sub-Servicer to collect or to recover sufficient funds in respect of the Portfolio in order to enable the Issuer to discharge all amounts payable under the Notes when due.

The Issuer is also subject to the risk of default in payment by the Debtors and the failure to realise or to recover sufficient funds in respect of the Loans in order to discharge all amounts due from those Debtors under the Loans. With respect to the Senior Notes and the Mezzanine Notes, this risk is mitigated by the credit support provided by the Junior Notes.

However, in each case, there can be no assurance that the levels of Collections received from the Portfolio will be adequate to ensure timely and full receipt of amounts due under the Notes.

### **Credit Risk on the Originator 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 the Originator and the other parties to the Transaction Documents of their respective various obligations under the Transaction Documents to which they are a party. 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 and the Sub-Servicer to service the Portfolio and to recover the amounts relating to Defaulted



Receivables (if any). In addition, the ability of the Issuer to make payments under the Notes may depend to an extent upon the due performance by the Originator of its obligations under the Transfer Agreement in respect of the Portfolio. The performance by such parties of their respective obligations under the relevant Transaction Documents may be influenced on the solvency of each relevant party.

It is not certain that a suitable alternative servicer could be found to service the Portfolio in the event that the Servicer becomes insolvent or its appointment under the Master Servicing Agreement is otherwise terminated. If such an alternative servicer is found it is not certain whether such alternative servicer would service the Portfolio on the same terms as those provided for in the Master Servicing Agreement.

The Originator faces significant competition from a large number of banks throughout Italy and abroad. The deregulation of the banking industry in Italy and throughout the European Union has intensified competition in both deposit-taking and lending activities, contributing to a progressive narrowing of spreads between deposit and loan rates. In addition, as with all European banks, the introduction of the EMU may eliminate markets in which the Originator has a comparative advantage and provide significantly more competition in other areas, such as electronic banking.

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

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the relevant Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the relevant collections and the financial assets purchased through such collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation. Amounts deriving from the Portfolio will not be available to any other creditor of the Issuer. However, under Italian law, any other creditor of the Issuer would be able to commence insolvency or winding up proceedings against the Issuer in respect of any unpaid debt.

Under Italian law, *prima facie*, 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 the Other Issuer Creditors would have the right to claim in respect of the Receivables, even in the event of bankruptcy of the Issuer.

The Issuer is unlikely to have a large number of creditors unrelated to the Securitisation or any Further Securitisation because (a) the corporate object of the Issuer, as contained in its By-laws (*statuto*) is very limited and (b) under the Terms and Conditions, the Issuer has undertaken to the Noteholders, *inter alia*, not to engage in any activity whatsoever which is not incidental to or necessary in connection with any Further Securitisation or with any of the activities in which the Transaction Documents provide and envisage that the Issuer will engage. Therefore, the Issuer must comply with certain covenants provided for by the Terms and Conditions which contain restrictions on the activities which the Issuer may carry out (including incurring further substantial debt), with the result that the Issuer may only carry out limited transactions in connection with the Securitisation and, subject to the satisfaction of Condition 5.2 (*Covenants - Further Securitisations*), Further Securitisations. Accordingly, the Issuer is less likely to have creditors who would claim against it other than the ones related to the Further Securitisations, if any, the Noteholders and the Other Issuer Creditors (all of whom have agreed to non-petition provisions contained in the Transaction Documents) and the other third parties creditors in respect of any taxes, costs, fees or expenses incurred in relation to such securitisations and in order to preserve the corporate existence of the Issuer, to maintain it in good standing and to comply with applicable legislation.

To the extent that the Issuer incurs any ongoing taxes, costs, fees and expenses (whether or not related to the Securitisation), the Issuer has established the Expense Account, into which the Retention Amount shall

be credited on the Issue Date and refilled on each Payment Date in accordance with the applicable Priority of Payments and out of which payments of the aforementioned taxes, costs, fees and expenses shall be paid during any Collection Period.

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

### **Further Securitisations**

The Issuer may carry out Further Securitisations in addition to the Securitisation described in this Information Memorandum, in accordance with Condition 5.2 (*Covenants -Further Securitisations*).

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

### **RISK FACTORS RELATED TO THE NOTES**

#### **Suitability**

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

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

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Originator, the Arranger, the Lead Manager, the Senior Notes Underwriter or the Mezzanine Notes Underwriter as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Terms and 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 Originator, the Arranger, the Senior Notes Underwriter or the Mezzanine Notes Underwriter 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 Noteholders**

The Notes will be limited recourse obligations solely of the Issuer and will not be the responsibility of, or be guaranteed by, any other entity. In particular, the Notes will not be obligations or responsibilities of or guaranteed by the Originator, the Servicer, the Representative of the Noteholders, any of the Other Issuer Creditors or the Arranger. None of such parties, 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 for the purpose of meeting its obligations under the Securitisation, other than the Portfolio, any amounts and/or securities standing to the

credit of the Accounts (other than the Quota Capital Account) and its rights under the Transaction Documents to which it is a party. Consequently, there is a risk that, over the life of the Notes or at the redemption date of the Notes (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of a Trigger Notice or otherwise), the funds available to the Issuer may be insufficient to pay interest on the Notes or to repay the Notes in full.

### **Limited Recourse Nature of the Notes**

The Notes will be limited recourse obligations solely of the Issuer. The Noteholders will receive payment in respect of principal and interest on the Notes only if and to the extent that the Issuer has sufficient Issuer Available Funds to make such payment in accordance with the applicable Priority of Payments. If there are not sufficient Issuer Available Funds to pay in full all principal and interest 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 the Noteholders of the Issuer's Rights.

### **Yield and Prepayment Considerations**

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of repayment of principal on the Loans (including prepayments and proceeds deriving from the enforcement of the Guarantee and those from the enforcement of a Loan) and on the actual date (if any) of exercise of the Optional Redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*). Such yield may be adversely affected by higher or lower than anticipated rates of prepayment, delinquency and default of the Loans.

The rates of prepayment, delinquency and default of Loans cannot be predicted and are influenced by a wide variety of economic, social and other factors, including prevailing market interest rates and margin offered by the banking system, the availability of alternative financing, local and regional economic conditions and certain existing Italian legislation which simplifies the refinancing of loans and any future legislation which may be enacted to the same purpose. Therefore, no assurance can be given as to the level of prepayments, delinquency and default that the Loan will experience. The yield to maturity of the Notes will also depend on the actual date (if any) of exercise of the optional redemption provided for by Condition 8 (*Redemption, Purchase and Cancellation*). Such yield may be adversely affected by higher or lower than anticipated rates of payment, delinquency and default of the Receivables.

### **Subordination**

In respect of the obligations of the Issuer to pay interest and repay principal on the Notes, subject to the provisions of the relevant Priority of Payments, the Notes of each Class rank as set out in Condition 6 (*Priority of Payments*).

As a result, to the extent that any losses are suffered by any of the Noteholders, such losses will be borne in the first instance by the Junior Noteholders and then (to the extent that the Mezzanine Notes have not been redeemed) by the Mezzanine Noteholders as described above.

As long as the Notes are outstanding, the Most Senior Class of Noteholders shall be entitled to determine the remedies to be exercised in connection with the outstanding Notes.

### **Limited Enforcement 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 to the extent provided by the Transaction Documents. The Terms and Conditions and the Rules of the Organisation of the Noteholders limit the ability of each individual Noteholder to bring individual actions against the Issuer.

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

### **Risks relating to certain potential conflict of interests**

Conflict of interests may exist or may arise as a result of any transaction party (i) having previously engaged or in the future engaging in transactions with other parties to the Securitisation, (ii) having multiple roles in the Securitisation, and/or (iii) carrying out other transactions for third parties.

Without limiting the generality of the foregoing, under the Securitisation (i) ART will act as Originator, Reporting Entity and Class J Underwriter; (ii) Banca Valsabbina will act as Account Bank and Cash Manager, Loan Provider, Arranger, Lead Manager, Senior Notes Underwriter and Mezzanine Notes Underwriter; and (iii) Centotrenta Servicing will act as Servicer, Computation Agent and Corporate Servicer.

In addition, the Servicer may hold and/or service receivables arising from loans other than those relating to the Receivables. Even though under the Master Servicing Agreement the Servicer has undertaken to act in the interest of the Senior Noteholders, it cannot be excluded that, in certain circumstances, a conflict of interest may arise with respect to other relationships with the Debtors.

Conflict of interests may influence the performance by the transaction parties of their obligations under the Transaction Documents and ultimately affect the interests of the Senior Noteholders.

### **The Representative of the Noteholders**

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

### **Limited Secondary Market**

There is not at present an active and liquid secondary market for the Senior Notes and the Mezzanine Notes. The Senior Notes and the Mezzanine will not be registered under the Securities Act and will be subject to significant restrictions on resale in the United States.

Although an application has been made for the Senior Notes and the Mezzanine Notes to be admitted to trading on the ExtraMOT PRO, there can be no assurance that a secondary market for any of the Senior Notes and the Mezzanine Notes will develop or, if a secondary market does develop in respect of any of the Senior Notes, that it will provide the holders of such Senior Notes and Mezzanine Notes with liquidity of investments or that it will continue until the final redemption or cancellation of such Senior Notes and Mezzanine Notes. Consequently, any purchaser of Senior Notes and Mezzanine Notes may be unable to sell such Notes to any third party and it may therefore have to hold the Senior Notes and the Mezzanine Notes until final redemption or cancellation thereof.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of the 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.

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

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.

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 party to the Transaction Documents 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 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 Originator, the Arranger, the Lead Manager or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

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.

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 apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to implement the revised securitisation framework developed by the Basel Committee on Banking Supervision (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 new requirements and the previous 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 arise under the corresponding guidance which will apply

under the new risk retention requirements, which guidance will be made through new technical standards. In general, the new regulations (including the retention and due diligence requirements) apply to securitisations the securities of which are issued on or after the application date of 1 January 2019, including securitisations established prior to the date where further securities are issued on or after 1 January 2019. Accordingly, the new requirements apply in respect of the Notes.

Investors in the Senior Notes and the Mezzanine Notes are responsible for analysing their own regulatory position and none of the Issuer, the Originator, the Servicer, the Sub-Servicer, the Representative of the Noteholders, the Computation Agent, the Account Bank, the Cash Manager, the Paying Agent, the Corporate Servicer, the Back-Up Sub-Servicer, the Loan Provider, the Sole Quotaholder, the Lead Manager, the Underwriters or the Arranger or any other party to the Transaction Documents makes any representation to any prospective investor regarding the regulatory capital treatment of their investment on the Issue Date or at any time in the future.

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. For further details, see the risk factors entitled "*The EU Securitisation Regulation and the STS framework*", "*Investors' compliance with the due diligence requirements under the Securitisation Regulation*" and "*Disclosure requirements CRA Regulation and EU Securitisation Regulation*" below.

### **The EU Securitisation Regulation and the STS framework**

On 12 December 2017, the European Parliament adopted Regulation (EU) 2017/2402 (the "**EU Securitisation Regulation**") which applies from 1 January 2019. The EU Securitisation Regulation creates a single set of common rules for European "institutional investors" (as defined in the EU Securitisation Regulation) as regards (i) risk retention, (ii) due diligence, (iii) transparency, and (iv) the underwriting criteria for loans to be comprised in securitisation pools. Such common rules replace the existing provisions in CRR, the AIFM Regulation and the Solvency II Regulation and introduce similar rules for UCITS management companies as regulated by the UCITS Directive and institutions for occupational retirement provisions falling within the scope of Directive (EU) 2016/2341 or an investment manager or an authorised entity appointed by an institution for occupational retirement provisions pursuant to Article 32 of Directive (EU) 2016/2341. Secondly, the EU Securitisation Regulation creates a European framework for simple, transparent and standardised securitisations ("**STS-Securitisations**").

#### *The general framework established by the EU Securitisation Regulation*

The risk retention, transparency, due diligence and underwriting criteria requirements described above apply in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules made at the national level), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Prospective investors are required to independently assess and determine the sufficiency of the information contained in this Information Memorandum or made available by the Issuer and the Originator for the purposes of complying with any relevant requirements and none of the Issuer, the Originator, the Reporting Entity, the Arranger, the Representative of the Noteholders or any other party to the Transaction Documents makes any representation that such information is sufficient in all circumstances for such purposes.

Various parties to the securitisation transaction described in this Information Memorandum are subject to the requirements of the EU Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements, including with regard to the risk retention requirements under Article 6 of the

EU Securitisation Regulation and transparency obligations imposed under Article 7 of the EU Securitisation Regulation. Non-compliance with final Regulatory Technical Standards may adversely affect the value, liquidity of, and the amount payable under the Notes. Prospective investors in the Notes must make their own assessment in this regard.

With respect to the commitment of the Originator to retain a material net economic interest in the Securitisation in accordance with option set out in Article 6, paragraph 3(d) of the EU Securitisation Regulation and with respect to the information made available to the Noteholders and prospective investors in accordance with Article 7 of the EU Securitisation Regulation, please refer to the sections entitled "*Subscription and Sale - Regulatory Disclosure and Retention Undertaking*" and "*General Information - Transparency Requirements under the EU Securitisation Regulation*".

#### *The STS framework established by the EU Securitisation Regulation*

The EU Securitisation Regulation applies to the fullest extent to the Notes. The Securitisation is intended to qualify as a STS-Securitisation within the meaning of Article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the date of this Information Memorandum, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and it has been notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation.

No assurance can be provided that the EU Securitisation does or continues to qualify as an STS-Securitisation under the Securitisation Regulation at any point in time in the future.

Non-compliance with the status of an STS-Securitisation may result in higher capital requirements for investors, as well as in various administrative sanctions and/or remedial measures being imposed on the Issuer or the Originator. Any of such administrative sanctions and/or remedial measures may affect the ability of the Issuer to fulfil its payment obligations under the Notes.

#### **Investors' compliance with due diligence requirements under the EU Securitisation Regulation**

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

- (a) that institutional investor has verified that:
  - (i) for certain originators, certain credit-granting standards were met in relation to the origination of the underlying exposures;
  - (ii) the risk retention requirements set out in Article 6 of the EU Securitisation Regulation are being complied with; and
  - (iii) information required by Article 7 of the EU Securitisation Regulation has been made available; and
- (b) that institutional investor has carried out a due diligence assessment which enables it to assess the risks involved, which shall include at least (among other things) the risk characteristics of its securitisation position and the underlying exposures of the securitisation, and all the structural features of the transaction that can materially impact the performance of its securitisation position.

In addition, under Article 5(4) of the EU Securitisation Regulation, an institutional investor (other than the

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

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

The institutional investors due diligence requirements described above apply in respect of the Notes. Relevant institutional investors are required to independently assess and determine the sufficiency of the information contained in this Information Memorandum for the purposes of complying with Article 5 of the EU Securitisation Regulation and any corresponding national measures which may be relevant to investors.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. Prospective investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of the non-compliance should seek guidance from their regulator.

#### **Disclosure requirements under CRA Regulation and EU Securitisation Regulation**

The CRA Regulation provides for certain additional disclosure requirements for structured finance instruments within the meaning of Commission Delegated Regulation (EU) no. 2015/3 of 30 September 2014 (**SFIs**). Such disclosure will need to be made via a website to be set up by ESMA. The Commission Delegated Regulation no. 2015/3 of 30 September 2014, which contains regulatory technical standards adopted by the European Commission to implement provisions of the CRA Regulation, came into force on 26 January 2015. These regulatory technical standards apply from 1 January 2017. In relation to an SFI issued or outstanding on or after the date of application of Commission Delegated Regulation no. 2015/3 of 30 September 2014, the issuer, originator and sponsor are required to comply with the reporting requirements. In its press release, dated 27 April 2016, ESMA communicated to the public that it is unlikely that ESMA will make available the SFI-website on which the reports on outstanding SFIs must be made available by 1 January 2017 or that it will be able to publish the technical instructions which ESMA must prepare pursuant to Article 8b of the CRA Regulation by that date. In the press release ESMA concluded that the reporting obligations under the CRA Regulation for SFIs may possibly be replaced by obligations based on new rules to be adopted and to be included in the EU Securitisation Regulation. Accordingly, pursuant to the obligations set forth in Article 7(2) of the EU Securitisation Regulation, the originator, sponsor and securitisation special purpose entity (**SSPE**) of a securitisation shall designate amongst themselves one entity to submit the information set out in points (a), (b), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation, which includes the Information Memorandum issued in the context of the offer of notes in a securitisation transaction, to a regulated securitisation repository. The securitisation repository, which authorisation requirements are set out in chapter 4 of the EU Securitisation Regulation will in turn disclose information on securitisation transactions to the public. With the application of these provisions, the disclosure requirements of the CRA Regulation concerning SFI's are also addressed.

The Notes are issued after 1 January 2019. Consequently, the disclosure requirements of Article 7 of the EU Securitisation Regulation apply in respect of the Notes.

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

On 2 July 2014 the Directive 2014/59/EU establishing a framework for the recovery and resolution of credit



institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**") entered into force.

The Purpose of the Bank Recovery and Resolution Directive is to lay down rules and procedures relating to the recovery and resolution of banks and investment firms by providing supervisory national authorities with harmonised tools and powers to address crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The Bank Recovery and Resolution Directive applies, *inter alia*, to (i) credit institutions, (ii) investment firms, and (iii) financial institutions that are established in the European Union when the financial institution is a subsidiary of a credit institution or investment firm and is covered by the supervision of the parent undertaking on a consolidated basis.

A resolution authority will only be permitted to use resolution powers and tools in relation to an institution if all the conditions set out in Article 32 of the BRRD for resolution are satisfied. Such resolution powers and tools may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest.

The main resolution tools referred to in the BRRD are (a) the sale of business tool, (b) the bridge institution tool, (c) the asset separation tool and (d) the bail-in tool, which can be applied individually or in any combination by the relevant resolution authority.

Member States were required to adopt and publish by 31 December 2014 the laws, regulations and administrative provisions necessary to comply with the BRRD, with the exception of the bail-in power which shall be applied from 1 January 2016 at the latest.

The BRRD has been implemented in Italy through the adoption of two Legislative Decrees: (a) Legislative Decree No. 180/2015 which implements the BRRD in Italy, and (b) Legislative Decree No. 181/2015 which amends the Consolidated Banking Act and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. Such Legislative Decrees were published on the Official Gazette on 16 November 2015 and entered into force on the same date, save for: (i) the bail-in tool, which will apply from 1 January 2016; and (ii) the "depositor preference" to deposits other than those protected by the deposit guarantee scheme and those of individuals and small and medium enterprises, which will apply from 1 January 2019.

### **Liquidity Coverage Ratio And High Quality Liquid Assets**

Further to the introduction of the Liquidity Coverage Ratio ("**LCR**") under the CRR, a delegated act has been adopted in October 2014 and published in the Official Journal of the European Union in January 2015 (the "**Delegated Act**"). The Delegated Act sets out rules governing what assets can be considered as high quality liquid assets ("**HQLA**") and how the expected cash outflows and inflows are to be calculated under stressed conditions. HQLA are assets that can be sold on private markets with no loss or little loss of value, even in stressed conditions.

The Delegated Act applied from 1 October 2015, under a phase-in approach before it became binding from 1 January 2018. This progressive implementation of the LCR was meant to allow credit institutions sufficient time to build up their liquidity buffers, whilst preventing a disruption of the flow of credit to the real economy during the transitional period.

With specific reference to securitisation transaction, the Delegated Act - recognizing the good liquidity performance of certain securitisations and in order to ensure consistency across financial sectors - identifies certain criteria to be complied with by securitisation instruments to be eligible as level 2B assets for credit

institutions' liquidity buffers.

As the criteria for asset-backed securities to qualify as level 2B assets are not entirely consistent with recent market standards and, given the lack of guidance on the interpretation of the LCR regulation generally and the criteria applicable to level 2B assets in particular, it is not certain whether the Senior Notes qualify as level 2B assets for the purposes of the LCR and the Issuer makes no representation whether such criteria are met by such Notes.

In general, prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them in their particular circumstances and in light of, *inter alia*, this specific matter, based upon their own judgment and upon advice from their own advisers as they may deem necessary and/or by seeking guidance from their relevant national regulator.

No predictions can be made as to the precise effect of such matter on any investor or otherwise and neither the Issuer nor any other transaction party gives a representation to any investor that the information described in this Information Memorandum is sufficient in all circumstances for such purposes.

### **U.S. Risk Retention requirements**

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

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

Prior to any Notes being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Originator that it is a Risk Retention U.S. Person and obtain the written consent of the Originator, which will be monitoring the level of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S. There can be no assurance that the requirement to obtain the Originator's written consent to the purchase of any Notes being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

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

None of the Issuer, the Originator, the Servicer, the Arranger, the Underwriters, the Representative of the Noteholders or any other party to the Transaction Documents, or any of their respective affiliates, makes any representation to any prospective investor or purchaser of the Notes as to whether the transaction described in this Information Memorandum complies with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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

### **Volcker Rule**

The enactment of the Dodd-Frank Act, which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act. Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company Act of 1956, commonly referred to as the Volcker Rule.

The Volcker Rule generally prohibits "banking entities" broadly defined to include U.S. banks, bank holding companies and foreign banking organisations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading in financial instruments, (ii) acquiring or retaining any "ownership interest" in, or in "sponsoring" a "covered fund" and (iii) entering into certain transactions with such funds subject to certain exemptions and exclusions.

An "ownership interest" is defined widely and may arise through a holder's exposure to the profits and losses of the "covered fund", as well as through certain rights of the holder to participate in the selection or removal of an investment advisor, investment manager, or general partner, trustee, or member of the board of directors of the "covered fund". A "covered fund" is defined widely, and includes any issuer which would be an investment company under the Investment Company Act of 1940 (the ICA) but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of that Act, subject to certain exemptions found in the Volcker Rule's implementing regulations.

Not all investment vehicles or funds, however, fall within the definition of a "covered fund" for the purposes of the Volcker Rule. For example, for most non-U.S. banking entities, a non-U.S. issuer that offers its securities only to non-U.S. persons may be considered not to be a "covered fund. Additionally, the Issuer should not be a "covered fund" for the purposes of the regulations adopted to implement Section 619 of the Volcker Rule, and also should be able to qualify for the "Loan Securitization Exclusion" provided under Section 10(c)(8) of the Volcker Rule, although there may be additional exclusions or exemptions available to the Issuer. However, if the Issuer is deemed to be a "covered fund", the provisions of the Volcker Rule and its related regulatory provisions, will severely limit the ability of "banking entities" to hold an "ownership interest" in the Issuer or enter into certain credit related financial transactions with the Issuer and this could adversely impact the ability of the banking entity to enter into new transactions with the Issuer and may require amendments to certain existing transactions and arrangements. "Ownership interest" is defined to

include, among other things, interests arising through a holder's exposure to profits and losses in the covered fund or through any right of the holder to participate in the selection of an investment manager or advisor or the board of directors of such covered fund. Amendments to the Volcker Rule provide that ownership interests do not include certain senior loans or senior debt interests with specified characteristics.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may restrict the ability of relevant individual prospective purchasers to invest in the Notes and, in addition, may have a negative impact on the price and liquidity of the Notes in the secondary market. There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in "ownership interests" of the Issuer should consult its own legal advisors and consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each investor must determine for itself whether it is a "banking entity" subject to regulation under the Volcker Rule. If investment by "banking entities" in the Notes of any Class is prohibited or restricted by the Volcker Rule, this could impair the marketability and liquidity of such Notes. None of the Issuer, the Arranger or any other party to the Transaction Documents makes any representation regarding (i) the status of the Issuer under the Volcker Rule or (ii) the ability of any purchaser to acquire or hold the Notes, now or at any time in the future.

#### **Changes or uncertainty relating to Euribor may affect the value or payment of interest under the Senior Notes**

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

Key international reforms of Benchmarks include IOSCO's proposed Principles for Financial Benchmarks (July 2013) (the "**IOSCO Benchmark Principles**") and the EU's Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the "**Benchmarks Regulation**").

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. The Benchmarks Regulation would apply to "contributors", "administrators" and "users of" Benchmarks in the EU, and would, among other things, (i) require benchmark administrators to be authorised (or, if non-EU-based, to be subject to an equivalent regulatory regime) and to comply with extensive requirements in relation to the administration of Benchmarks and (ii) ban the use of Benchmarks of unauthorised administrators. The Benchmarks Regulation entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation applies from 1 January 2018, except that the regime for "critical" benchmarks has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the "**Market Abuse Regulation**") have applied from 3 July 2016.

The Benchmarks Regulation could also have a material impact on any listed Notes linked to an index based on a Benchmark, including in any of the following circumstances: (i) an index which is a Benchmark may not be used as such if its administrator does not obtain appropriate EU authorisations or is based in a non-EU jurisdiction which (subject to any applicable transitional provisions) does not have equivalent regulation. In

such event, depending on the particular Benchmark and the relevant applicable terms, the notes could be delisted (if listed), adjusted, redeemed or otherwise impacted; (ii) the methodology or other terms of the Benchmark related to a series of notes could be changed in order to comply with the terms of the Benchmarks Regulation, and such changes could have the effect of reducing or increasing the rate or level of the Benchmark or of affecting the volatility of the published rate or level, and could lead to adjustments to the terms of the relevant notes, including the relevant calculation agents' determination of the rate or level in its discretion.

Any of the international, national or other reforms (or proposals for reform) or the general increased regulatory scrutiny of Benchmarks could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

As at the date of this Information Memorandum, it is not possible to ascertain (i) what the impact of the above-mentioned reforms regarding Benchmarks will be on the determination of EURIBOR in the future, which could adversely affect the value of the Senior Notes, (ii) if such reforms may affect the determination of EURIBOR for the purposes of the Senior Notes, (iii) whether such reforms will result in a sudden or prolonged increase or decrease in EURIBOR rates or (iv) whether such reforms will have an adverse impact on the liquidity or the market value of the Senior Notes and the payment of interest thereunder.

Furthermore, pursuant to the Terms and Conditions in certain circumstances, EURIBOR may be amended if an Alternative Base Rate is determined in accordance with Condition 7.7 (*Fallback Provisions*). In this respect, please see the section entitled "*Terms and Conditions of the Notes*".

## **RISK FACTORS RELATED TO THE UNDERLYING ASSETS**

### **Right to future Receivables**

Under the Transfer Agreement, the Originator has transferred to the Issuer also the claims relating to the FCG Guarantee, any prepayment fees (if any) and any indemnities payable upon early repayment of the Loans or termination of the Loan Agreements. If the Originator is or becomes insolvent, the court may treat the above claims as "future receivables". The Issuer's claims to any future receivables that have not yet arisen at the time of the Originator's admission to the relevant insolvency proceeding might not be effective and enforceable against the insolvency receiver of the Originator.

The recovery of amounts due in relation to the Defaulted Receivables will be subject to the effectiveness of enforcement proceedings in respect of the Portfolio which in Italy can take a considerable amount of time depending on the type of action required and where such action is taken and on several other factors, including the following: (i) proceedings in certain courts involved in the enforcement of the Loans and other Guarantees may take longer than the national average; (ii) obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years and (iii) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and whether or not the relevant Debtor raises a defence or counterclaim to the proceedings.

### **Insolvency proceedings of the Debtors**

The Loans have been entered into with Debtors which are commercial companies or commercial entrepreneurs (*imprenditore che esercita un'attività commerciale*) and, as such, may be subject to insolvency proceedings (*procedure concorsuali*) under the Italian Bankruptcy Law being, *inter alia*, bankruptcy (*fallimento*) or pre-bankruptcy agreement (*concordato preventivo*).

Bankruptcy procedure applies to commercial entrepreneurs which are in a state of insolvency. An entrepreneur which is a "state of financial distress" (which may not be a state of insolvency yet) may propose to its creditors a pre-bankruptcy agreement (*concordato preventivo*). Such agreement may provide for the restructuring of debts and terms for the satisfaction of creditors, the assignment of the debtor's assets, the division of creditors in classes and the different treatments for creditors belonging to different classes.

Furthermore, pursuant to Article 182-*bis* of the Italian Bankruptcy Law, an entrepreneur in a state of financial distress can enter into a debt restructuring agreement with its creditors representing at least 60 per cent. of the debtor's debts, together with, *inter alia*, a report of an expert in relation to the feasibility of said agreement, particularly with respect to the regular payments of the debts to the creditors who have not entered into the agreement.

With respect to such insolvency proceedings, due to their complexity, the time involved and the possibility for challenges and appeals by the Debtors and the other parties involved, there can be no assurance that any such insolvency proceeding would result in the payment in full of the outstanding amounts due under the Loans or that such proceedings would be concluded before the stated maturity of the Senior Notes and the Mezzanine Notes.

For further details see the following paragraph entitled "*Prepayments under Loan Agreements*" of this section entitled "*Risk Factors*".

### **Loans' Performance**

The Portfolio is exclusively comprised of loans which were performing as at the relevant Valuation Date (for further details, see the section entitled "*The Portfolio*"). There can be no guarantee that the Debtors will not default under such Loans and that they will therefore continue to perform.

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

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: (a) proceedings in certain courts involved in the enforcement of the Loans may take longer than the national average; (b) obtaining title deeds from land registries which are in the process of computerising their records can take up to two or three years, and (c) further time is required if it is necessary to obtain an injunction decree (*decreto ingiuntivo*) and whether or not the relevant Debtor raises a defence or counterclaim to the proceedings.

Law No. 302 of 3 August 1998 and Law No. 80 of May 2005 allowed notaries and certain lawyers and accountants to conduct certain stages of the foreclosure procedures in place of the courts, aiming to reduce the length of foreclosure proceedings.

#### *Suspension of payments under the Conventions*

According to the common announcement of 3 August 2009 between the Italian Banking Association and the Economy and Finance Ministry (the "**Avviso Comune**"), debtors had, *inter alia*, the right to suspend the payments of instalments in respect of the principal of loans granted to small and medium enterprises ("**Small and Medium Enterprises**" or "**SME**") for a period of 12 months.

The suspension applied on the following conditions:

- (a) SME had to be under temporary financial difficulties, but with an economic and financial situation which could guarantee the business continuity;
- (b) as at 30 September 2008, the SME's positions were classified by the bank as performing (*in bonis*);
- (c) at the time of the request of the suspension, (i) the SME had no positions classified as restructured (*ristrutturate*) and non performing (*in sofferenza*) and (ii) no enforcement procedures were

commenced;

- (d) at the time of the request of the suspension, (i) the instalments had to be timely paid or (ii) in case of late payments, the relevant instalment had not been outstanding for more than 180 days from the date of such request.

The Italian Banking Association communication dated 1 July 2010 extended until 31 January 2011 the available period to file a request of suspension.

The Italian Banking Association communication dated 14 January 2010 ("*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*") and the Italian Banking Association communication of 12 February 2010 have provided for certain integrations and clarifications in relation to the measures to be granted to SME as set out in the *Avviso Comune*. In particular, such communications have extended the suspension of payments to agrarian loans and, subject to certain conditions, to loans assisted by public benefits.

On 16 February 2011 the Italian Banking Association, the Office of the Prime Minister and the Economy and Finance Ministry entered into a further convention (the "**Accordo per il Credito alle PMI**"), providing for, *inter alia*:

- (a) a six-month extension (until 31 July 2011) of the available period to file a request of suspension of payments under the *Avviso Comune*;
- (b) the possibility for SME that have already requested a suspension of payments under the *Avviso Comune* to request:
  - (i) an extension of the duration of the loans for a maximum period equal to the residual duration of the relevant amortisation plan; and
  - (ii) to execute with the relevant banks certain hedging agreements in order to convert a floating rate into a fixed rate or to fix a cap to floating rate of interest.

Finally, on 28 February 2012 the Economy and Finance Ministry, the Economic Development Ministry, the Italian Banking Association ("**ABI**") and the main trade associations representing enterprises entered into a new convention (the "**Nuove Misure per il Credito alle PMI**" and, together with the *Avviso Comune*, the "**Conventions**") providing for facilities measures to be granted to SME which, at the time of the request of the suspension, have no positions classified as non-performing (*sofferenze*), delinquent batches (*partite incagliate*), restructured exposures (*esposizioni ristrutturate*) or exposures outstanding for more than 90 days (*esposizioni scadute/sconfinanti*) and no enforcement procedures pending (performing enterprises (*imprese in bonis*)).

In particular, the *Nuove Misure per il Credito alle PMI* provides for, *inter alia*:

- (a) a twelve-month suspension of payments of instalments in respect of the principal of medium and long term loans. The suspension applies if the relevant instalments:
  - (i) have not benefitted from the similar suspension pursuant to the *Avviso Comune*;
  - (ii) at the time of the request of the suspension, (i) are timely paid or (ii) in case of late payments, the relevant instalment has not been outstanding for more than 90 days from the date of such request; and
- (b) the possibility for SME that have not already requested a suspension of payments under the *Accordo per il Credito alle PMI* to request an extension of the duration of the loans for a maximum period equal to the residual duration of the relevant amortisation plan.

On 1 July 2013, ABI and the associations of the representative of the companies entered into a further

convention which 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 convention of 28 February 2012. 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 SMEs that have not already requested a suspension under the convention of 28 February 2012 to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant 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 as at 30 June 2014, the requests for the extension of the duration of such loans may be submitted within 31 December 2014.

Pending the implementation of the above measures of the convention of 1 July 2013, the expiration for submitting a request of suspension pursuant to the convention of 28 February 2012 could be submitted has been further extended to 30 September 2013.

On 8 August 2013 further clarifications with respect to the implementation of the convention of 1 July 2013 have been issued by ABI, which clarified that: (i) securitised claims are not expressly excluded from the object of such convention, (ii) assigning banks shall autonomously evaluate the possibility to grant the suspension or the extension under such convention in respect of securitised claims and (iii) in case a suspension or extension under the convention above 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 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 which 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 were outstanding as at the date of the convention and 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, except for the easing of terms generally applying by operation of law. The suspension 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 request; and (ii) the possibility for SMEs that have not requested a suspension or an extension of loans in the 24-month period prior to the request, except for the easing of terms generally applying by operation of law, 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. As further condition, in order to benefit either from the suspension or the extension of duration, SMEs shall have, as at the date of the request, no positions which could be classified as unlikely to pay ("*inadempienze probabili*") and restructured ("*ristrutturate*"). Any request under the item (i) and (ii) above was to be submitted by 31 December 2018, without prejudice to the rights of the parties to withdraw by the 31 December of each year.

On 15 November 2018, ABI and the associations of the representative of the companies signed a new further convention (the "**2019 SMEs Convention**") which 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 are outstanding as at the date of the convention and 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, except for the easing of terms generally applying by operation of law. The suspension 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 request; and (ii) the possibility for SMEs that have not requested a suspension or an



extension of loans in the 24-month period prior to the request, except for the easing of terms generally applying by operation of law, to request an extension of the duration of the relevant loans for a period equal to the residual duration of the relevant loans. Any requests under item (i) and (ii) above to be submitted by 31 December 2020.

In addition, on 6 March 2020, ABI and the associations of the representative of the companies signed an addendum to the 2019 SMEs Convention (the "**Addendum**"), according to which, inter alia, the initiatives provided under (i) and (ii) above set out in the 2019 SMEs Convention have been extended to loans outstanding as at 31 January 2020 granted in favour of companies damaged by the Covid-19 outbreak. The Addendum provides that all other conditions set out under the 2019 SMEs Convention are not modified.

Prospective Noteholders should note that under the Transfer Agreement, ART has represented and warranted that as at the Valuation Date of the relevant Portfolio there are no Debtors who benefit of the suspension of payments of instalments also pursuant to:

- (i) the common announcement subscribed on 3 August 2009 by the Ministry of Economy and Finance and the Italian Banking Association ("*Avviso Comune*"), as subsequently amended and supplemented;
- (ii) the agreement subscribed on 28 February 2012 by the Economy and Finance Ministry, the Economic Development Ministry, the main trade associations representing enterprises and the Italian Banking Association ("*Nuove Misure per il Credito alle Piccole e Medie Imprese*"), as subsequently amended and supplemented; and
- (iv) the 2019 SMEs Convention, as subsequently amended and supplemented.

#### **Risks relating to Covid-19 outbreak and the moratoria under the Covid-19 new legislation**

Following the Covid-19 outbreak in Italy, certain measures have been adopted, aimed at sustaining income of employees, self-employed, self-employed professionals, small and medium-sized enterprises, including suspension of instalments payment. Indeed, starting from March 2020, the Italian Government has adopted a series of measures, also through the Law Decree No. 18 of 17 March 2020, as converted with modifications by Law No. 27 of 24 April 2020 (the "**Cura Italia Law Decree**"). The Cura Italia Law Decree has introduced certain measures in favour of small and medium-sized enterprises and specific economic sectors including measures aimed at granting moratorium, rescheduling or suspension of payments.

The Cura Italia Decree has also reduced the requirements for access to the State guarantee and has increased the intervention of the Guarantee Fund for SMEs ("*Fondo di Garanzia per le PMI*") itself. Furthermore, the Law Decree No. 23 of 8 April 2020 ("**Liquidity Law Decree**") as converted with modifications by Law No. 40 of 5 June 2020, has provided for the granting of additional form of guarantee through SACE Simest, a company of the *Cassa Depositi e Prestiti Group* and has implemented the provision contained in Article 49 of the Cura Italia Decree. The Liquidity Law Decree makes further exceptions to the Guarantee Fund's ordinary rules, which will apply until 31 December 2020, simplifying the bureaucratic procedures to access to the Guarantee Fund and increasing its financial capacity to generate liquidity. Among the measures introduced by the Liquidity Law Decree, the duration of the Guarantee Fund is automatically extended for SMEs in agreement with the relevant bank to suspend payments pursuant to the provisions of article 13, paragraph 1, letter f) of the Liquidity Law Decree ("*moratoria*").

#### **Settlement of the crisis (*sovraindebitamento*) under Law No. 3/2012**

Law No. 3 of 27 January 2012 ("*Disposizioni in materia di usura e di estorsione, nonché di composizione delle crisi da sovraindebitamento*"), as amended (the "**Law No. 3/2012**"), provides for the possibility for a debtor to enter into a debt restructuring agreement (the "**Settlement Agreement**") with his creditors through a settlement procedure provided for therein (the "**Settlement Procedure**"). A Settlement Agreement can only

be approved (*omologato*) by the competent Court if it is entered into by a Debtor with creditors representing at least 60 per cent. of such Debtor's debts.

The collection of Receivables may be adversely affected under Law No. 3/2012 in consideration of the fact that payments owed to the Originator in respect of the relevant Receivables by a Debtor who has entered into a Settlement Agreement may be subject to a one-year *moratorium* if the Originator has not entered into the Settlement Agreement. Furthermore, the Court may issue an order preventing creditors for a period of up to 120 days from commencing or continuing foreclosure proceedings (*azioni esecutive*) and seizures (*sequestri conservativi*) and creating pre-emption rights on the assets of a Debtor. Such preventive effects may also be produced in case of approval (*omologazione*) of the Settlement Agreement by the Court for a maximum period of one year starting from the date of the approval.

Prospective Noteholders should also note that under the Master Servicing Agreement and the Sub-Servicing Agreement, the Servicer and the Sub-Servicer have undertaken to adhere, in the name and on behalf of the Issuer, to Settlement Agreements exclusively within the terms and limits provided for therein in respect of, *inter alia*, settlements, renegotiations and suspensions.

## **RISK FACTORS RELATED TO TAX MATTERS**

### **Tax Treatment of the Issuer**

The Issuer is an Italian corporate entity and, as such, is subject in principle to corporate income tax ("**IRES**") and regional tax for productive activities ("**IRAP**"). However, assuming that, based on the provision of the Securitisation Law and on a correct application of the applicable accounting principle, the assets and liabilities acquired, assumed and beneficially owned by the Issuer are lawfully treated as off-balance sheet assets and liabilities for accounting purposes (i.e. a "substance over form" approach), any income derived by the Issuer from the Portfolio and under any of the documents pertaining to the Securitisation in relation to the Securitisation, should not be subject to any taxation with the only exception of amounts, if any, available to the Issuer after the full discharge of its obligations in relation to the Notes and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

This conclusion is based on the interpretation of article 83 of Italian Presidential Decree No. 917 of 22 December 1986, under which positive and negative items of income are included in the computation of the taxable income to the extent they must be included in the profit and loss account of the taxpayer and has been confirmed by the Italian tax authority in Circular letter of 6 February 2003, number 8/E and in resolution of 4 August 2010, number 77/E. In particular, the Italian tax authorities have stated that, in the context of a securitisation transaction, only amounts, if any, available to a securitisation vehicle after fully discharging its obligations towards the noteholders and any other creditors of the securitisation vehicle in respect of any costs, fees, and expenses in relation to the securitisation transaction, should be imputed for tax purposes to the securitisation vehicle.

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

As confirmed by the tax authority (Ruling No. 222 issued by *Agenzia delle Entrate* on 5 December 2003), the interest accrued on the Accounts will be subject to withholding tax on account of corporate income tax. As of the date of this Information Memorandum, such withholding tax is levied at the rate of 26 per cent. and is to be imposed at the time of payment.

### **Withholding Tax under the Notes**

Payments of interest and other proceeds under the Notes may or may not be subject to withholding or

deduction for or on account of Italian tax pursuant to Decree 239 .

If a withholding or deduction is levied on account of tax in respect of payments of amounts due to Noteholders pursuant to the Notes, neither the Issuer nor any other person will be obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of substitute tax.

### **U.S. Foreign Account Tax Compliance Withholding**

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

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (the "**IGAs**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being FATCA Withholding) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign pass-through payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the U.S. Internal Revenue Service.

The United States and the Republic of Italy have entered into an agreement (the "**US-Italy IGA**") based largely on the Model 1 IGA, which has been ratified in Italy by Law number 95 of 18 June 2015, published in the Official Gazette number 155 of 7 July 2015.

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

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, the Arranger or any other person would, pursuant to the Conditions, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive amounts that are less than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES, AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON REGULATIONS AND OFFICIAL GUIDANCE THAT IS SUBJECT TO CHANGE. EACH POTENTIAL NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

## **GENERAL RISK FACTORS**

### **Claw Back of the Sales of the Receivables**

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

### **Interest Rate Risk**

The Receivables include interest payments calculated at interest rates and interest periods which are different from the interest rates and interest periods applicable to interest in respect of the Senior Notes.

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 under the Senior Notes primarily from the payments relating to the Collections. However the interest component in respect of such payments may have no correlation to the EURIBOR rate from time to time applicable in respect of the Senior Notes.

The interest rate risk in respect of the Senior Notes would consist in the basis risk (i.e. the risk represented by the mismatch between the fixing of the coupon payable on the Senior Notes and the fixing applied on the "floating rate" and the "capped floating rate" and the "fixed rate" Loans).

Prospective Noteholders should also note that the composition of the Portfolio and the cash flows that shall derive therefrom have been appropriately evaluated and, notwithstanding the above, the Receivables have the characteristics that would demonstrate the capacity to produce funds to service any payments due and payable under the Notes.

In this respect, please see paragraph "*Changes or uncertainty relating to Euribor may affect the value or payment of interest under the Senior Notes*" above.

### **Historical Information**

The historical financial and other information set out in the section "*The Originator*" and "*The Portfolio*", including in respect of the default rates, represents the historical experience of ART, which accepts responsibility for the fairness and accuracy of these sections. However, there can be no assurance that the future experience and performance of ART as Originator will be similar to the experience shown in this Information Memorandum.

### **Servicing of the Portfolio**

The Receivables comprised in the Portfolio have been serviced by Centotrenta Servicing in its capacity as Servicer starting from the relevant Transfer Date pursuant to the Master Servicing Agreement. Previously, the Receivables comprised in the Portfolio were serviced by ART in its capacity as management company of COLOMBO II and investment manager of AZ RAIF DL, owners of the Receivables comprised in the Portfolio.

The net cash flows deriving from the Portfolio may be affected by decisions made, actions taken and collection procedures adopted by the Servicer also through the Sub-Servicer pursuant to the provisions of the Master Servicing Agreement.

The Servicer has undertaken to prepare, through the Sub-Servicer, and submit to the Issuer on a periodical basis certain reports in the form set out in the Master Servicing Agreement, containing information as to, *inter alia*, the Collections made in respect of the Portfolio.

### **Rights of Set-off (*compensazione*) and Other Rights of the Debtors**

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

borrower.

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 provisions, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice in the Official Gazette and (ii) the date of its registration in the competent companies' register. Consequently, Debtors may exercise a right of set off against the Issuer on the basis of 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.

In addition, on 24 December 2013, Decree No. 145 came into force providing that "*from the date of the publication of the notice of the assignment in the Official Gazette or from the date certain at law on which the purchase price has been paid, even in part, (...) in derogation from any other provisions, the relevant assigned debtors may not set-off the receivables purchased by the securitisation company with such debtors' receivables vis-à-vis the assignor arisen after such date.*".

The transfer of the Initial Portfolio from ART to the Issuer has been (i) registered on the Companies Register of Milano-Monza-Brianza-Lodi on 7 April 2021 and (ii) published in the Official Gazette No. 41, Part II, of 6 April 2021.

Under the terms of the Transfer 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 relevant Debtor of a right of set-off.

### **Italian Usury Law**

Italian law No. 108 of 7 March 1996 (as amended and supplemented from time to time, the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than the threshold rates – *tassi soglia* - (the "**Usury Rates**") set every three months by a Decree issued by the Italian Treasury (the last such Decree having been issued on 26 September 2020 and published in the Official Gazette of 30 September 2020 No. 242 and being applicable for the quarterly period from October to December). 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: (a) 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 (b) 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 some judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. Moreover, according to a certain interpretation of the Usury Law (which was generally considered, in the Italian legal community, to have been accepted in the above mentioned rulings of the *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 has intervened in this situation with Law Decree No. 394 of 29 December 2000 (the "**Usury Law Decree**"), converted into Law No. 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, regardless of the time at which interest is repaid by the borrower. However, it should be noted that few commentators and some lower court decisions have held that, irrespective of the principle set out in the Usury Law Decree, if an interest originally agreed at a rate falling below the then applicable usury limit were, at a later date, to exceed the

usury limit from time to time in force, such interest should nonetheless be reduced to the then applicable usury limit. Such opinion seems having been confirmed by the Italian Supreme Court, who recently stated (Cass. Sez. I, 11 January 2013, No. 602 and Cass. Sez. I, 11 January 2013, No. 603) that a reduction of the interest rate to the Usury Rates applicable from time to time, shall automatically apply.

The Usury Law Decree has also provided 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 (namely 31 December 2000) are to be substituted with a lower interest rate fixed in accordance with parameters fixed by the Usury Law Decree.

The validity of the Usury Law Decree has been challenged before the Italian Constitutional Court by certain consumers' associations claiming that the Usury Law Decree does not comply with the principles set out in the Italian Constitution. By decision No. 29 of 14 February 2002, the Italian Constitutional Court has stated, *inter alia*, that the Usury Law Decree complies with the principles set out in the Italian Constitution except for such provisions of the Usury Law Decree providing that the interest rates due on instalments payable after 2 January 2001 on loans are to be substituted with lower interest rates fixed in accordance with the Usury Law Decree. By such decision the Italian Constitutional Court has established that the lower interest rates fixed in accordance with the Usury Law Decree are to be substituted on instalments payable from the date on which such Decree came into force (31 December 2000) and not on instalments payable after 2 January 2001.

The Italian Supreme Court, under decision No. 350/2013, as recently confirmed by decision No. 23192/17, has clarified that the default interest rates are relevant and must be taken into account when calculating the aggregate remuneration of any given financing for the purposes of determining its compliance with the applicable Usury Rates. Such interpretation is in contradiction with the current methodology for determining the Usury Rates, considering that the relevant surveys aimed at calculating the applicable average rate never took into account the default interest rates.

Prospective Noteholders should note that whilst the Originator has undertaken in the Transfer Agreement to indemnify the Issuer in respect of any damages, losses, claims, costs and expenses that may be incurred by the Issuer in connection with any loss or reduction in any interest accrued on the relevant Loans as a result of the application of the Usury Law or of the Usury Law Decree, the ability of the Issuer to maintain scheduled payments of interest and principal on the Senior Notes may be adversely affected as a result of a Loan being found to be in contravention with the Usury Law, thus allowing the relevant borrower to claim relief on any interest previously paid and obliging the Issuer in the future to accept a reduced rate of interest, or potentially no interest, payable on such Loan.

Under the Transfer Agreement, the Originator has represented that the interest rates applicable to the Loans are in compliance with the then applicable Usury Rate.

### **Compounding of Interest (*Anatocismo*)**

According to Article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest can be capitalised after a period of not less than six months provided that the capitalisation has been agreed after the date on which it has become due and payable or from the date when the relevant legal proceedings are commenced in respect of that monetary claim or receivable. According to Article 1283 of the Italian Civil Code, such provision may be derogated from only in the event that there are recognised customary practices (*usi*) to the contrary. Traditionally, capitalisation of interest (including the capitalisation of interest on bonds and other debt instruments) in Italy is a common market practice on the grounds that such practice should be characterised as a customary rule (*uso normativo*). According to certain judgements from Italian Supreme Court (*Corte di Cassazione*) (including judgements No. 2374/1999, No. 2593/2003 and No. 21095/2004 as recently confirmed by judgment No. 24418/2010 of the same Court), such practice has been re-characterised as an agreed clause (*uso negoziale*) and as such, has been deemed not to permit

derogation from the aforementioned provisions of the Italian Civil Code.

In this respect, it should be noted that Article 25, paragraph 3, of Legislative Decree No. 342 of 4 August 1999 ("**Law No. 342**") enacted by the Italian Government under a delegation granted pursuant to Law No. 142 of 19 February 1992 (the "**Legge Delega**") 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. Law No. 342 was challenged, however, before the Italian Constitutional Court on the grounds that it falls outside the scope of the legislative powers delegated under the Legge Delega. By decision No. 425 dated 9 October 2000, the Italian Constitutional Court declared as unconstitutional on these grounds such Article 25, paragraph 3, of Law No. 342.

According to a ruling of the Tribunal of Bari dated 29 October 2008 the amortisation plans known as "French amortisation plans" (applied to certain type of loans in Italy, such as the Loan Agreements) are not valid, being in breach of Articles 1283 and 1284 of the Italian Civil Code. The rationale behind such ruling seems to be, *inter alia*, that the French amortisation plans would *per se* lead to apply to the relevant loan an interest rate higher than the interest rate contractually agreed between the lender and the borrower and, therefore, to increase the cost of the financing for the borrower. According to such ruling, banks which use in their loans the French amortisation plan would be in breach of Article 1283 and 1284 as the relevant rate of interest and the cost of the financing would not be clearly indicated in the relevant loan agreement. As a result, the relevant contractual interest rate may be challenged by the relevant borrower and the legal interest rate may apply.

It should be noted that paragraph 2 of Article 120 of the Consolidated Banking Act, concerning compounding of interest accrued in the context of banking transactions, has been recently amended by Law No. 147 of 27 December 2013. In particular, such Law (become effective on 1 January 2014), seems to remove the possibility for compounding of interest.

In this respect, Law Decree No. 91 of 24 June 2014 converted into law by Law No. 116 of 11 August 2014 (the "**Decree No. 91**"), has recently amended and replaced paragraph 2 of Article 120 of the Consolidated Banking Law, stating that the C.I.C.R. has to establish the methods and criteria of compounding of interest accrued in the context of the transactions regulated under Title VI of the Consolidated Banking Act with a periodicity of not less than one year. On 3 August 2016 the C.I.C.R. has issued such regulation.

Prospective Noteholders should note that under the terms of the Transfer Agreement, the Originator has represented that all Loan Agreements have been executed and performed in compliance with all applicable laws, provisions and regulations including, *inter alia*, all the forms of publicity provided by Article 116 of the Consolidated Banking Act and by the C.I.C.R. Resolution dated 4 March 2003 on I.S.C. (*Indicatore Sintetico di Costo*) and T.A.N. (*Tasso Annuo Nominale*). Furthermore, the Originator has undertaken to indemnify the Issuer from and against, *inter alia*, all damages, loss, claims, liabilities, costs and expenses incurred by it arising from the non-compliance of the terms and conditions of any relevant Loan Agreement with the provisions of Article 1283 of the Italian Civil Code.

### **Change of Law**

The structure of the Securitisation and, *inter alia*, the issue of the Notes are based on Italian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that Italian law, tax or administrative practice will not change after the Issue Date or that such change will not adversely impact the structure of the Securitisation and the treatment of the Notes.

### **Projections, forecasts and estimates**

Forward-looking statements, including estimates, any other projections, forecasts and estimates in this

Information Memorandum, are necessarily speculative and subjective in nature and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results.

Such statements are subject to risks and uncertainties that could cause the actual results to differ materially from those expressed or implied by such forward-looking statements. Prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Information Memorandum 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 in this Information Memorandum to reflect events or circumstances occurring after the date of this Information Memorandum.

*The Issuer believes that the risks described above are the principal risks inherent in the transaction for holders of the Notes but the inability of the Issuer to pay interest or repay principal on the Notes of any Class may occur for other reasons. While the various structural elements described in this Information Memorandum are intended to lessen some of these risks for holders of the Notes, there can be no assurance that these measures will be sufficient or effective to ensure payment to the holders of the Notes of any Class of interest or principal on such Notes on a timely basis or at all.*



## THE PORTFOLIO

### Introduction

The Portfolio is comprised of the Initial Portfolio and all the Further Portfolios purchased from time to time by the Issuer under the Transfer Agreement during the Ramp-Up Period. The Portfolio consists of receivables arising out of commercial loans granted for general purposes by the Originator to small and medium enterprises and with the benefit of the State guarantee provided by Italian law No. 662 of 23 December 1996.

The Receivables included or to be included in the Portfolio do not and will not consist, in whole or in part, actually or potentially, of credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives, swaps or other derivatives instruments or synthetic securities.

### Eligibility criteria for the Portfolio

All the Receivables comprised in the Initial Portfolio and in any Further Portfolio purchased and to be purchased have been selected and will be selected on the basis of (a) certain common criteria listed in schedule 2 to the Transfer Agreement (the "**Common Criteria**"), and (b) certain further specific criteria listed in schedule 3 to the Transfer Agreement (the "**Specific Criteria**" and, together with the Common Criteria, the "**Criteria**").

#### Common Criteria

All the Receivables comprised in the Initial Portfolio and in any Further Portfolio purchased and to be purchased by the Issuer from the Originator pursuant to the Transfer Agreement arise from Loans which, as at the relevant Valuation Date and at the relevant Transfer Date (save as otherwise specified), met or will meet the following Common Criteria:

- (1) they were disbursed in accordance with loan agreements governed by Italian law and there were no obligations for further disbursement;
- (2) they were disbursed by ART SGR S.p.A., as management company of the closed-end, reserved, alternative investment fund named "Colombo II" and investment manager of the reserved alternative investment fund (*fonds d'investissement alternatif réservé – RAIF*) AZ RAIF DL, as the sole lender;
- (3) do not derive from the splitting of other financing;
- (4) whose principal debtors:
  - (a) on the relative Valuation Date:
    - (i) have their registered office in the territory of the Italian Republic;
    - (ii) are enterprises in the form of sole proprietorships, general partnerships, limited partnerships, limited liability companies, joint-stock companies or limited liability cooperatives, which fall under the definition of Small and Medium-Sized Enterprises (SMEs) in accordance with Recommendation 2003/361/EC of the European Commission of 6 May 2003;
    - (iii) have concluded the relevant financing contract in the course of their business activity;
  - (b) at the relevant Valuation Date:
    - (i) are not public entities or other comparable companies, state-owned companies, banks or financial companies, ecclesiastical or religious institutions or bodies, institutions or bodies of assistance or charity or other non-profit entities, vehicle companies set up in accordance with the Securitisation Law;

- (ii) are not persons who, including as co-owners of the relevant financing, were or, on the relevant Valuation Date, were employees, directors or shareholders of the Originator;
  - (iii) do not have exposures arising from pre-existing loans that are classified as "unlikely to pay" or "non-performing" within the meaning of the Bank of Italy Supervisory Regulations;
- (5) are not derived from:
  - (a) loans referable to project financing activities (i.e. operations in which the loan is intended for the realisation of an asset or a complex of infrastructural assets which will only generate the cash flows necessary to repay the loan itself);
  - (b) receivables referred to in Article 4, paragraph 1, point 44) of Directive 2014/65/EU; and
  - (c) other positions in a securitisation;
- (6) fall within the scope of Article 15 of TPD 601 of 29 September 1973 (as specified in the relevant loan agreement);
- (7) are denominated in Euro and the relevant loan agreements do not contain provisions allowing their conversion into another currency;
- (8) in relation to which the loan agreements provide for repayment by means of monthly instalments;
- (9) in relation to which the amount originally disbursed to the borrower under the relevant loan agreement is less than or equal to Euro 1,500,000.00;
- (10) in respect of which the debtor has made at least one payment to the Originator;
- (11) whose residual debt in principal pursuant to the relative loan agreement does not result:
  - (a) higher than Euro 1,500,000.00; and
  - (b) lower than Euro 50,000.00.
- (12) have not been executed (as indicated in the relevant loan agreement) pursuant to any law or regulation that provides for the granting of:
  - (a) financial facilitations (so-called "subsidized loans");
  - (b) public contributions of any kind;
  - (c) other facilitations or reductions in favour of the relative debtors, or any other guarantors with regard to capital and/or interest;
- (13) benefit from a guarantee issued by the guarantee fund established at Mediocredito Centrale S.p.A. pursuant to Law no. 662 of 23 December 1996, also pursuant to Article 56 of Law Decree No. 18 of 17 March 2020 (converted by Law No. 27 of 24 April 2020) and/or Law Decree No. 23 of 8 April 2020 (converted by Law No. 40 of 5 June 2020);
- (14) in relation to which the relative borrower is not benefiting from the suspension of payment of the instalments pursuant to any applicable legislation or any agreement between the relative debtor and the Originator;
- (15) whose amortisation plan is "French" (by which is meant that amortisation method under which all the instalments include a capital component fixed at the time of disbursement and increasing over time and a variable interest component, as it can be seen at the date of conclusion of the loan or, if it exists, of the last agreement relating to the amortisation system);

- (16) are not loans classifiable as "in default" within the meaning of Article 178(1) of Regulation (EU) 575/2013;
- (17) are loans that do not present any overdue and unpaid instalments;
- (18) in relation to which each financing agreement provides for payment by the relative debtor by means of pre-authorized direct debit (i.e. "Sepa Direct Debit") on a current account in the debtor's name and opened with a credit institution;
- (19) are loans whose purpose (as stated in the relevant loan agreement and/or the loan documentation and/or the related guarantee) is not the subrogation ("*surroga*"), consolidation or renegotiation of other loans or which have been granted pursuant to Article 13, paragraph 1, letter (e) of the Decree-Law of 13 April 2020, as amended from time to time;
- (20) the loans are not granted to debtors whose main activities (as indicated in the relevant loan agreement) fall within one of the following sectors:
  - (a) buying gold;
  - (b) arms and ammunition;
  - (c) sectors identified by the following ATECO codes:
    - (i) 25.40 MANUFACTURING OF WEAPONS AND MUNITIONS
    - (ii) 41.20 CONSTRUCTION OF RESIDENTIAL AND NON-RESIDENTIAL BUILDINGS
    - (iii) 79.11 TRAVEL AGENCY ACTIVITIES
    - (iv) 92.00 GAMBLING
    - (v) 94.00 NON-PROFIT ORGANISATIONS AND BODIES; and
  - (c) other sectors not eligible for the guarantee fund established at Mediocredito Centrale S.p.A. pursuant to Law no. 662 of 23 December 1996, in accordance with the provisions of the applicable laws and regulations;
- (21) are loans with a maturity date not exceeding 6 (six) years and a grace period which does not exceed 12 (twelve) months (as indicated in the relevant loan agreement);
- (22) are not loans secured by a mortgage.

#### **Further Portfolios**

All the Receivables comprised in the Further Portfolio purchased by the Issuer from the Originator pursuant to the Transfer Agreement arise from Loans which, as at the Valuation Date (save as otherwise specified), will meet the Common Criteria set out above and following Specific Criteria:

- (a) have been granted between [\_\_] and [\_\_];
- (b) whose outstanding principal under the relevant loan agreement is not:
  - (i) higher than Euro [\_\_]; and
  - (ii) lower than Euro [\_\_];
- (c) in respect of which all instalments have been duly paid or loans in respect of which only one instalment is due and has not been paid for not more than [\_\_] days;
- (d) have been fully disbursed by [\_\_] and in relation to which the relevant borrower is not entitled to request further disbursements; and

- (e) whose interest rate is fixed.

Receivables deriving from loans whose "relationship code" (i.e. the numerical code composed of the "technical form code", "branch code" and "relationship identification number", as indicated in the communications sent by the Originator to each debtor regarding the relative loan contract) is one of the following are excluded from the relative assignment:

[ ]

#### *Purchase Conditions*

- (a) The following conditions shall be satisfied in relation to each Further Portfolio:
- (1) no Receivables in the Further Portfolio derives from Loan Agreements which provide for the option by the relevant Debtor to change the interest rate from fixed to floating;
  - (2) all the Loans included in the relevant Further Portfolio are assisted by the FCG Guarantee provided by Italian law No. 662 of 23 December 1996, and benefit of such guarantee for an average amount which is at least equal to 80% of the outstanding amount of the relevant Receivables;
  - (3) the maturity of each Loan is up to 6 (six) years.
- (b) The following conditions shall be satisfied in relation to the Aggregate Portfolio including the Further Portfolio for which has been proposed the transfer:
- (1) the Weighted Average Rate of the Portfolio shall be equal to or higher than 6.5%;
  - (2) starting from the Purchase Conditions Valuation Date, the Outstanding Balance of Receivables owed by the same Debtor or Group of Debtors shall not be higher than 1,5% of the Outstanding Balance;
  - (3) starting from the Purchase Conditions Valuation Date, the Outstanding Balance of Receivables owed by Debtors indicated in section C - "*Attività Manifatturiere*" (Manufacturing Activities) of the ATECO categories shall not be higher than 30% of the Outstanding Balance;
  - (4) starting from the Purchase Conditions Valuation Date, the Outstanding Balance of Receivables owed by Debtors indicated in section G - "*Commercio all'Ingrosso e al Dettaglio, Riparazione di Autoveicoli e Motocicli*" (Wholesale and Retail Trade, Repair of Motor vehicles and Motorcycles) of the ATECO categories:
    - G46 shall not be higher than 20% of the Outstanding Balance;
    - the sum of G45 and G47 shall not be higher than 15% of the Outstanding Balance;
  - (5) starting from the Purchase Conditions Valuation Date, the Outstanding Balance of Receivables owed by Debtors indicated in section F - "*Costruzioni*" (Constructions) of the ATECO categories shall not be higher than 15% of the Outstanding Balance;
  - (6) starting from the Purchase Conditions Valuation Date, the sum of the Outstanding Balance of Receivables owed by Debtors indicated in sections R – N – I – S of the ATECO categories shall not be higher than 10% of the Outstanding Balance;

- (7) starting from the Purchase Conditions Valuation Date, the Outstanding Balance of Receivables owed by Debtors indicated in section H - "*Trasport*" (Transportation) of the ATECO categories shall not be higher than 10% of the Outstanding Balance;
  - (8) starting from the Purchase Conditions Valuation date, the Outstanding Balance of Receivables owed by Debtors belonging to ATECO categories which are different from those mentioned under items from (3) to (7) above (and excluding the section L) shall not be higher than 30% of the Outstanding Balance;
  - (9) the Weighted Average Residual Life of the Aggregate shall be higher than 4 (four) years.
- (c) The following two conditions shall be satisfied in relation to the Portfolio not including the Further Portfolio for which has been proposed the transfer:
- (1) the Delinquency Ratio of the Portfolio as at the end of the immediately preceding Collection Period shall be lower than 5%;
  - (2) the Expected Cumulative Net Default Ratio calculated at the end of the Collection Period immediately preceding the Offer Date or at each Valuation Date of the Further Portfolio, is lower than 1,5%.

### **Registration and Publication of the transfer of the Initial Portfolio**

The transfer of the Initial Portfolio from the Originator to the Issuer has been (i) registered on the Companies Register of Milano Monza Brianza Lodi on 7 April 2021 and (ii) published in the Official Gazette No. 41, Part II, of 6 April 2021.

### **Other features of the Portfolio**

Under the Transfer Agreement, in respect of the Initial Portfolio, the Originator has represented and warranted, and in respect of each Further Portfolio, the Originator will represent and warrant, that:

- (a) all Loan Agreements are denominated in Euro and do not contain provisions which allow for the conversion into another currency;
- (b) as at the relevant Valuation Date and, the rates of interest applicable to the Loans as indicated in the List of Receivables are true and correct and, without prejudice to the provisions under the Usury Law, the criteria on the basis of which such rates are calculated are not subject to reductions or variations other than the ones connected to the floating rate of interest;
- (c) as at the relevant Valuation Date and as at the relevant Transfer Date, each Receivable is fully and unconditionally owned and available directly to the Originator and, to the best of the Originator's knowledge, is not subject to any lien (*pignoramento*), seizure (*sequestro*) or other charge in favour of any third party (except any charge arising from the applicable mandatory law) and is freely transferable to the Issuer. The Originator is the current beneficiary of the Guarantees;
- (d) all the Loans provide for a repayment through constant instalments payable monthly with a "French" amortisation plan method (meaning that the amortisation method pursuant to which all instalments include a principal component calculated as at the date of the draw-down and that increase over the loan life time and a variable interest rate component, as calculated as at the date of granting of the loan or at the date of the latest agreement (if any) relating to the amortisation plan is reached) and the repayment of the Notes is not structured in such a way as to be predominantly dependent on the sale of the assets pledged as collateral in relation to the Receivables (article 20(8) and 20(13) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria);
- (e) the Receivables have been originated by the Originator through Colombo II and AZ RAIF I DL in the

ordinary course of its business; the Originator has a more than 5 (five) year-expertise in originating exposures of a similar nature to the Receivables (article 20(10) EU Securitisation Regulation and the EBA Guidelines on STS Criteria);

- (f) as at the Valuation Date, the Receivables comprised in the Portfolio have been selected by the Originator in accordance with credit policies that are not less stringent than the credit policies applied by the Originator at the time of origination to similar exposures that are not assigned under the Securitisation;
- (g) as at the relevant Valuation Date and as at the relevant Transfer Date, the Receivables comprised in each Portfolio contain obligations that are contractually binding and enforceable with full recourse to the Debtors and, where applicable, the Guarantors;
- (h) as at the relevant Valuation Date and as at the relevant Transfer Date, each Portfolio does not comprise (i) any transferable securities, as defined in point (44) of Article 4(1) of Directive 2014/65/EU (Article 20(8) of the EU Securitisation Regulation and related Regulatory Technical Standards), (ii) any securitisation positions (Article 20(9) of the EU Securitisation Regulation and related Regulatory Technical Standards), nor (iii) any derivatives (Article 21(2) of the EU Securitisation Regulation and related Regulatory Technical Standards);
- (i) as at the Valuation Date and as the Transfer Date, the Portfolio does not include Receivables qualified as exposure in default within the meaning of Article 178, paragraph 1, of Regulation (EU) no. 575/2013 or as exposures to a credit-impaired debtor or guarantor, who, to the best of the Originator's knowledge (Article 20(11) of the EU Securitisation Regulation and related Regulatory Technical Standards):
  - (i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the Transfer Date, except if: (A) a restructured underlying exposure has not presented new arrears since the date of the restructuring, which must have taken place at least one year prior to the Transfer Date; and (B) the information provided by the Originator to the Issuer in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1), of the EU Securitisation Regulation explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring; or
  - (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or in the absence of such public credit registry, in another credit registry available to the Originator or the original lender; or
  - (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than the ones of comparable exposures held by the Originator which have not been securitised;
- (j) as at the relevant Valuation Date and as at the relevant Transfer Date, the Receivables are homogeneous in terms of asset type (Article 20(8) of the EU Securitisation Regulation and related Regulatory Technical Standards), taking into account the specific characteristics to the cash flows of the asset type including their contractual, credit-risk and prepayment characteristics, given that:
  - (i) the Receivables have been originated by the Originator, in its capacity as management company of Colombo II and investment manager of AZ RAIF DL, in accordance with loan disbursement policies which apply similar approaches to the assessment of credit risk associated with the Receivables;

- (ii) the Receivables are and have been serviced by the Originator according to similar servicing procedures;
- (iii) the Receivables arise from loans to small and medium enterprises (as defined under European Commission's recommendation 2003/361/CE dated 6 May 2003 and Regulation (EU) 2019/1851 of 28 May 2019 (the "**Regulatory Technical Standards on Homogeneity**") on the homogeneity of the underlying exposures in securitisation approved by the European Commission and, therefore, shall fall within the asset types "*credit facilities, including loans and leases, granted to any type of enterprise or company*" set out under Article 1 (*Homogeneity of Underlying Exposures*), *lett.* (a) item (iv) of the Regulatory Technical Standards on Homogeneity; and
- (iv) within such category "*credit facilities, including loans and leases, granted to any type of enterprise or company*", the Receivables satisfy:
  - (1) the homogeneity factor set out under Article 2 (*Homogeneity factors*), paragraph 3, letter (a), point (i) of the Regulatory Technical Standards on Homogeneity, since the Debtors are small and medium enterprises (as defined under European Commission's recommendation 2003/361/CE dated 6 May 2003 and the Regulatory Technical Standards on Homogeneity);
  - (2) the homogeneity factor set out under Article 2 (*Homogeneity factors*), paragraph 3, letter (b), point (ii) of the Regulatory Technical Standards on Homogeneity, since the Debtors have their registered office or residence (as the case may be) in the Republic of Italy.

#### Description of the Initial Portfolio

**TABLE 1 – PORTFOLIO SUMMARY**

<b>Summary</b>		
Number of Loans	34	
Outstanding Credit	10,204,180.00	
Non-Mortgage portfolio	10,204,180.00	100.00%
Floating rate Outstanding Credit	-	
Fixed rate Outstanding Credit	10,204,180.00	100.00%
Fixed rate portfolio weighted average rate	7.31%	
Weighted average seasoning (years)	0.10	
Weighted average residual life (years)	5.86	

**TABLE 2 – BREAKDOWN BY CLASS OF ORIGINAL LOAN AMOUNT**

<i>Class of Original Loan Amount</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
01) 100,000 -200,000	12	35.29%	1,607,017.00	15.75%
02) 200,000 - 300,000	5	14.71%	1,232,449.00	12.08%
03) 300,000 - 500,000	10	29.41%	3,628,259.00	35.56%
04) Over 500,000	7	20.59%	3,736,455.00	36.62%
<b>Total</b>	<b>34</b>	<b>100.0%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 3 - BREAKDOWN BY CLASS OF OUTSTANDING CREDIT**

<i>Class of Outstanding Credit</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
01) 100,000 - 200,000	12	35.29%	1,607,017.00	15.75%
02) 200,000 - 300,000	5	14.71%	1,232,449.00	12.08%
03) 300,000 - 500,000	10	29.41%	3,628,259.00	35.56%
04) Over 500,000	7	20.59%	3,736,455.00	36.62%
<b>Total</b>	<b>34</b>	<b>100.0%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 4 –BREAKDOWN BY TYPE OF DEBTOR (SAE CODE)**

<i>SAE Code</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
430	30	88.24%	9,515,315.00	93.25%
492	2	5.88%	417,174.00	4.09%
615	2	5.88%	271,691.00	2.66%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 5 – BREAKDOWN BY ATECO CLASSIFICATION**

<i>ATECO Sector</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
Information and communication	2	5.88%	833,332.00	8.17%
Manufacturing	14	41.18%	3,485,583.00	34.16%
Professional, Scientific and Technical Activities	1	2.94%	520,832.00	5.10%
Wholesale and retail trade; repair of motor vehicles and motorcycles	17	50.00%	5,364,433.00	52.57%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 6 – BREAKDOWN BY TYPE OF LOAN**

<i>Type of Loan</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
Mortgage	-	0.00%	-	0.00%
Non Mortgage	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 7 – BREAKDOWN BY PAYMENT FREQUENCY**

<i>Payment Frequency</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
Monthly	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 8 – BREAKDOWN BY INTEREST RATE TYPE**



<i>Interest Rate Type</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
Fixed	34	100.00%	10,204,180.00	100.00%
Floating	-	0.00%	-	0.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180</b>	<b>100.00%</b>

**TABLE 9 – BREAKDOWN BY INTEREST RATE (FIXED RATE LOANS)**

<i>Class of Interest Rate</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
6.50%	5	14.71%	1,979,163.00	19.40%
7.50%	29	85.29%	8,225,017.00	80.60%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 10 – BREAKDOWN BY FUNDING YEAR**

<i>Funding Year</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
2021	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 11 - BREAKDOWN BY ORIGINAL LIFE**

<i>Original Life (years)</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
5 - 7	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 12 - BREAKDOWN BY SEASONING**

<i>Seasoning (years)</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
0 - 1	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 13 - BREAKDOWN BY RESIDUAL LIFE**

<i>Residual Life (years)</i>	<i>Number of Loans</i>	<i>%</i>	<i>Outstanding Credit</i>	<i>%</i>
5 - 7	34	100.00%	10,204,180.00	100.00%
<b>Total</b>	<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

**TABLE 14 - BREAKDOWN BY REGION OF BORROWER**

Macro Region	Region	Number of Loans	%	Outstanding Credit	%
Northern Italy	Emilia-Romagna	2	5.88%	624,999.00	6.12%
Northern Italy	Lombardia	3	8.82%	1,012,527.00	9.92%
Northern Italy	Veneto	2	5.88%	383,093.00	3.75%
Central Italy	Abruzzo	2	5.88%	799,604.00	7.84%
Central Italy	Lazio	5	14.71%	1,516,076.00	14.86%
Central Italy	Marche	1	2.94%	323,380.00	3.17%
Central Italy	Toscana	1	2.94%	529,436.00	5.19%
Southern Italy	Campania	15	44.12%	4,087,307.00	40.06%
Southern Italy	Molise	1	2.94%	163,898.00	1.61%
Southern Italy	Puglia	1	2.94%	440,480.00	4.32%
Southern Italy	Sardegna	1	2.94%	323,380.00	3.17%
<b>Total</b>		<b>34</b>	<b>100.00%</b>	<b>10,204,180.00</b>	<b>100.00%</b>

### Capacity to produce funds

In light of the above and subject to the risks set out in the section entitled "*Risk Factors*", the Receivables should have characteristics that demonstrate capacity to produce funds to service any payments due under the Senior Notes and the Mezzanine Notes.

### Pool Audit

Pursuant to Article 22(2) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria, an external verification (including verification that the data disclosed in this Information Memorandum in respect of the Receivables is accurate) has been made in respect of the Portfolio prior to the Issue Date by an appropriate and independent party and no significant adverse findings have been found.

The verification has confirmed:

- (a) that the data disclosed in this Information Memorandum in respect of the Receivables are accurate;
- (b) the accuracy of the information provided in the documentation and in the IT systems, in respect of each selected position of the sample of the Portfolio – with confidence levels and error rates in line with the EBA Guidelines on STS Criteria; and
- (c) that the data of the Receivables included in the Portfolio contained in the loan-by-loan data tape prepared by the Originator are compliant with the Criteria that are able to be tested prior to the Issue Date.

## CREDIT AND COLLECTION POLICIES

### 1. Monitoring procedure

The main aim of the monitoring activity is the prompt identification of clients with a deteriorating risk profile and, therefore, the timely definition of the most appropriate actions to be taken in this respect. These activities are implemented through the use of tools aimed at processing information from different sources, with the purpose of providing the entities which are envisaged to carry out monitoring activity with a list of counterparties which show specific risk indicators and to which, therefore, particular attention must be paid.

Regardless of the way in which an imminent (or already ongoing) deterioration in the risk profile of a credit exposure is found, all the relevant information are promptly collected and sent to the analyst who manages the relationship with the relevant counterparty to allow the prompt adoption of the measures necessary to address the issues identified thereunder.

The main elements of the monitoring activity are as follows:

- performance analysis and discriminating events;
- management classes (such as "Performing", "Under observation" and "In collections"): all clients are classified through performance analysis, discriminating events or other information sources (monthly monitoring).

#### I. *Operating Logics*

The management system aimed at classifying credit risks is based on specific criteria and rules which allow the identification of the actions in process (on the basis of monthly surveys or the occurrence of specific events identified by the analysts) and, therefore, provide an overall view of the portfolio.

Every month, the management algorithm analyses the banking and non-banking behaviour of the clients, by severity, duration and frequency, in order to constantly monitor the trend of the position in place. For each position a possible classification is defined by the combination of the result of the performance analysis and the detection of discriminating events detected by the systemic surveillance system.

The possible classifications foreseen for the positions monitored are:

- Performing: if no signs of worsening of the position's creditworthiness are found
- Under observation: if signs and/or events are detected that may lead to a deterioration in creditworthiness
- In collections: in the event of a worsening of creditworthiness (unpaid instalments, prejudicial events).

#### II. *Classification criteria*

The classification proposals of the loans ("Performing", "Under observation" and "In collections") occurs from a combination of:

- Analysis of borrower behaviour over time based on information reviewed automatically by credit information systems (SIC), by the *Centrale Rischio* of the Bank of Italy and the other Credit Bureaux. The focus lies on changes to the borrower's probability of default over the time of the loan on the basis of which the updated scoring is calculated.
- Discriminatory events identified by the automatic surveillance system. The focus lies on evaluating the significance of one or more of the following events when connected to the SME or the persons connected to the SME:
  - Late payments regarding the loan

- Late payments on any other obligations recorded in the system
- Non-performing debt
- Signals of insolvency such as check protests, seizures and foreclosures
- Bankruptcy proceedings, judicial arrangements, compulsory liquidations
- Publicly available information regarding the setting up of asset funds, registration of court orders, revocations due to acts detrimental to creditors, etc.
- Other anomalies

Identification of one of the above events results in classification of the loan in accordance with the gravity of the event and to whom the event is linked:

- "Performing" if none of the above events are identified if found and if the class of risk calculated in the month does not undergo any worsening variations compared to the risk class calculated as an average of the last 6 months of observation.
- "Performing under observation" if the event concerns the company, the entrepreneur, the partners and all the others connected figures or if a worsening variation of the risk class compared to the risk class calculated as an average of the last 6 months.
- "In collections" if the loan instalment has not been paid at the due date or if the event relates exclusively to insolvency proceedings of the nature of liquidation that concern only the company

### III. *Monitoring Process*

The process defined for the monitoring of the pending positions foresees that for each one of them is automatically assigned a Monitoring Workflow that defines the activities to be carried out according to the classification of the position.

All the positions provided are subject to "Performing" classification and for each of them monthly is expected to send an automatic email reminder of the payment of the instalment to the debtor and the performance and the event analysis is carried out automatically.

Such analysis, based on the automatic acquisition of information from SIC, *Centrale Rischio* of the Bank of Italy, Credit Bureaux and public registers, is aimed at detecting any signals and events that may result in a worsening of scoring of the debtor and implicitly of its probability of default. The acquisition of information and verification of the same is carried out on the first of each month following that of the date of disbursement of each position.

Should one or more of the signals described in the previous paragraphs be found, the system automatically classifies the position "Under Observation".

Instead, if no signals or elements of deterioration of the merit are found the position continues to be classified as "Performing".

All positions disbursed and monitored are subject to verification of the instalment collection in expiry every tenth of the month regardless of the type of classification. Whether or not the instalment is collected can, together with other factors, lead to an improvement of the classification or worsening as follows:

- "Performing" status: recessed instalment and no signals or events of deterioration of creditworthiness which remains stable or improves with respect to the average risk class of the last 6 months of observation.
- "Under Observation" status: Installed instalment and permanence of the signals or events of deterioration of creditworthiness.

- Return to the "Performing" state: cashed instalment and no signals or events of deterioration of creditworthiness which remains stable or improves with respect to the class average risk of the last 6 months of observation.
- Transfer to debt collection: if the instalment has not been collected.

## **2. Recovery procedure**

The "In collections" status is required when a payment is missed and the risk containment strategies put into place in the monitoring phase do not result in the improvement of the borrower's risk profile.

Timely action is essential to improve the likelihood of collection in the non-judicial phase of collections.

The collection activities fall into two categories and occur in the following sequence:

- Internal activities, performed partly automatically by the procedure and partly with the intervention of the analyst in the ten days following the failure to collect the instalment expired (non-judicial phase);
- External activities assigned to specialised servicers (non-judicial and judicial phases)

Collections activity can be completed through internal activity and without involvement of external servicers.

The purpose is to have at your disposal an information set that allows you to identify the most effective recovery action to be taken on the basis of a cost-opportunity analysis.

Internal and external activities are executed in two separate phases:

- (i) Non-Judicial phase: email reminders, information gathering and phone collection by BorsadelCredito.it in the 10 days following missed payment. If the BorsadelCredito.it analyst considers the efforts ineffective or their execution has not produced results, BorsadelCredito.it assigns the case to an external servicer who produces a report detailing and submitting the proposed collection strategy based on the specific financial condition of the debtor.
- (ii) Judicial phase: actions taken by external servicers following the approval of the proposed collections activity.

In each of the two phases the relative actions can be carried out simultaneously expected by virtue of the manifestation of the will to define the position by the debtor.

## **3. Collections procedure for loans with one overdue instalment**

The procedure automatically assigns the "In collections" Workflow on all positions for which it was not found the collection of the instalment on the due date (the tenth of every month) attributing the status "Internal Recovery".

On each internal recovery position are automatically sent emails with daily frequency for the reminder of the overdue instalment payment. At the same time it is created every day an alert to the analyst to contact the customer by phone and intimating them to the payment of the outstanding amount.

Failure to trace the customer to the contact details available on the file determines the start of an internal analysis for the collection of further information about the debtor. If the analysis gives a negative result or it is not possible to contact the debtor, the analyst must evaluate the transfer of the position to a debt collection company to which to entrust the warrant for tracing the debtor.

If, on the other hand, the customer is tracked down within ten days after the instalment is due, the same will be solicited by the analyst to the immediate payment of the instalment (through manual transfer).

If the customer pays the overdue instalment, the procedure will automatically assign the Workflow Monitoring and "In" status to the position in Observation".

For all the positions for which the payment of the expired instalment has not been made by the end of the reference month, the procedure will produce the reporting flow from send to the Credit Information Systems (SIC) and the *Centrale dei Rischi* of the Bank of Italy.

Further soft collection actions will continue to be carried out on these positions, ranging from phone collection to - to - door collection with the objective of:

- (ii) recover all of the overdue amount if there are temporary difficulties;
- (iii) collect all the information necessary to evaluate the initiation of recovery actions judicial receivables.

These actions can be carried out internally or entrusted to a recovery company credits to which the mandate will be given.

#### *I. Collections procedure for loans with two or more overdue instalments*

For all positions for which the debtor has two or more overdue instalments, debt collection activities are carried out internally or externally as they are entrusted to specialized debt collection companies to which the mandate is assigned from time to time for each position according to a "challenging" approach.

The recovery of instalments up to the fourth outstanding instalment, typically involves phonetics and home visits that are aimed at the total recovery of the expired position or the restructuring of the loan through a remodulation of the instalment.

From the fourth instalment onwards, on the basis of the information available, the Institute may decide, on the basis of economic criteria, to proceed with the recovery strategies developed or immediately activate the Central Guarantee Fund.

Once the recovery action has been completely completed and the strategy is completed, the position will return to direct management again for the following activities:

- continuation of the relationship: the outstanding instalments have been paid or has been defined a re-entry plan with the rescheduling of deadlines. In this case to the practice will be assigned again by the analyst the Monitoring Workflow and the status "In Observation" (see process described in the previous chapter);
- interruption of the agreement: the outstanding instalments have not been paid or the plan of the expected return has not been respected and it is not considered convenient to proceed with the recovery procedures. In this case the Central Guarantee Fund.

#### *II. First request warranty activation procedure issued by the Central Guarantee Fund*

The activation of the first demand guarantee enforcement procedure issued by the Central Guarantee Fund (hereinafter "FdG") or by other guarantors is an integral part of the debt collection process carried out by the SGR.

FdG guarantees the coverage of the loss upon the occurrence of the debtor's default event within the limits of the coverage percentage defined on the guarantee.

The FdG guarantee is activated on each position with up to four consecutive outstanding instalments.

The manager of the Operating Area or its delegate, following the analysis of the position, will initiate the process of enforcement possibly with the support of the external servicer.

The FdG, having received the request and verified the documentation sent, will provide for the settlement of the guarantee within about six months from the request.

For further details on the remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other

asset performance remedies, please refer to the Servicing Agreement and the Sub-Servicing Agreement.

## THE ORIGINATOR

ART SGR S.p.A. is an asset management company incorporated under the laws of Italy and operating in the form of *società per azioni*, whose registered office is at Via Lanino Bernardino, No. 5, 20144, Milan, Italy, quota capital Euro 200,000.00 fully paid up, fiscal code, VAT Code and enrolment with the Companies Register of Milano Monza Brianza Lodi No. 09815380960, enrolled with the register of the Società di Gestione del Risparmio under No. 15363.5 pursuant to article 35 of Italian Legislative Decree No. 58 of 24 February 1998 (hereinafter, the "**Consolidated Banking Act**"), as management company of the alternative investment, closed-end and reserved fund known as "Colombo II" investment manager of the reserved alternative investment fund (*fonds d'investissement alternative reserve – RAIF*) known as "AZ RAIF I – Direct Lending".

ART is part of "BorsadelCredito Group" (the "**Group**") acting in the FinTech SMEs lending industry. The main purpose of BorsadelCredito is to develop technology solutions (e.g. IT platform for originating, underwriting, disbursing and managing loans to SMEs) to expand the traditional business model for the benefit of both borrowers and lenders.

The group shareholders are:

- P101 Ventures: about 20% of shares
- G.C. Holding: about 15% of shares
- Management team: about 20% of shares
- Other minor shareholders

ART started its activity in late 2017 and, within the Group, its main purpose entails managing direct lending funds that can lend money to the borrowers originated through the IT platform.

In the context of this Securitisation, ART acts as Originator, Reporting Entity and Junior Notes Underwriter.

In its capacity as Originator, ART confirms that:

- (a) at least two of the members of the management body of the Originator have relevant professional experience in the origination of exposures similar to the Receivables, at a personal level, of at least five years;
- (b) senior staff, other than members of the management body, who are responsible for managing the Originator's originating of exposures similar to the Receivables, have relevant professional experience in the origination of exposures of a similar nature to the Receivables, at a personal level, of at least five years;
- (c) (i) has applied and will apply, as the case may be, to the Receivables the same sound and well-defined criteria for credit-granting which it applies to non-securitised exposures, (ii) has clearly established the process for approving and, where relevant, amending, renewing and refinancing the Receivables as it applies to the exposures it holds; and (iii) has effective systems in place to apply those criteria and processes in order to ensure that credit granting is based on a thorough assessment of the Debtors' creditworthiness taking appropriate account of factors relevant to verifying the prospect of each Debtor meeting his obligations under the Loan Agreements; and
- (d) for the purpose of Article 27, paragraph 3, letter (b) of the EU Securitisation Regulation, it is subject to the supervision of the competent regulatory authority.

Prospective investors should be aware that, for the purpose of compliance with Articles 20(2) and 20(3) of the EU Securitisation Regulation, the Originator would be subject to Italian insolvency laws that do not contain severe claw back provisions.

Further details on this point are available on the following website: <https://www.borsadelcredito.it/>.



## THE ISSUER

### Introduction

The Issuer was incorporated in the Republic of Italy as a special purpose vehicle pursuant to Article 3 of the Securitisation Law, as a limited liability company (*società a responsabilità limitata*) with a sole quotaholder on 11 January 2021 under the name of Krypton SPE S.r.l. and enrolled in the register of the *società veicolo* held by Bank of Italy pursuant to Article 4 of the Bank of Italy's Regulation dated 7 June 2017 No. 35793.9. The registered office of the Issuer is at Via San Prospero, No. 4, 20121, Milan, Italy. The fiscal code and enrolment number with the Companies' Register of Milan Monza Brianza Lodi is 11541160963. The Issuer's telephone number is +39 02 4547 2239.

The Issuer has no employees, operates under Italian law and under its by-laws it shall expire on 31 December 2060.

The Issuer is managed by a sole director, appointed in the deed of incorporation (*atto costitutivo*) of the Issuer. The sole director (*amministratore unico*) of the Issuer is Fenice Trust Company S.r.l., acting through its physical person designated Marco Palazzo.

The physical person designated Marco Palazzo is domiciled for this purpose at Via San Prospero, No. 4, 20121 Milan, Italy.

The authorised issued capital of the Issuer is Euro 10,000 fully paid up and fully owned by Fenice Trust Company S.r.l. as trustee of Rubino Finance Trust.

Since the date of its incorporation, the Issuer has not commenced operations other than those incidental to its incorporation, authorising the issue of the Notes and the entering into the documents referred to in this Information Memorandum and matters which are incidental or ancillary to the foregoing.

To the best of its knowledge, the Issuer is not directly or indirectly owned or controlled, except for its Sole Quotaholder. Italian company law combined with the holding structure of the Issuer, covenants made by the Issuer and its Sole Quotaholder in the Transaction Documents and the role of the Representative of the Noteholders are together intended to prevent any abuse of control of the Issuer.

### Documents Available for Inspection

Until full redemption or cancellation of the Notes, copies of the following documents (in physical format) may be inspected during normal business hours at the registered office of the Issuer and of the Representative of the Noteholders and on the website <https://securitization.cardoi.com/>:

- (a) the memorandum and articles of association of the Issuer (*atto costitutivo* and *statuto*); and
- (b) the Issuer's financial statements, the relevant auditor's report, and all reports, letters, and other documents, historical financial information, valuations and statements (if any) prepared by any expert at the Issuer's request, any part of which is included or referred to this Information Memorandum.

Additional information is available on the website <https://securitization.cardoi.com/>, which does not form part of this Information Memorandum. Any information found in said website does not form part of this Information Memorandum unless that information is incorporated by reference into this Information Memorandum.

### Capitalisation and Indebtedness Statement

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

*Capital*

Euro

Issued, authorised and fully paid up capital	10,000
<i>Loan Capital</i>	Euro
Class A Asset Backed Partly Paid Notes due March 2036	180,000,000
Class B Asset Backed Partly Paid Notes due March 2036	20,000,000
Class J Asset Backed Partly Paid Notes due March 2036	20,000,000
<b>Total Loan Capital</b>	<b>220,000,000</b>

Subject to the above, as at the date of this Information Memorandum, 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**

Since its date of incorporation the Issuer has not commenced operations and no statutory financial statements have been made up as at the date of this Information Memorandum. The Issuer's financial year end is 31 December of each calendar year. The first financial statements of the Issuer will be published with respect to the period ending on 31 December 2021. The financial statements of the Issuer will be published on the website <https://cardoai.com/public?transaction=krypton-spe>.

### **Issuer's Auditors**

The auditor of the Issuer is BDO Italia S.p.A., who is registered in the special register (*albo speciale*) maintained by Consob and set out under Article 161 of the Consolidated Financial Act and under No. 167911 in the Register of Accountancy Auditors (*Registro dei revisori contabili*) in compliance with the provisions of Legislative Decree No. 88 of January 27 1992. BDO Italia S.p.A.'s registered office is in Viale Abruzzi, No. 94, 20131 Milan (Italy). BDO Italia S.p.A. will audit the 2021, 2022 and 2023 Issuer's financial statements.

## CENTOTRENTA SERVICING

Centotrenta Servicing S.p.A. is a financial intermediary incorporated as a *società per azioni* under the laws of the Republic of Italy, having its registered office at Via San Prospero, No. 4, Milan, Italy, fiscal code and enrolment with the Companies Register of Milan No. 07524870966, and enrolled under No. 13 in the financial institution register under Article 106 of the Consolidated Banking Act ("**Centotrenta Servicing**").

In the context of this Securitisation, Centotrenta Servicing acts as Servicer, Corporate Servicer, Computation Agent.

For the purpose of Article 21(8) of the EU Securitisation Regulation, Centotrenta Servicing confirms that its business has included the servicing of exposures similar to those securitised, for at least five years.

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

## TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes (the "**Conditions**"). In these Conditions, references to the "holder" of a Note or to the "Noteholders" are to the ultimate owners of the Notes, issued in bearer form and dematerialised and evidenced as book entries with Monte Titoli S.p.A. ("**Monte Titoli**") in accordance with the provisions of (i) Article 83 bis of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018.

The € 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036 (the "**Class A Notes**" or the "**Senior Notes**"), the € 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036 (the "**Class B Notes**" or the "**Mezzanine Notes**") and the € 20,000,000 Class J Asset Backed Partly Paid Notes due March 2036 (the "**Class J Notes**" or the "**Junior Notes**", and together with the Senior Notes and the Mezzanine Notes, the "**Notes**") have been issued by Krypton SPE S.r.l. (the "**Issuer**") on 22 April 2021 to finance the purchase of a portfolio of receivables and related rights from ART SGR S.p.A. (the "**Originator**" or "**ART**"), in its capacity as management company of the alternative investment, closed-end and reserved fund known as "Colombo II" ("**Colombo II**") and as investment manager of the reserved alternative investment fund (*fonds d'investissement alternatif réservé – RAIF*) known as "AZ RAIF I – Direct Lending".

### *Partly Paid Notes*

The Notes will be issued on a partly paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to these Conditions, the Subscription Agreements and the terms of the Transaction Documents, the Initial Instalment will be paid on the Issue Date by the Underwriters in partial payment for the Notes.

The principal source of payment of interest and of repayment of principal on the Notes will be the Collections made in respect of the Portfolio of Receivables, arising out of the Loan Agreements, purchased from time to time by the Issuer from the Originator.

### *The Initial Portfolio*

On 1 April 2021 the Issuer purchased the Initial Portfolio from the Originator, the purchase price of which has been funded through the Initial Drawing and the proceeds of the Initial Instalments of the Notes.

### *The Further Portfolios*

During the Ramp-Up Period the Issuer may purchase on a revolving basis further portfolios (the "**Further Portfolios**" and together with the Initial Portfolio, the "**Portfolio**"), in accordance with the provisions of the Transaction Documents. The Further Portfolios may be purchased on any relevant Transfer Date by the Issuer using:

- (a) on the Infra-Period Settlement Date immediately following the relevant Transfer Date of such Portfolio, the funds drawn under the Limited Recourse Loan; or
- (b) on the Settlement Date immediately following the relevant Transfer Date of such Portfolio, the Incremental Instalments paid by the Noteholders on each Class of Notes on the relevant Incremental Instalment Date; or
- (c) on the Payment Date immediately following the relevant Quarterly Transfer Date of such Portfolio, (i) the Issuer Available Funds available for such purpose under the applicable Priority of Payments, and (ii) only for the amount not covered under (i) above, and within the limits of, the net proceeds of the payment of any Incremental Instalments made by the Noteholders in respect of each Class of the Notes,

in any case to the extent no Purchase Termination Notice or Trigger Notice has been served pursuant to, respectively, the Intercreditor Agreement and the Conditions.

## *STS Securitisation*

The Securitisation is intended to qualify as a STS-securitisation within the meaning of Article 18 of the EU Securitisation Regulation. Consequently, the Securitisation meets, as at the Issue Date, the requirements of Articles 19 to 22 of the EU Securitisation Regulation and may, after the Issue Date, be notified by the Originator to be included in the list published by ESMA referred to in Article 27(5) of the EU Securitisation Regulation. No assurance can be provided that the Securitisation does or will continue to qualify as an STS-securitisation under the EU Securitisation Regulation as at the Issue Date or at any point in time in the future.

### *References to a Class of Notes*

Any reference in these Conditions to a "**Class**" of Notes or a "**Class**" of holders of Notes shall be a reference to the Senior Notes, the Mezzanine Notes or the Junior Notes, as the case may be, or to the respective holders thereof and any reference to any agreement or document shall be a reference to such agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

## **1. INTRODUCTION**

### **1.1 Definitions**

Capitalised words and expressions in these Conditions shall, unless otherwise specified or unless the context otherwise requires, have the meanings set out in Condition 2 (*Interpretation and Definitions*).

### **1.2 Noteholders deemed to have notice of the Transaction Documents**

The Noteholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of, the Transaction Documents.

### **1.3 Provisions of the Conditions subject to the Transaction Documents**

Certain provisions of these Conditions include summaries of, and are subject to, the detailed provisions of the Transaction Documents.

## **1.4 Transaction Documents**

### **1.4.1 *Transfer Agreement***

Pursuant to the Transfer Agreement, the Originator has (i) assigned and transferred to the Issuer all of its rights, title and interest in and to the Initial Portfolio and (ii) given certain representations and warranties in favour of the Issuer in relation to the Portfolio and certain other matters and has agreed to indemnify the Issuer in respect of certain liabilities of the Issuer incurred in connection with the purchase and ownership of the Portfolio. In addition, the Originator may assign and transfer to the Issuer Further Portfolios during the Ramp-Up Period and up to the end thereof by entering into the relevant Transfer Deeds, in accordance with the Securitisation Law and subject to the terms and conditions of the Transfer Agreement.

### **1.4.2 *Master Servicing Agreement***

Pursuant to the Master Servicing Agreement, the Servicer has agreed to administer service, collect and recover amounts in respect of the Portfolio on behalf of the Issuer. The Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" (entity responsible for the collection of the assigned receivables and the cash and payment services) pursuant to the Securitisation Law and, in such capacity, shall be responsible for verifying that the operations comply with the law and the Information

Memorandum pursuant to Article 2, paragraph 3(c) and Article 2, paragraph 6 *bis* of the Securitisation Law.

#### 1.4.3 *Sub-Servicing Agreement*

Pursuant to the Sub-Servicing Agreement, the Servicer, with the consent of the Issuer, has appointed the Sub-Servicer as its sub-delegate in relation to certain operational activities relating to the administration, management and recoveries in respect of the Receivables comprised in the Portfolio and the request, maintenance and enforcement of the FCG Guarantee, in accordance with the terms and conditions of the Sub-Servicing Agreement. Under the Sub-Servicing Agreement, the Sub-Servicer has the faculty to appoint other entities, with the prior authorisation of the Servicer, the Issuer and the Representative of the Noteholders as its sub-delegate for carrying out the services necessary for performing the sub-servicing activities by the Sub-Servicer.

#### 1.4.4 *Limited Recourse Loan Agreement*

Pursuant to the Limited Recourse Loan Agreement, the Loan Provider has agreed to make available to the Issuer an overdraft revolving facility to be drawn by the Issuer for the payment of the Purchase Price of the Initial Portfolio and any Further Portfolio due on any Infra-Period Settlement Date.

#### 1.4.5 *Back-Up Sub-Servicing Agreement*

Pursuant to the Back-Up Sub-Servicing Agreement, the Back-Up Sub-Servicer has been appointed and has agreed to act as substitute Sub-Servicer with respect to the management, administration and enforcement of the FCG Guarantee subject to, *inter alia*, the appointment of Mo.Net as Sub-Servicer being terminated, in accordance with the terms of the Sub-Servicing Agreement.

#### 1.4.6 *Intercreditor Agreement*

Pursuant to the Intercreditor Agreement, provision has been made as to, *inter alia*, (a) the application of the Issuer Available Funds in accordance with the Priority of Payments, (b) the limited recourse nature of the obligations of the Issuer, (c) the circumstances in which the Representative of the Noteholders will be entitled to exercise certain rights in relation to the Portfolio and (d) the circumstances in which the Issuer may dispose of the Portfolio.

#### 1.4.7 *Agency Agreement*

Pursuant to the Agency Agreement, the Agents have agreed to provide the Issuer with certain calculation, notification, reporting and agency services, together with account handling, investment and cash management services in relation to monies and securities from time to time standing to the credit of the Accounts. The Agency Agreement contains also provisions for the payment of principal and interest in respect of the Notes.

#### 1.4.8 *Corporate Services Agreement*

Pursuant to the Corporate Services Agreement, the Corporate Servicer has agreed to provide the Issuer with certain administrative and corporate administrative services, including the maintenance of corporate books and of accounting and tax registers, in compliance with reporting requirements relating to the Receivables and with other regulatory requirements imposed on the Issuer.

#### 1.4.9 *Senior Notes Subscription Agreement*

Pursuant to the Senior Notes Subscription Agreement, the Issuer has agreed to issue the

Senior Notes and the Lead Manager and the Senior Notes Underwriter has agreed to subscribe for such Senior Notes, subject to the terms and conditions set out thereunder, and have also appointed the Representative of the Noteholders.

#### 1.4.10 *Mezzanine Notes Subscription Agreement*

Pursuant to the Mezzanine Notes Subscription Agreement, the Issuer has agreed to issue the Mezzanine Notes and the Mezzanine Notes Underwriter has agreed to subscribe for such Mezzanine Notes, subject to the terms and conditions set out thereunder, and have also appointed the Representative of the Noteholders.

#### 1.4.11 *Junior Notes Subscription Agreement*

Pursuant to the Junior Notes Subscription Agreement, the Issuer has agreed to issue the Junior Notes and the Junior Notes Underwriters have agreed to subscribe for such Junior Notes, subject to the terms and conditions set out thereunder, and have also appointed the Representative of the Noteholders.

#### 1.4.12 *Master Definitions Agreement*

Pursuant to the Master Definitions Agreement, the Issuer and the Other Issuer Creditors have agreed on the definitions of certain terms used in the Transaction Documents and the relevant principles of interpretation.

### 1.5 **Transaction Documents available for inspection**

Copies of the Transaction Documents are available for inspection during normal business hours at the office of the Representative of the Noteholders, being, as at the Issue Date, at via V. Alfieri No.1, 31015 Conegliano (TV), Italy.

### 1.6 **Rules of the Organisation of the Noteholders**

The Noteholders are deemed to have notice of, are bound by, and shall have the benefit of, *inter alia*, the terms of the Rules of the Organisation of the Noteholders which are attached to these Conditions as Exhibit 1 and which are deemed to form part of these Conditions. The rights and powers of the Noteholders may only be exercised in accordance with the Rules of the Organisation of the Noteholders.

### 1.7 **Representative of the Noteholders**

Each Noteholder recognises that the Representative of the Noteholders is the legal representative of the Organisation of the Noteholders and accepts to be bound by the terms of the Transaction Documents which have been signed by the Representative of the Noteholders as if it had signed such documents itself.

## 2. **INTERPRETATION AND DEFINITIONS**

### 2.1 **Interpretation**

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (a) the exhibit hereto constitutes an integral and essential part of these Conditions and shall have the force of and shall take effect as covenants; and
- (b) headings and subheadings are for ease of reference only and shall not affect the construction of these Conditions.

### 2.2 **Definitions**

Unless otherwise defined in these Conditions, capitalised words and expressions used in these Conditions have the following meanings and constructions:

**"Acceleration Event"** means that the Collateralisation Condition is not satisfied on the immediately preceding Payment Date.

**"Account"** means each of the Eligible Accounts, the Expense Account and the Quota Capital Account, opened by the Issuer, and **"Accounts"** means all of them.

**"Account Bank"** means Banca Valsabbina, or any other entity acting as account bank pursuant to the Agency Agreement from time to time, and any of its permitted successors or transferees.

**"Account Bank Report"** means the monthly report setting out certain information with reference to each month, in respect of the amounts standing to the credit of each of the Eligible Accounts, the interest accrued thereon and taxes accrued and paid.

**"Account Bank Report Date"** means the tenth day of each month or, if such day is not a Business Day, the immediately following Business Day.

**"Accounting Portfolio"** means, on any given date, the Receivables included in the Aggregate Portfolio which have not been redeemed or repurchased on such date.

**"Accounting Portfolio Outstanding Principal"** means an amount equal to the sum of the Outstanding Principal in respect of all Receivables comprised in the Accounting Portfolio.

**"Accrued Interest"** means, as of any relevant date and in relation to each Receivable, the portion of the Interest Instalment falling due on the next Scheduled Instalment Date which has accrued as at that date.

**"Additional Activities"** has the meaning ascribed to such term in Article 4.2.1 (*Compenso Ulteriore*) of the Administrative Services Agreement.

**"Additional Fee"** has the meaning ascribed to such term in Article 4.2.1 (*Compenso Ulteriore*) of the Administrative Services Agreement.

**"Additional Return"** means any remaining amount available following the payment of item Nineteenth of the Pre-Enforcement Priority of Payments and item Eleventh of the Post-Enforcement Priority of Payments to the Junior Noteholders less any amount due under the subordinated items of the applicable Priority of Payments.

**"Adjustment Purchase Price"** means in relation to any Receivable transferred to the Issuer pursuant to clause 4.2 (*Adeguamento del Corrispettivo nel caso di erronea inclusione di un credito*) and clause 4.3 (*Adeguamento del Corrispettivo nel caso di erronea esclusione di un Credito*) of the Transfer Agreement, the purchase price calculated pursuant to clause 4 (*Adeguamento del Corrispettivo*) of the Transfer Agreement.

**"Affected Class"** shall have the meaning ascribed to it in Condition 8.4.1 (*Redemption, Purchase and Cancellation – Redemption for Taxation*).

**"Agency Agreement"** means the cash allocation, management and payment agreement executed on or about the Signing Date between, *inter alios*, the Issuer, the Originator, the Computation Agent, the Account Bank, the Cash Manager, the Servicer, the Sub-Servicer, the Representative of the Noteholders and the Paying Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Agents"** means the Cash Manager, the Paying Agent, the Account Bank the Back-Up Sub-Servicer



and the Computation Agent collectively, and "**Agent**" means each of them.

"**Alternative Base Rate**" means one of the following rates (as determined by the Representative of the Noteholders):

- (a) a base rate published, endorsed, approved or recognised by the European Central Bank, any regulator in Italy or the EU (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
- (b) the EONIA (or any rate which is derived from, based upon or otherwise similar to the foregoing); or
- (c) a base rate utilised in a material number of publicly-listed new issues of Euro denominated asset backed floating rate notes prior to the effective date of such interest rate modification; or
- (d) such other base rate as the Representative of the Noteholders reasonably determines.

"**Arranger**" means Banca Valsabbina.

"**ART**" means ART SGR S.p.A., an asset management company under the laws of Italy and operating in the form of *società per azioni*, whose registered office is at Via Carlo Espinasse, No. 163, 20156 Milan, Italy, quota capital Euro 200,000.00 fully paid up, fiscal code, VAT code and enrolment with the Companies Register of Milano Monza Brianza Lodi No. 09815380960, enrolled with the register of the *Società di Gestione del Risparmio* under No. 15363.5 pursuant to article 35 of the Financial Laws Consolidated Act, as management company of the alternative investment, closed-end and reserved fund known as "Colombo II" e di *investment manager* di AZ RAIF DL.

"**Avviso Comune**" means the common announcement for the suspension of debts of small and medium enterprises towards the finance sector subscribed on 3 August 2009 (as subsequently extended from time to time) by the Economy and Finance Ministry and the Italian Banking Association.

"**AZ RAIF DL**" means the reserved alternative investment fund (*fonds d'investissement alternative reserve - RAIF*) named "AZ RAIF I - Direct Lending" and managed by ART.

"**AZ SCB**" means AZ RAIF I – STRUCTURED CREDIT BRIDGE, a mutual investment umbrella fund (*fonds commun de placement- FCP*) organised under the laws of the Grand Duchy of Luxembourg as a reserved alternative investment fund (*fonds d'investissement alternative reserve – RAIF*), whose registered office is at 35, Avenue Monterey, L-2163 Luxembourg, Grand-duché de Luxembourg, for which Azimut Libera Impresa S.G.R. S.P.A., whose registered office is at Via Fiori Oscuri, 5 20121 Milan Italy, fiscal code and registration with the Companies Register of Milano 06566950967 acts as investment manager.

"**Back-Up Sub-Servicer**" means NSA or any other entity acting as back-up sub-servicer pursuant to the Back-Up Sub-Servicing Agreement from time to time, and any of its permitted successors or transferees.

"**Back-Up Sub-Servicing Agreement**" means the back-up agreement executed on or about the Signing Date between the Issuer, the Servicer, the Sub-Servicer and the Back-Up Sub-Servicer as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Banca FININT**" means Banca Finanziaria Internazionale S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, having its registered office at Via Vittorio Alfieri, n.1, 31015 Conegliano, Italy, share capital Euro 71,817,500 i.v., fiscal code and enrolment with the companies register of Treviso - Belluno under No. 04040580963.

**"Banca Valsabbina"** means Banca Valsabbina S.C.p.A., a bank incorporated under the laws of the Republic of Italy, whose registered office is at Via Molino 4, 25078 Vestone (Brescia), Italy and headquarters in Via XXV Aprile 8, 25121 Brescia, Italy, fiscal code and enrolment with the Companies Register of Brescia number 00283510170, share capital Euro 106,550,481, and parent company of the Banca Valsabbina Banking Group registered under No. 05116.9 with the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Consolidated Banking Act.

**"Bank of Italy Supervisory Regulations"** means the instructions and the circulars issued from time to time by the Bank of Italy and applicable to the Securitisation, the Servicer and/or the Issuer.

**"Borsa Italiana"** means Borsa Italiana S.p.A., with registered office at Piazza degli Affari No. 6, 20123 Milan, Italy.

**"Business Day"** means any day (other than Saturday, Sunday or a public holiday in Milan) on which the Trans-European Automated Real Time Gross Settlement-Express Transfer System (TARGET2), or any successor thereto, is open.

**"Calculation Date"** means the fourth Business Day before the relevant Payment Date on which the Payments Report is due by the Computation Agent.

**"Cancellation Date"** means the earlier of:

- (a) the date on which the Notes have been redeemed in full,
- (b) the Final Maturity Date, and
- (c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer.

**"Cash Eligible Accounts"** means the Collection Account, the Payments Account, the Incremental Instalments Account and the Cash Reserve Account and **"Cash Eligible Account"** means each of them

**"Cash Manager"** means Banca Valsabbina or any other person acting as cash manager pursuant to the Agency Agreement from time to time, and any of its permitted successors or transferees.

**"Cash Manager Report"** means the report delivered by the Cash Manager on or prior the Cash Manager Report Date setting out certain information on the investments made.

**"Cash Manager Report Date"** means at the latest 7 (seven) Business Days before each Payment Date.

**"Cash Reserve Account"** means the Euro denominated Account with IBAN No. IT91 I051 1655 3970 0000 0000 009 established in the name of the Issuer with the Account Bank into which the *Required Cash Reserve Amount* shall be transferred on the Issue Date and thereafter on each Incremental Instalment Date and/or Payment Date until the Principal Amount Outstanding under each of the Senior Notes and the Mezzanine Notes is repaid in full.

**"Cash Reserve Amount"** means, on the Issue Date and thereafter on each Incremental Instalment Date and/or each Payment Date, the amount credited to the Cash Reserve Account.

**"Cash Reserve Increase Amount"** means an amount equal to the difference between (a) the Required Cash Reserve Amount as of the relevant Incremental Request Date and (b) the Required Cash Reserve Amount as of the preceding Incremental Instalment Date, to be financed through the Incremental Instalment.

**"Centotrenta Servicing"** means Centotrenta Servicing S.p.A., a financial intermediary incorporated

as a società per azioni under the laws of the Republic of Italy, having its registered office at Via San Prospero, n. 4, Milan, Italy, fiscal code and enrolment with the companies register of Milan Monza Brianza Lodi No. 07524870966, and enrolled in the Financial Institution Register under Article 106 of the Consolidated Banking Act.

"**Class**" shall be a reference to a class of Notes, being (i) the Class A, (ii) the Class B or (iii) the Class J Notes and "**Classes**" means each of them.

"**Class A Notes**" means the € 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036.

"**Class A Notes Incremental Instalment**" means an amount equal to the product of:

- (a) the Weighted Average Guarantee Percentage of the Further Portfolio; and
- (b) the sum of the Outstanding Credit of the Receivables comprised in each Further Portfolio.

"**Class A Notes Initial Instalment**" means 89,02% of the Outstanding Credit of the Initial Portfolio as at the Initial Valuation Date, equal to Euro 9,083,762.00.

"**Class A Noteholder**" means the Holder of a Class A Note and "**Class A Noteholders**" means all of them.

"**Class B Notes**" means the € 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036.

"**Class B Notes Incremental Instalment**" means an amount equal to the product of:

- (a) 90% minus the Weighted Average Guarantee Percentage of the Further Portfolio; and
- (b) the sum of the Outstanding Credit of the Receivables included in each Further Portfolio.

"**Class B Notes Initial Instalment**" means Euro 100,000.00.

"**Class J Notes**" means the € 20,000,000 Class J Asset Backed Partly Paid Notes due March 2036.

"**Class J Notes Incremental Instalment**" means an amount equal to the balance between:

- (a) the Purchase Price due by the Issuer in respect of the relevant Further Portfolios whose purchase is financed through such Incremental Instalment; minus
- (b) the relevant Class A Notes Incremental Instalment and Class B Notes Incremental Instalment; plus
- (c) the Cash Reserve Increase Amount; plus
- (d) any other amount due in accordance to the Transaction Documents.

"**Class J Notes Initial Instalment**" means Euro 1.194.532,11.

"**Class J Noteholder**" means the Holder of a Class J Note and "**Class J Noteholders**" means all of them.

"**Clearstream**" means Clearstream Banking, *société anonyme*, with registered office at 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

"**Closing Date**" means 1 April 2021, which is the date Krypton received from the Originator, the Servicer, the Sub-Servicer and the Loan Provider letters of acceptance, conforming to their proposals, of the contractual proposals for the Transfer Agreement, the Master Servicing Agreement, the Sub-Servicing Agreement and the Limited Recourse Loan Agreement.

"**Collateral Portfolio**" means, on any given date, the aggregate of all Receivables owned by the Issuer which are not Defaulted Receivables as of that date, comprised in the Accounting Portfolio and, in respect of which no Limited Recourse Loan has been granted by the Originator to the Issuer

pursuant to clause 15.1 (*Concessione del Prestito a Ricorso Limitato*) of the Transfer Agreement.

**"Collateral Portfolio Outstanding Principal"** means the sum of the Outstanding Principal of all the Receivables comprised in the Collateral Portfolio.

**"Collateralisation Condition"** means that, on each Determination Date after the end of the Ramp-Up Period, the sum of the Outstanding Credit of the Collateral Portfolio as at such Determination Date is higher than Euro 20,000,000.

**"Collection Account"** means the Euro denominated Account with IBAN IT40 G051 1655 3970 0000 0000 007 established in the name of the Issuer with the Account Bank for the deposit of all the Collections from time to time received or recovered in respect of the Portfolio by the Servicer and/or the Sub-Servicer in accordance with the provisions of the Master Servicing Agreement, the Sub-Servicing Agreement and the Agency Agreement.

**"Collection Period"** means the Monthly Collection Period or the Quarterly Collection Period as the case may be.

**"Collections"** means all amounts received by the Issuer, or its agents or any other person in respect of the Instalments due under the Receivables and any other amounts whatsoever received by the Issuer, or its agents or any other person in respect of the Receivables.

**"Colombo II"** means the alternative investment, closed-end and reserved fund named "Colombo" managed by ART SGR S.p.A.

**"Common Criteria"** means the objective criteria for the selection of each Portfolio specified in annex 2 to the Transfer Agreement.

**"Computation Agent"** means Centotrenta Servicing or any other person acting as computation agent pursuant to the Agency Agreement from time to time and any of its permitted successors or transferees.

**"Conditions"** means the terms and conditions of the 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 **"Condition"** means each of them.

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

**"Consolidated Banking Act"** means Italian Legislative Decree No. 385 of 1 September 1993, as subsequently amended and supplemented from time to time.

**"Consolidated Finance Act"** means Italian Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented from time to time.

**"Conventions"** means, collectively, the *Avviso Comune*, the *Nuove Misure per il Credito alle Piccole e Medie Imprese* and the *Accordo per il Credito 2013*.

**"Corporate Servicer"** means Centotrenta Servicing or any other person acting as corporate servicer pursuant to the Corporate Services Agreement from time to time, and any of its permitted successors or transferees.

**"Corporate Services Agreement"** means the corporate services agreement executed on or about the Signing Date between the Issuer and the Corporate Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Counterclaim"** has the meaning set out in clause 14.8 (*Eccezioni da parte dei Debitori*) of the Transfer Agreement.

"**Counterclaim Accepted Amount**" has the meaning set out in clause 14.8 (*Eccezioni da parte dei Debitori*) of the Transfer Agreement.

"**Counterclaim Disputed Amount**" has the meaning set out in clause 14.8 (*Eccezioni da parte dei Debitori*) of the Transfer Agreement.

"**Credit and Collections Policies**" means the procedures for the management, collection and recovery of Receivables attached as schedule 2 (*Procedura di Riscossione*) to the Sub-Servicing Agreement.

"**Credit Enhancement**" means the ratio between the Principal Amount Outstanding of the Class J Notes and the Principal Amount Outstanding of the Notes.

"**CRR**" means the Regulation (UE) n. 575/2013 adopted on 27 June 2013 by the European Parliament and the European Council which repealed the CRD relating to, *inter alia*, exposures to transferred credit risk in the context of securitisation transactions, as amended and supplemented from time to time.

"**Criteria**" means, collectively, the Common Criteria and the Specific Criteria.

"**Cumulative Gross Default Ratio**" means at each Determination Date, the ratio between:

- (a) the sum of the Outstanding Principal as at the Default Date of all the Receivables which have been classified as Defaulted Receivables from the Valuation Date up to such Determination Date; and
- (b) the sum of the Outstanding Principal of the Initial Portfolio as at the Initial Valuation Date and the Outstanding Principal of the Aggregate Portfolio on the Further Portfolios Valuation Date.

"**Cumulative Net Default Ratio**" means at each Determination Date, the ratio between:

- (a) an amount equal to the difference between:
  - (i) the sum of the Outstanding Principal as at the Default Date of all the Receivables which have been classified as Defaulted Receivables from the Valuation Date up to such Determination Date; and
  - (ii) the sum of all the recoveries in respect of such Defaulted Receivables from the Default Date up to such Determination Date; and
- (b) the sum of the Outstanding Principal of the Initial Portfolio as at the Initial Valuation Date and the Outstanding Principal of the Aggregate Portfolio on the Further Portfolios Valuation Date.

"**Debtor**" means any Small and Medium Enterprise borrower and any other person or entity which entered into a Loan Agreement as principal debtor or guarantor which is liable for the payment or repayment of amounts due under a Loan Agreement, as the case may be, as a consequence of having granted any Guarantee to the Originator or having assumed the borrower's obligation under an assumption agreement (*accollo*), or otherwise and "**Debtors**" means all of them.

"**Decree No. 91**" means Italian Law Decree of 24 June 2014 No. 91, published on the Official Gazette on the same date and to be converted into Law within sixty days from its publication on the Official Gazette.

"**Decree No. 145**" means Italian Law Decree of 23 December 2013 No. 145 converted into law by Law No. 9 of 21 February 2014.

"**Decree No. 213**" means Italian Legislative Decree No. 213 of 24 June 1998, as amended and supplemented from time to time.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented from time to time and any related regulations.

"**Decree 239 Deduction**" means any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239.

"**Decree No. 350**" means Italian Law Decree No. 350 of 25 September 2001, converted into law with amendments by Law No. 409 of 23 November 2001, as amended and supplemented from time to time.

"**Decree No. 351**" means Italian Law Decree No. 351 of 25 September 2001, as amended and supplemented from time to time.

"**Decree No. 435**" means Italian Legislative Decree No. 435 of 21 November 1997, as amended and supplemented from time to time.

"**Decree No. 600**" means the Italian Presidential Decree No. 600 of 29 September 1973, as amended and supplemented from time to time.

"**Decree 600 Deduction**" means any withholding or deduction on account at the rate of 26% under Legislative D.P.R. No. 600 of 29 September 1973 as it is in force on the date of this Prospectus.

"**Default Date**" means the date on which a Receivable is classified as a Defaulted Receivable as indicated in the relevant Monthly Servicer's Report.

"**Defaulted Receivables**" means any Receivable arising from Loan Agreements with at least an overdue and unpaid instalment for more than 90 (ninety) calendar days or that are classified as Non-Performing Receivables or for which the Sub-Servicer has requested the enforcement of the FCG Guarantee pursuant to the Sub-Servicing Agreement.

"**Delinquency Ratio**" means, with reference to each Quarterly Servicer Report Date, the ratio calculated by the Sub-Servicer dividing: (a) the aggregate amount of the Outstanding Principal in relation to all the Receivables that are Delinquent Receivables as at the last day of the immediately preceding Quarterly Collection Period by (b) the aggregate amount of Outstanding Principal of the Aggregate Portfolio as at the last day of the immediately preceding Quarterly Collection Period..

"**Delinquent Instalment**" means an Installment that has not been paid by the relevant Debtor for 31 days or more from the relevant Scheduled Instalment Date.

"**Delinquent Receivables**" means any Receivable related to a Loan Agreement with respect to which there is at least one Delinquent Instalment unpaid for more than 31 (thirty-one) calendar days and which are not classified as Defaulted Receivables.

"**Designated Repository**" means the securitisation repository where the information required by Article 7(1) of the EU Securitisation Regulation is made available.

"**Determination Date**" means in respect of any Payment Date, the last day of the immediately preceding Collection Period.

"**Dodd-Frank Act**" means the Dodd-Frank Wall Street Reform and Consumer Protection Act enacted as a United States federal law in 2010, as from time to time amended and supplemented.

"**Drawing**" means each drawing made by the Loan Provider to the Issuer in accordance with the Limited Recourse Loan Agreement.

"**EBA Guidelines on STS Criteria**" means the guidelines on the criteria of simplicity, transparency and standardisation adopted by EBA on 12 December 2018 pursuant to the Securitisation Regulation and named "Guidelines on the STS criteria for non-ABCP securitisation".

"**Eligible Accounts**" means the Cash Eligible Accounts and the Securities Account and "**Eligible Account**" means each of them.

"**Eligible Institution**" means any depository institution organised under the laws of any state which is in the European Union, in the UK or in the United States of America, and any other country which can carry out passporting activities in Italy.

"**Eligible Investment**" means the eligible investments (if any) that may be made by the Cash Manager on the basis of the provisions of the Agency Agreement and as to be agreed among the relevant parties.

"**Eligible Investments Maturity Date**" means, in relation to Collections to be distributed on a certain Payment Date, each day falling the second Business Day immediately preceding such Payment Date.

"**EMU**" means the European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended by the Treaty on European Union.

"**ESMA**" means the European Securities and Market Authority.

"**ESTER**" means the Euro Short-Term Rate.

"**EU Insolvency Regulation**" means

- (i) European Council Regulation (EC) No. 1346 of 29 May 2000 with reference to proceedings opened prior to 26 June 2017, and
- (ii) European Council Regulation (EU) 848/2015, with reference to proceedings opened after 26 June 2017,

each as amended and supplemented from time to time.

"**EURIBOR**" means the interest rate offered in the euro-zone interbank market for three months deposits in Euro, which appears on the Bloomberg Page EUR0003M page at on/or about 11.00 a.m. (Brussels time) or (A) such other page as may replace the Bloomberg Page EUR0003M page on that service for the purpose of displaying such information or (B) if that service ceases to display such information on such equivalent service as may replace the Bloomberg Page EUR0003M.

"**Euro**", "**€**" and "**cents**" refer to the single currency introduced in the Member States of the European Union which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of the European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995.

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

"**Euro-Zone**" means the region comprised of Member States of the European Union that adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended by, *inter alia*, the Treaty on European Union (signed in Maastricht on 7 February 1992).

"**EU Securitisation Regulation**" means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017.

"**Exercise Period**" has the meaning ascribed to such term in clause 16.2 (*Periodo di esercizio dell'Opzione di Riacquisto*) of the Transfer Agreement.

"**Expected Cumulative Net Default Ratio**" means, on each Determination Date, the ratio between:

- (a) the sum of:

- (i) the Outstanding Principal as of the Default Date of each Loan whose Receivables are classified as Defaulted Receivables in the six (6) months prior to such Determination Date, each multiplied by 1 minus the FCG Guarantee Loan Percentage; and
  - (ii) the Outstanding Principal as of the Default Date of each Loan whose Receivables are classified as Defaulted Receivables between 7 (seven) and 9 (nine) months prior to such Determination Date, each multiplied by 1 minus the product between the FCG Guarantee Loan Percentage and 0.5; and
  - (iii) the Outstanding Principal as of the Default Date of each Loan whose Receivables are classified as Defaulted Receivables between 10 (ten) and 12 (twelve) months prior to the Determination Date, each multiplied by 1 minus the product of FCG Guarantee Loan Percentage and 0.3; and
  - (iv) the Outstanding Principal as of the Default Date of each Loan whose Receivables are classified as Defaulted Receivables for more than 12 (twelve) months prior to the Determination Date; and
- (b) the sum of the Outstanding Principal of the Initial Portfolio as of the Initial Valuation Date and the Outstanding Principal of all the Further Portfolios as of the Valuation Date of relevant Further Portfolio.

**"Expense Account"** means the account with IBAN No. IT17 H051 1655 3970 0000 0000 008 established by the Issuer with the Account Bank Bank, into which the Retention Amount shall be credited and out of which the Expenses will be paid during each Collection Period.

**"Expenses"** means any 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 any other documented costs and expenses required to be paid in order to preserve the existence of the Issuer or to maintain it in good standing, or to comply with applicable legislation to be paid *pro quota* in accordance with clause 4.5 (*Ripartizione dei costi e delle spese*) of the Corporate Services Agreement.

**"Expert"** means an internationally recognised accountancy or a legal firm or a company with expertise in the recovery of claims, in each case selected by the Issuer.

**"ExtraMOT PRO"** means the multilateral trading facility managed by Borsa Italiana S.p.A..

**"Extraordinary Resolution"** means a resolution passed at a Meeting of the relevant Noteholders, duly convened and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders, by a majority of not less than three quarters of the votes cast.

**"FCG Guarantee"** means the FCG's guarantee provided under the Italian law No. 662 of 23 December 1996 which established the Mediocredito Centrale Guarantee Fund and under the provisions of Article 56 of Decree Law no. 18 of March 17, 2020 (as converted by Law no. 27 of April 24, 2020) and/or Decree Law no. 23 of April 8, 2020 (as converted by Law no. 40 of June 5, 2020).

**"FCG Guaranteed Amount"** means the amount of each Receivable guaranteed by the FCG Guarantee as of the relevant Valuation Date.

**"FCG Guarantee Loan Percentage"** means the amount, expressed as a ratio between the FCG Guaranteed Amount and the Outstanding Credit of each Loan as at the Valuation Date, as reported in the relevant List of the Receivables.

**"Fees"** means collectively the Risk Premium Fee, the Origination Fee and the Payment Service Fee and **"Fee"** means each of them.



"**Fenice Trust Company**" means Fenice Trust Company S.r.l., a limited liability company incorporated under the laws of Italy with registered office at Via Dante, no. 4, 20121 Milan, Italy.

"**Final Maturity Date**" means the Payment Date falling on March 2036.

"**First Payment Date**" means the Payment Date falling in 27 September 2021.

"**Fondo Centrale di Garanzia**" or "**Fondo di Garanzia per le PMI**" means the central guarantee fund established at Mediocredito Centrale S.p.A. under Italian law No. 662 of 23 December 1996.

"**FSMA**" means the Financial Services and Markets Act 2000.

"**First Performance Event**" means the Expected Cumulative Net Default Ratio (as set out in the Servicer Report) which exceeds 5 % or an "*Indice di Garanzia Escussa non Pagata*" which exceeds 3%.

"**Fixed Rate Credit**" means a Loan to which a fixed interest rate applies for the entire duration of the related Loan.

"**Further Drawing**" means any Drawing (other than the Initial Drawing) to be made by the Loan Provider to the Issuer under the Limited Recourse Loan Agreement on or about the relevant Intra-Period Settlement Date for the payment of the Purchase Price of the relevant Further Portfolio (and "**Further Drawings**" means any of them).

"**Further Portfolio**" means any portfolio (other than the Portfolio) of Receivables purchased by the Issuer, after the Initial Portfolio, the purchase of which is financed with proceeds deriving from the Limited Recourse Loan Agreement, any Incremental Instalment and/or with the Issuer's Available Funds pursuant to the Transfer Agreement and the other Transaction Documents.

"**Further Securitisation**" means any further securitisation transaction which may be carried out by the Issuer pursuant to the Securitisation Law and in accordance the Condition 5.2 (*Further Securitisations*) and the other Transaction Documents and "**Further Securitisations**" means all of them.

"**GDPR**" means Regulation (EU) 2016/679 of of the European Parliament and of the Council of 27 April 2016.

"**Group of Debtors**" means Debtors belonging to the same economic group of companies.

"**Guarantee**" means the FCG Guarantee as well as any personal guarante (other than an omnibus surety), indemnity, surrendered statement, right of retention or other agreement and structure in support of or guaranteeing the payment of a Receivable (including a guaranty granted pursuant to Law 662) given to the Originator as a guarantee for the repayment of such Receivable, including, without limitation, "*privilegi legali e convenzionali*" pursuant to Articles 44 and 46 of the Consolidated Banking Act, and "**Guarantees**" means each of them.

"**Guaranteed Outstanding Credit**" means, in relation to a given date with reference to each Receivable, an amount calculated as follows:

"*Outstanding Credit*" \* "*FCG Guarantee Loan Percentage*" \* "*Z*".

Where "*Z*" is equal to:

- (i) 1 for each Loan whose Receivables is not classified as a Defaulted Receivables and for each Loan whose Receivables is classified as a Defaulted Receivables in the 6 (six) months prior to the relevant Determination Date; and
- (ii) 0.5 for each Loan whose Receivables is classified as a Defaulted Receivables between 7

- (seven) and 9 (nine) months prior to the relevant Determination Date; and
- (iii) 0.3 for each Loan whose Receivables is classified as a Defaulted Receivables between 10 (ten) and 12 (twelve) months prior to the relevant Determination Date; and
  - (iv) 0 for each Loan whose Receivables is classified as a Defaulted Receivables for more than 12 (twelve) months the relevant Determination Date.

**"Guaranteed Portfolio Outstanding Credit"** means, on any Determination Date, the aggregate of the Guaranteed Outstanding Credit of each Loan comprised in the Aggregate Portfolio.

**"Guaranteed Portfolio Outstanding Credit of the Defaulted Receivables"** means, on any Determination Date, the aggregate of the Guaranteed Outstanding Credit of each Receivables classified as Defaulted Receivables.

**"Guarantor"** means any person who has granted a Guarantee.

**"Incremental Instalment"** means the incremental instalment on the Notes to be paid by the Noteholders on the Incremental Instalment Date in accordance with the Conditions and the Subscription Agreements in order to fund the purchase of any Further Portfolio.

**"Incremental Instalments Account"** means the Euro denominated account established in the name of the Issuer with the Account Bank with IBAN No. IT63 F051 1655 3970 0000 0000 006 into which the proceeds deriving from the Incremental Instalments will be credited for the purchase of the Further Portfolios during Revolving Period.

**"Incremental Instalment Date"** means:

- (a) with reference to each Monthly Transfer Date and each Infra-Period Transfer Date, the Business Day as notified by the Issuer on the relevant Incremental Instalment Request Date, provided that such Incremental Instalment Date falls at least 3 (three) Business Days after the Incremental Instalment Request Date; or
- (b) with reference to each Quarterly Transfer Date, the Business Day as notified by the Issuer on the Incremental Instalment Request Date, provided that such Incremental Instalment Date falls within 1 (one) Business Day before each Payment Date.

**"Incremental Instalment Request"** means the request prepared by the Issuer, with the cooperation of the Computation Agent, on the Incremental Request Date requesting the Noteholders to pay the relevant Incremental Instalment in accordance with the provisions of the Subscription Agreements.

**"Incremental Instalment Request Date"** means:

- (a) with reference to each Monthly Transfer Date, the second Business Day of each month and, in any case, the date falling 1 (one) Business Day after the Monthly Transfer Date; or
- (b) with reference to each Infra-Period Transfer Date, the second Business Day of the following month, or the date falling 1 (one) Business Day after the Monthly Transfer Date; or
- (c) with reference to each Quarterly Transfer Date, the relevant Calculation Date.

**"Individual Purchase Price"** means the price of each Receivable purchased by the Issuer pursuant to the Transfer Agreement as indicated in schedule 4 (*Prospetto dei Crediti ricompresi nel Portafoglio Iniziale*) of the Transfer Agreement in respect of the Initial Portfolio and in schedule B (*Prospetto dei Crediti ricompresi nel Portafoglio*) of the relevant Offers in respect of each Further Portfolio, with the aggregate of the Individual Purchase Prices being equal to the Purchase Price of the relevant Portfolio.

**"Information Memorandum"** means the information memorandum prepared pursuant to Article 2 of the Securitisation Law in connection with the issue of the Notes.

**"Infra-Period Offer Date"** means, during the Ramp-Up Period, the eleventh Business Day of each month, or the Business Day immediately following, on which Originator delivers an Offer to the Issuer pursuant to the Transfer Agreement.

**"Infra-Period Transfer Date"** means, during the Ramp-Up, with respect to each Further Portfolio, the eleventh Business Day of each month, or the immediately following Business Day on which the Originator receives an acceptance to the Offer by the Issuer pursuant to the Transfer Agreement.

**"Infra-Period Settlement Date"** means the date falling on the later of:

- (a) the 15th (fifteenth) Business Day of each month in which, during the Ramp-Up Period, the Issuer uses the Limited Recourse Loan drawn under the Limited Recourse Loan Agreement to finance the purchase of a Further Portfolio; and
- (b) the date immediately following the completion of all formalities required by clause 11.1.1 (*Pubblicazione in Gazzetta Ufficiale, iscrizione nel Registro delle Imprese e forme integrative di pubblicità*), paragraph (a) of the Transfer Agreement in order to make the transfer of the relevant Further Portfolio enforceable against debtors and third parties.

**"Initial Cash Reserve Amount"** means an amount equal to Euro 91,837.62 (ninetyonethousandeighthundredthirtyseven/62).

**"Initial Drawing"** means the first Drawing of the Limited Recourse Loan made available by the Loan Provider to the Issuer under the Limited Recourse Loan Agreement for the payment of the Purchase Price of the Initial Portfolio.

**"Initial Drawing Date"** means the date falling on the later between:

- (a) 8 April 2021; and
- (b) the date falling immediately after the fulfilment of the formalities required under Article 11.1.1 (*Pubblicazione in Gazzetta Ufficiale, iscrizione nel Registro delle Imprese e forme integrative di pubblicità*), paragraph (a) of the Transfer Agreement in relation to the Initial Portfolio.

**"Initial Expenses Amount"** means an amount equal to Euro 527,532.09 (fivehundredtwentyseventhousandfivehundertirtytwo/09) being the sum of all the upfront expenses incurred by the Issuer in order to carry out the Securitisation.

**"Initial Instalment"** means the initial instalment on the Notes to be paid by the Underwriters on the Issue Date in accordance with the Conditions and the Subscription Agreements in order to fund the purchase of the Initial Portfolio, the Retention Amount, the upfront fees and the Required Cash Reserve Amount.

**"Initial Interest Period"** means the period comprised between (i) the Issue Date (included) and (ii) the First Payment Date (excluded).

**"Initial Portfolio"** means the initial portfolio of Receivables purchased by the Issuer on the Closing Date pursuant to the terms and conditions of the Transfer Agreement.

**"Initial Portfolio Purchase Price"** means the Purchase Price of the Initial Portfolio pursuant to the Transfer Agreement, equal to the sum of the Individual Purchase Price of each Receivable comprised in such Initial Portfolio for a total amount of Euro 9.850.762,02 (ninemillioneighthundred fiftythousandsevenhundredsixtytwo/02).

**"Initial Valuation Date"** means the Valuation Date of the Initial Portfolio being 31 March 2021 at

23:59 Italian time.

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

- (a) such company or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation, or is failing or is likely to fail pursuant to article 17 of Legislative Decree No. 180 of 16 November 2015 (if applicable), or has entered into a "*concordato*" with its creditors or other debt restructuring arrangements (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of any jurisdiction in which such company or corporation is deemed to carry on business 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 *pignoramento* or similar procedure having a similar effect (other than in the case of the Issuer, any portfolio of assets purchased by the Issuer for the purposes of further securitisation transactions), unless in the opinion of the Representative of the Noteholders, such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (b) an application for the commencement of any of the proceedings under (a) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company or corporation and, in the opinion of the Representative of the Noteholders, the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (c) such company or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in the case of the Issuer, the Other Issuer Creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments; or
- (d) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company or corporation (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 any of the events under Article 2484 of the Italian Civil Code occurs with respect to such company or corporation.

**"Instalment"** means with respect to each Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalments and a Principal Instalment.

**"Intercreditor Agreement"** means the agreement between the creditors concluded on the Signing Date between, *inter alios*, the Issuer, the Representative of the Noteholders (on its own behalf and as agent for the Noteholders) the Originator, the Servicer, the Sub-Servicer, the Back-Up Sub-Servicer, the Account Bank, the Cash Manager, the Corporate Servicer, the Paying Agent, the Computation Agent, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Interest Determination Date"** means, with respect to the Initial Interest Period, the date falling two Business Days prior to the Issue Date and with respect to each subsequent Interest Period, the date falling two Business Days prior to the Payment Date at the beginning of such Interest Period.

**"Interest Instalment"** means, the interest component of each Instalment.

"**Interest Amount**" has the meaning given to it in Condition 7.2 (*Interest - Determination of the Rates of Interest and Calculation of Interest Amounts*).

"**Interest Amount Arrears**" has the meaning given to it in Condition 7.3 (*Publication of the Rate of Interest and Interest Amount*).

"**Interest Period**" means the Initial Interest Period and thereafter each period comprised between (i) one Payment Date (included); and (ii) the immediately following Payment Date (excluded).

"**Investors' Report**" means the quarterly report issued by the Computation Agent within each Investors Report Date in accordance with the provisions of the Agency Agreement, setting out certain information with respect to the Notes.

"**Investors Report Date**" means the fifth Business Day after each Payment Date.

"**IRAP**" means the regional tax on productive activities.

"**IRES**" means *imposta sul reddito delle società* applied on the corporate taxable income.

"**Issue Date**" means 22 April 2021.

"**Issue Price**" means the following percentages of the principal amount of the Notes at which the Notes will be issued:

<i>Class</i>	<i>Issue Price</i>
Class A	100 per cent;
Class B	100 per cent;
Class J	100 per cent.

"**Issuer**" means Krypton SPE S.r.l..

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

- (a) any Collection and all amounts received or recovered by the Issuer or on behalf of the Issuer in accordance with the terms of the Transfer Agreement, the Master Servicing Agreement and the Intercreditor Agreement, or from any party to the Transaction Documents during the Collection Period immediately preceding the relevant Payment Date (including but not limited to, for the avoidance of any doubt, all amounts (i) recovered from the FCG Guarantee or recovered from the Debtors, (ii) received from the sale, if any, of the Portfolio (in whole or in part) together with any proceeds deriving from the enforcement of the Issuer's Rights, and (iii) collected or recovered by the Issuer under Clause 15.2 of the Transfer Agreement) (such as the limited recourse loan granted by the Originator);
- (b) all amounts of interest accrued and paid on the Collection Account, the Payments Account, the Incremental Instalments Account and the Cash Reserve Account (if any) during the Collection Period immediately preceding the relevant Payment Date;
- (c) all amounts deriving from the Eligible Investments made under the terms of the Agency Agreement due to be paid on the Eligible Investments Maturity Date immediately prior to the relevant Payment Date;
- (d) any and all other amounts standing to the credit of the Collection Account, the Payments Account, the Incremental Instalments Account (excluding any amount paid as Initial Instalment and/or Incremental Instalment on each Class of Notes in accordance with the Subscription Agreements) and the Cash Reserve Account following the payments required to be made from such accounts on the immediately preceding Payment Date.

**"Issuer Creditors"** means (i) the Noteholders; (ii) the Other Issuer Creditors; and (iii) any other third party creditors of the Issuer in respect of any taxes, costs, documented fees or expenses incurred by the Issuer in relation to the Securitisation and to the corporate existence and good standing of the Issuer according to the applicable laws and legislation.

**"Issuer's Rights"** mean the Issuer's rights under the Transaction Documents.

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

**"Italy"** means the Republic of Italy.

**"Junior Noteholder"** means the holder of a Junior Note and **"Junior Noteholders"** means all of them.

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

**"Junior Notes Interest Amount"** means, the amount of interest payable on the Junior Notes determined one Business Day prior to each Calculation Date.

**"Junior Notes Interest Rate"** has the meaning given to it in Condition 7.1.2 (*Interest on the Junior Notes*).

**"Junior Notes Redemption Amount"** means an amount equal to:

- (a) in the event that no Acceleration Event has occurred:
  - (i) prior to the occurrence of a First Performance Event, any Issuer's Available Fund remaining after the payment of the Senior Notes Redemption Amount and the Mezzanine Notes Redemption Amount, distributed as principal to the Junior Notes so that the Principal Amount Outstanding of the Junior Notes is equal to the difference between:
    - (1) the sum of (a) the Outstanding Performing Portfolio as of the end of the Collection Period preceding such Payment Date and (b) the Guaranteed Portfolio Outstanding Credit of the Defaulted Receivables as of the end of the Collection Period preceding such Payment Date; and
    - (2) the Principal Amount Outstanding of the Senior Notes after the relevant payment;multiplied by (1 minus the Mezzanine/Junior Notes Ratio);
  - (ii) after the occurrence of a First Performance Event, but prior to the occurrence of a Second Performance Event, any Issuer Available Fund remaining after the payment of all items up to item (xiv) in the Pre-Enforcement Priority of Payments multiplied by (1 – the Mezzanine/Junior Notes Ratio), distributed to the Junior Notes;
  - (iii) after the occurrence of a Second Performance Event any Principal Amount Outstanding in respect of the Junior Notes up to the amount redeemed as principal in respect of the Junior Notes is equal to 99% of the nominal amount of the Junior Notes, after the full reimbursement of the Senior e Mezzanine Notes
- (b) in the event that an Acceleration Event has occurred, any Principal Amount Outstanding in respect of the Junior Notes up to the amount redeemed as principal in respect of the Junior Notes is equal to 99% of the nominal amount of the Junior Notes.

**"Junior Notes Subscription Agreement"** means the subscription agreement in relation to the Junior

Notes executed on or about the Issue Date between, *inter alios*, the Junior Notes Underwriters the Issuer and the Representative of the Noteholders, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Junior Notes Underwriters**" means ART and AZ SCB as underwriters for the Junior Notes under the Junior Notes Subscription Agreement and "**Junior Notes Underwriter**" means each of them.

"**Krypton**" means Krypton SPE S.r.l. a single-member limited liability company incorporated in Italy, with registered office at Via San Prospero 4, 20121 Milan, Italy, share capital Euro 10,000 fully paid-up, tax code and registration with the Register of Companies of Milan Monza Brianza Lodi n. 11541160963.

"**Law 662**" means article 2, paragraph 100, letter A) of law No. 662 of 23 December 1996, which established the guarantee fund for the loans granted to small and medium enterprises, included the relevant enacting decrees and the regulations issued from time to time in relation to such guarantee fund and the transaction connected thereto.

"**Lead Manager**" means Banca Valsabbina, pursuant to the Senior Notes Subscription Agreement.

"**Limited Credit Loan**" means the limited recourse loan granted by the Originator to the Issuer pursuant to Article 15.1 (*Concessione del Prestito a Ricorso Limitato*) of the Transfer Agreement, in the event of any erroneous representation or breach of the warranties or representations made by the Originator pursuant to the Transfer Agreement, which is not resolved within 10 (ten) days, in an amount equal to the value of the Loan Agreements.

"**Limited Recourse Loan Agreement**" means the agreement entered into on 1 April 2021 between Issuer and Loan Provider, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

"**Limited Recourse Loan**" means the overdraft revolving facility made available to the Issuer by the Loan Provider under the Limited Recourse Loan Agreement.

"**List of the Receivables**" means the list of the Receivables attached under schedule 4 to the Transfer Agreement in respect of the Receivables included in the Initial Portfolio, or under annex B to the relevant Offer, in respect of the Receivables included in the Further Portfolios.

"**Loan**" means a commercial unsecured loan, *in bonis*, granted by the Originator to a borrower, the receivables in respect of which have been transferred by the Originator to the Issuer pursuant to the Transfer Agreement and "**Loans**" means all of them.

"**Loan Account**" indicates the account denominated in Euro, IBAN code IT31 Y051 1655 3970 0000 010, opened by the Issuer with Banca Valsabbina for for the drawings of the Limited Recourse Loan pursuant to the Limited Recourse Loan Agreement.

"**Loan Agreements**" means the commercial loan agreements pursuant to which the Loans have been granted and out of which the Receivables arise and "**Loan Agreement**" means each of them.

"**Loan Provider**" means Banca Valsabbina.

"**Loan Value**" has the meaning ascribed to such term in clause 15.1 (*Concessione del Prestito a Ricorso Limitato*) of the Transfer Agreement.

"**Management of the Defaulted Receivables**" means any activities related to the management of the Defaulted Receivables.

"**Master Definitions Agreement**" means the agreement executed on the Signing Date between, the

Issuer, the Representative of the Noteholders, the Originator, the Servicer, the Sub-Servicer, the Back-Up Sub-Servicer, the Account Bank, the Cash Manager, the Corporate Servicer, the Paying Agent, the Computation Agent and the Sole Quotaholder as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Master Servicing Agreement"** means the master servicing agreement entered into on 1 April 2021 between the Issuer and the Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Meeting"** means a meeting of Noteholders duly convened (whether originally convened or resumed following an adjournment) and held in accordance with the provisions contained in the Rules of the Organisation of the Noteholders.

**"Member State"** means, with reference to the European Union, a state that is party to treaties of the European Union (EU) and has thereby undertaken the privileges and obligations that EU membership entails.

**"Mezzanine/Junior Notes Ratio"** means, the ratio calculated after the applicable Priority of Payments of the Payment Date falling in April 2023, between:

- (a) the Principal Amount Outstanding of the Mezzanine Notes and;
- (b) the sum of
  - (i) the Principal Amount Outstanding of the Mezzanine Notes; and
  - (ii) the Principal Amount Outstanding of the Junior Notes.

**"Mezzanine Notes"** means the Class B Notes.

**"Mezzanine Notes Redemption Amount"** means an amount equal to:

- (a) in the event that no Acceleration Event has occurred:
  - (i) prior to the occurrence of a First Performance Event, any Issuer Available Fund remaining after the payment of the Senior Notes Redemption Amount, distributed as principal to the Mezzanine Notes so that the Principal Amount Outstanding of the Mezzanine Notes is equal to the difference between:
    - (1) the sum of (a) the Outstanding Performing Portfolio as of the end of the Collection Period preceding such Payment Date and (b) the Guaranteed Portfolio Outstanding Credit of the Defaulted Receivables as on the Reference Date preceding such Payment Date; and
    - (2) the Principal Amount Outstanding of the Senior Notes after the relevant payment,multiplied by the Mezzanine/Junior Notes Ratio; or
  - (ii) after the occurrence of a First Performance Event, any Issuer Available Funds remaining after the payment of all items up to item (xiv) in the Pre-Enforcement Priority of Payments multiplied by the Mezzanine/Junior Notes Ratio, distributed to the Mezzanine Notes; or
  - (iii) after the occurrence of a Second Performance Event, 100% of any Issuer Available Fund available after the full reimbursement of the Senior Notes;



(b) in the event that an Acceleration Event has occurred, the Principal Amount Outstanding in respect of the Mezzanine Notes.

**"Mezzanine Notes Subscription Agreement"** means the agreement for the subscription of the Mezzanine Notes concluded close to the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders and the Mezzanine Notes Underwriters, as amended from time to time pursuant to the provisions thereof, and any other agreement, deed or document supplementary thereto.

**"Mezzanine Notes Underwriter"** means Banca Valsabbina in its capacity as underwriter of the Mezzanine Notes pursuant to the Mezzanine Notes Subscription Agreement and **"Mezzanine Notes Underwriters"** means Banca Valsabbina and any future underwriter of the Mezzanine Notes (if any).

**"Mezzanine Noteholders"** means jointly the holders of the Mezzanine Notes and **"Mezzanine Noteholder"** means each of them.

**"Model 231"** means the organisation, management and control model pursuant to Legislative Decree no. 231 of 8 June 2001.

**"Mo.Net"** means Mo.Net S.p.A., a company incorporated as a *società per azioni* under the laws of the Republic of Italy, having its registered office at in Via Carlo Espinasse, n. 163, 20156, Milan, Italy, fiscal code and enrolment with the Companies Register of Milan-Monza-Brianza-Lodi No. 09045400968.

**"Monte Titoli"** means Monte Titoli S.p.A., with registered office at Piazza Affari No. 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 including any depository banks appointed by Euroclear and Clearstream.

**"Monthly Collection Period"** means each period of one month, commencing on (and including) the first calendar day of each month and ending respectively on (and including) the last calendar day of each month, and in the case of the first Monthly Collection Period, commencing on (and including) Initial Valuation Date and ending on (and including) 30 April 2021.

**"Monthly Offer Date"** means, during the Ramp-Up Period, the first Business Day of each month, or the immediately following Business Day, on which the Originator delivers an Offer to the Issuer pursuant to the Transfer Agreement.

**"Monthly Servicer's Report"** means the monthly report setting out certain information in relation to the performance of the Receivables and the Loans during the preceding Monthly Collection Period which shall be prepared by the Sub-Servicer pursuant to Article 8 (*Rapporti Periodici*) of the Sub-Servicing Agreement and delivered on each Monthly Servicer's Report Date pursuant to the Master Servicing Agreement.

**"Monthly Servicer's Report Date"** means the 5<sup>th</sup> day of each month or, if such day is not a Business Day, the immediately following Business Day and, in the case of the first Monthly Servicer's Report Date, 5 May 2021.

**"Monthly Transfer Date"** means, during the Ramp-Up Period, the first Business Day of each month, or the immediately following Business Day on which the Originator receives an acceptance to the Offer by the Issuer pursuant to the Transfer Agreement.

**"Most Senior Class of Noteholders"** means the holders of the Most Senior Class of Notes.

**"Most Senior Class of Notes"** means the Class of Notes outstanding which ranks highest with

respect to the repayment of principal pursuant to Condition 4.3 (*Ranking*) and in accordance with the applicable Priority of Payments.

**"Net Portfolio Yield"** means, with respect to any period of time, the amount which is the aggregate of: (i) the Interest Instalments (for avoidance of doubt, in respect of the First Payment Date the Interest Instalments starting from the Valuation Date) accrued on the Portfolio during the relevant period whether or not actually paid; (ii) any default interest on the Receivables paid by the Debtor during such period under the terms of the relevant Loan Agreement; (iii) the amount of any and all penalties paid by the Debtor in such period; (iv) any other revenues accrued to the Issuer under the Loan Agreement in such period; (v) the difference between the Accrued Interest as at the last day of the relevant Quarterly Collection Period (if any) and the Accrued Interest as at the beginning of the relevant Quarterly Collection Period.

**"Nominal Amount"** means, in respect of all the Notes, the nominal amount thereof, equal to Euro 220,000,000.00.

**"Non-Performing Exposures"** means the "*sofferenze*", the "*inadempienze probabili*" and the "*esposizioni scadute e/o sconfinanti deteriorate*", as classified in the Circular of the Bank of Italy No. 272 of 30 July 2008.

**"Non-Performing Receivables"** means Receivables classified as "non-performing" (*in sofferenza*) by the Servicer in accordance with Supervisory Instructions (on the basis of the information provided by the Sub-Servicer in accordance with the Credit and Collection Policies).

**"Noteholders"** means the Holders of the Senior Notes, the Mezzanine Notes and the Junior Notes, collectively and **"Noteholder"** means any of them.

**"Notes"** means, collectively, the Senior Notes, the Mezzanine Notes and the Junior Notes to be issued by the Issuer pursuant to Articles 1 and 5 of the Securitisation Law.

**"NSA"** means NSA S.p.A., a company incorporated as a società per azioni under the laws of the Republic of Italy, having its registered office at Via Pietro Mascagni No.15, 20122, Milan, fiscal code and enrolment with the Companies Register of Milan-Monza-Brianza-Lodi with No. 02229510983.

**"Offer"** means each "*Proposta di Cessione*" made by the Originator to the Issuer for the sale of any Further Portfolio, in accordance with the relevant Transfer Agreement.

**"Offer Date"** means, respectively, as the case may be, the Infra-Period Offer Date, the Monthly Offer Date and the Quarterly Offer Date.

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

**"Option"** has the meaning given to such term in clause 16.1 (*Diritto di Opzione*) of the Transfer Agreement.

**"Option to Repurchase Individual Receivables"** has the meaning given to such term in clause 24.4 of the Intercreditor Agreement.

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

**"Original Loan Amount"** means the amount advanced by the Originator to the relevant Debtor in relation to each Loan agreement at the date of inception of such Loan Agreement.

**"Origination Fee"** means an amount calculated in accordance with the following formula, as set forth in the Prospectus of the Credits:

- (a) for Loans disbursed through 30 June 2021:

$(0.5\% * "WAL" + (X) / 12) * "Outstanding Credit"$ , with X falling within a range (including extremes) between 1.83% and 1.95%;

(b) for Loans disbursed after June 30, 2021:

$((0.5\% * "WAL") + (1.95\% / 12)) * "Outstanding Credit"$ .

**"Originator"** means ART SGR S.p.A., as management company of Colombo II and investment manager of AZ RAIF DL.

**"Other Issuer Creditors"** means the Originator, the Servicer, the Representative of the Noteholders, the Computation Agent, the Corporate Servicer, the Sub-Servicer, the Back-Up Sub-Servicer, the Paying Agent, the Cash Manager, the Sole Quotaholder, the Account Bank and any other Issuer creditor which, from time to time, will accede to the Intercreditor Agreement.

**"Outstanding Amount"** means, on any date and with respect to each Receivable, the gross nominal amount of such Receivable (including, without limitation, any amount of VAT and Taxes, and excluding any Ancillary Amount), not paid as of such date by the relevant Debtor.

**"Outstanding Balance"** means, on any given date and in relation to any Receivable, the sum of the Outstanding Principal and the Interest Instalments due but unpaid as at that day and any outstanding penalties for accrued and unpaid Instalments with respect thereto.

**"Outstanding Credit"** means, on any given date and in relation to any Receivable, the sum of (i) all Principal Instalments due on any subsequent Scheduled Instalment Date and (ii) any Principal Instalments due but unpaid as at that date.

**"Outstanding Performing Portfolio"** means, on any given date, the Outstanding Credit of the Performing Portfolio.

**"Outstanding Principal"** means, on any given date and in relation to any Receivable, the sum of (i) all the Principal Instalments due on any subsequent Scheduled Instalment Date and (ii) any Principal Instalments due but unpaid as at that date plus (iii) the Accrued Interest as at that date.

**"Paid-Up Amount"** means, on any date, with reference to a Note, the aggregate of the Initial Instalments and the Incremental Instalments paid-up on such Note up to such date.

**"Paying Agent"** means Banca FININT or any other person acting as paying agent pursuant to the Agency Agreement from time to time, and any of its permitted successors or transferees.

**"Paying Agent Report"** means the report setting out certain information in respect of certain calculations to be made on the Notes pursuant to the Agency Agreement.

**"Payments Account"** means the Euro denominated account established in the name of the Issuer with the Paying Agent with IBAN No. IT09 M 03266 61620 000014093934 out of which all the payments to, *inter alios*, the Noteholders will be made and into which all amounts due to the Issuer under the Transaction Documents will be credited (being understood that the Collections will be credited into the Collection Account pursuant to the provisions of the Master Servicing Agreement).

**"Payment Amount"** means any amount paid by Mo.Net as Sub-Servicer pursuant to clause 6.2.2 (i.e. the interest amounts to be paid in case of renegotiation of the interest of the rate of interest), and clause 11 (i.e. the interest amounts to be paid as indemnity in respect of breaches of representations or obligations of the Sub-Servicer) of the Sub-Servicing Agreement.

**"Payment Date"** means 27 September 2021 and then the 27th calendar day of March, June, September and December in each year or, if such day is not a Business Day, the immediately following Business Day.

**"Payments Report"** means the report setting out all the payments to be made on the following Payment Date under the relevant Priority of Payments to be prepared and sent by the Computation Agent on each Calculation Date in accordance with the provisions of the Agency Agreement.

**"Payment Service Fee"** means an amount calculated in accordance with the following formula, as set forth in the Prospectus of the Credits:

(a) for Loans disbursed through June 30, 2021:

$(Y * "WAL") * " Outstanding Credit"$ , with Y falling within a range (including extremes) of 0.45% to 0.55%;

(b) for Loans disbursed after June 30, 2021:

$(0.45% * "WAL") * " Outstanding Credit"$ .

**"Performing Portfolio"** means, as of the relevant Determination Date, all the Receivables comprised in the Aggregate Portfolio which are not classified as Defaulted Receivable on such date.

**"Portfolio"** or **"Aggregate Portfolio"** means the aggregate of the Initial Portfolio and any Further Portfolios purchased by the Issuer pursuant to the Transfer Agreement.

**"Portfolio Amount Outstanding"** means, the aggregate amount of Loans outstanding in respect of which no written notification has been made in order to enforce the FCG Guarantee.

**"Portfolio Call Option"** means the option provided for by Article 1.6 of the Transfer Agreement pursuant to article 1331 of the Italian Civil Code.

**"Post-Enforcement Priority of Payments"** means the order of priority in which the Issuer Available Funds shall be applied following the delivery of a Trigger Notice in accordance with Condition 6.2 (*Priority of Payments - Post-Enforcement Priority of Payments*).

**"Post Trigger Report"** means the report setting out all the payments to be made under the Priority of Payments which shall be delivered, upon request of the Representative of the Noteholders, by the Computation Agent after a Trigger Notice has been served to the Issuer, the Representative of the Noteholders and the Other Issuer Creditors, pursuant to the Agency Agreement.

**"Pre-Enforcement Priority of Payments"** means the order of priority in which the Issuer Available Funds shall be applied prior to the delivery of a Trigger Notice in accordance with Condition 6.1 (*Priority of Payments - Pre-Enforcement Priority of Payments*).

**"Principal Accumulation Amount"** means with reference to a Payment Date the outstanding balance of the Payments Account after having made all payments due as of such Payment Date in accordance with the Priority of Payments.

**"Principal Amount Outstanding"** means, with respect to any Note on any date, the Paid-Up Amount thereof less the aggregate amount of all principal payments that have been made in respect of that Note prior to such date.

**"Principal Instalment"** means the principal component of each Instalment.

**"Priority of Payments"** means, collectively, the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments.

**"Privacy Law"** means (i) Italian Law n. 675 of 31 December 1996, (together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali) as subsequently amended, modified or supplemented from time to time, with reference to the period starting on the entry into force of such law and ending on the repealing of

such law by the entry into force of Legislative Decree No. 196 of 30 June 2003, published in the Official Gazette No. 174 of 29 July 2003, Ordinary Supplement No. 123/L (hereinafter, the "Personal Data Protection Code") and (ii) after such repeal of Italian Law n. 675 of 31 December 1996, the Personal Data Protection Code (together with any relevant implementing regulations as integrated from time to time by the Autorità Garante per la Protezione dei Dati Personali) as subsequently amended, modified or supplemented from time to time.

**"Privacy Legislation"** means the Privacy Law and the GDPR.

**"Prospectus of the Receivables"** means (i) the Prospectus of the Receivables attached under annex 4 to the Transfer Agreement with respect to Receivables included in the Initial Portfolio, or under annex B of the relevant Offer with respect to the Receivables included in the Further Portfolios.

**"Purchase Conditions"** means the conditions provided under the Intercreditor Agreement and which shall be satisfied for the purchase of each Further Portfolio by the Issuer under the terms of the Transfer Agreement.

**"Purchase Conditions Valuation Date"** means 31 January 2022.

**"Purchase Price"** means the consideration payable by the Issuer to the Originator in respect of the Initial Portfolio and each Further Portfolio, as the case may be, pursuant to the Transfer Agreement.

**"Purchase Termination Event"** means any of the events provided for in schedule 4 of the Intercreditor Agreement pursuant to clause 8 of the Transfer Agreement, the occurrence of which will prevent the Issuer from purchasing Further Portfolios, in accordance with the Transaction Documents.

**"Purchase Termination Notice"** means the notice delivered by the Representative of the Noteholders to the Issuer and the Originator stating that a Purchase Termination Event occurred.

**"Quarterly Collection Period"** means each period of three months, commencing on (and including) the first day of March, June, September and December of each year and ending respectively on (and including) 31 May, 31 August, 30 November and 28 February of each year, and in the case of the first Quarterly Collection Period, commencing on (and including) the Initial Valuation Date and ending on (and including) 31 August 2021.

**"Quarterly Offer Date"** means, the seventh Business Day prior to each Payment Date or the Business Day immediately following, on which the Originator delivers an Offer to the Issuer pursuant to the Transfer Agreement.

**"Quarterly Servicer's Report"** means, during the Revolving Ramp-Up Period, the quarterly report setting out certain information in relation to the performance of the Receivables and the Loans during the preceding Quarterly Collection Period, which shall be prepared by the Sub-Servicer pursuant to Article 8 (Rapporti Periodici) of the Sub-Servicing Agreement and delivered by the Servicer pursuant to the Master Servicing Agreement.

**"Quarterly Servicer's Report Date"** means the day falling 6 (six) Business Days before the Payment Date or, if such day is not a Business Day, the immediately following Business Day, being understood that the first Quarterly Servicer's Report Date will be the 17 September 2021.

**"Quarterly Transfer Date"** means, during the Ramp-Up Period, the sixth Business Day prior to each Payment Date or the Business Day immediately following, on which the Originator receives an acceptance to the Offer pursuant to the Transfer Agreement.

**"Quota Capital Account"** means the account with IBAN No IT27G0312403281000091230030, opened by the Issuer with Banca del Fucino for the deposit of the Issuer's quota capital.

**"Ramp-Up Period"** means the period beginning on the Issue Date and ending on the earlier of:

- (a) the Payment Date falling the 27 March 2023 (included); and
- (b) the date of service of a Purchase Termination Notice.

**"Rate of Interest"** shall have the meaning ascribed to it in Condition 7.2 (*Interest - Rate of Interest*).

**"Receivables"** means each and every claim arising under and/or related to the Loan Agreements including but not limited to:

- (a) the claims relating to:
  - (i) all the amounts due as at the Valuation Date as Instalment or as other title pursuant to the Loan Agreements;
  - (ii) principal due but not paid;
  - (iii) agreed interests, interests by operation of law and defaulted interests accrued but not paid or that will accrue in relation to the Loans;
  - (iv) the amounts due or that will accrue as reimbursement of costs (including legal and judicial amounts), liabilities, costs and indemnities in relation to the Loans, including penalties (if any);
  - (v) any other amount due to the Originator or that will accrue in relation to the Loans, the Loan Agreements and the Guarantees;
  - (vi) pecuniary claims deriving from the enforcement of the Guarantees; and
  - (vii) pecuniary claims and all the amounts recovered from any judicial proceeding;
- (b) any other claim related to or connected with the Loans and the Loan Agreements, including the claims *vis-à-vis* the Debtors by way of compensation or indemnity;
- (c) all the rights and actions to which the Originator is entitled to pursuant to law or contract in relation to the Receivables, the Loans, the Guarantees and/or any other deed related to or connected with the same, to the extent such rights and actions are transferrable pursuant to the Securitisation Law; end
- (d) the claims of the Originator *vis-à-vis* third parties by way of compensation and deriving from third parties activities in relation to the receivables, the Loans, the Guarantees or the related object.

**"Regulated Market"** means a regulated market for the purposes of the Market and Financial Instruments Directive 2004/39/EC.

**"Regulation 13 August 2018"** means the regulation, regarding post-trading systems, issued by the Bank of Italy and the CONSOB on 13 August 2018, as subsequently amended and supplemented from time to time.

**"Regulation No. 11971"** means the regulation issued by CONSOB on 14 May 1999, as subsequently amended and supplemented from time to time.

**"Regulation S"** means regulation s of the Securities Act.

**"Regulatory Technical Standards"** means, (i) the regulatory technical standards adopted by EBA or ESMA, as the case may be, pursuant to the EU Securitisation Regulation and entered into force in the European Union, (ii) the transitional regulatory technical standards applicable pursuant to article 43 of the EU Securitisation Regulation prior to the entry into force of the regulatory technical standards referred to in paragraph (i) above.

**"Representative of the Noteholders"** means Banca FININT or any other entity acting as representative of the Noteholders pursuant to the Subscription Agreements, Terms and Conditions and Rules of the Organisation of the Noteholders from time to time, and any of its permitted successors or transferees.

**"Reporting Entity"** means ART or any other entity acting as reporting entity pursuant to Article 7(2) of the EU Securitisation Regulation and the Intercreditor Agreement, and any of its permitted successors or transferees.

**"Repurchase Price"** has the meaning set out in clause 16.3.2 (*Repurchase Price*) of the Transfer Agreement.

**"Required Cash Reserve Amount"** means on the Incremental Instalment Date and on each Payment Date, an amount equal to the greater of (without taking into account any principal payment to be made to the Noteholders on such Payment Date):

- (a) until the end of the Ramp-Up Period, 1 % (one per cent) of the Principal Amount Outstanding of the Senior Notes and the Mezzanine Notes as of the Calculation Date or the relevant Incremental Instalment Request Date; and
- (b) after the Ramp-Up Period and up to the Calculation Date in which the Senior Notes will be fully reimbursed, the higher
  - (i) of 1% (one per cent) of the Principal Amount Outstanding of the Senior Notes and the Mezzanine Notes as of the immediately preceding Payment Date; and
  - (ii) Euro 1,000,000.00 (one million/00);

being understood that in the event that on the immediately preceding Payment Date the Required Cash Reserve Amount has not been paid in full into the Cash Reserve Account, such amount will be equal to the Required Cash Reserve Amount as of the Payment Date immediately preceding such event and provided that in any case at the Final Maturity Date or, if earlier, on the Payment Date when the Principal Amount Outstanding of the Senior Notes and of the Mezzanine Notes is equal or lower than the Required Cash Reserve Amount, the Required Cash Reserve Amount will be equal to zero.

**"Residual Life"** means, in relation to a Loan, the value, expressed in years, equal to the difference between the last Maturity Date of the Loan instalment and the end of the immediately preceding Collection Period.

**"Retention Amount"** means an amount equal to Euro 30,000.00 (thirtythousand/00).

**"Risk Premium Fee"** means, in respect of each Loan, an amount (which is negative for the purposes of calculating the Individual Purchase Price) up to the estimated loss in relation to each Loan, which is indicated in each Loan Agreement under section "*commissione istruttoria*".

**"Rules of the Organisation of the Noteholders"** means the Rules of the Organisation of Noteholders attached as Exhibit 1 to the Terms and 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.

**"Sanctions"** means any economic or trade sanctions or restrictive measures enacted, administered, imposed or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the United Nations Security Council, and/or the European Union and/or the French Republic and/or the Republic of Italy or other relevant sanctions authority.

**"Scheduled Instalment Date"** means any date on which payment of the relevant Instalment is due

pursuant to each Loan Agreement.

**"Second Performance Event"** means the Expected Cumulative Net Default Ratio (as set out in the Servicer Report) which exceeds 6 % or an *"Indice di Garanzia Escussa non Pagata"* which exceeds 5%.

**"Securities Account"** means any securities account which, following the Issue Date, may be opened by the Issuer with the Account Bank (or with any other Eligible Institution) for the deposit of the Eligible Investments in accordance with the provisions of the Agency 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 the provisions of Articles 1 and 5 of the Securitisation Act.

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

**"Seller"** means the Originator.

**"Senior Noteholder"** means the holder of a Senior Note.

**"Senior Notes"**, or **"Class A Notes"** means the Class A Notes.

**"Senior Notes Interest Rate"** has the meaning given to it in Condition 7.1.1 (*Interest on the Senior Notes*).

**"Senior Notes Redemption Amount"** means an amount equal to:

- (a) in the event that no Acceleration Event has occurred:
  - (i) prior to the occurrence of a First Performance Event, the amount to be paid on the Senior Notes at each Payment Date so that the Senior Notes Principal Amount Outstanding, after payment, is an amount equal to the Guaranteed Portfolio Outstanding Credit;
  - (ii) after the occurrence of a First Performance Event, for each Payment Date, the difference between the Notes as of the previous Calculation Date and the sum of:
    - (1) the Outstanding Performing Portfolio as of the end of the Collection Period preceding such Payment Date; and
    - (2) the Guaranteed Outstanding Credit of all the Defaulted Receivables as of the end of the Collection Period preceding such Payment Date.
- (b) in the event that an Acceleration Event has occurred, any Principal Amount Outstanding in respect of the Class A Notes.

**"Senior Notes Subscription Agreement"** means the subscription agreement in relation to the Senior Notes executed on or about the Issue Date between, *inter alios*, the Issuer, the Representative of the Noteholders and the Senior Notes Underwriter, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Senior Notes Underwriter"** or **"Senior Notes Subscriber"** means Banca Valsabbina, as underwriter for the Senior Notes under the Senior Notes Subscription Agreement.

**"Servicer"** means Centotrenta Servicing or any other person acting as Servicer pursuant to the Master Servicing Agreement from time to time, and any of its permitted successors or transferees.



"**Servicer's Reports**" means, collectively, the Monthly Servicer's Reports or the Quarterly Servicer's Reports as the case may be, and "**Servicer's Report**" means each of them.

"**Servicer Insolvency Event**" means an Insolvency Event relating to the Servicer.

"**Servicer Termination Event**" means any event referred to in clause 8 (*Revoca del Mandato*) of the Master Servicing Agreement.

"**Servicing Fee**" means the fee payable to the Servicer in accordance with clause 7 (*Compenso e rimborso spese del Servicer*) of the Master Servicing Agreement.

"**Settlement Date**" means the 7<sup>th</sup> Business Day of each month and, in any case, the date falling immediately after the fulfilment of the formalities required under Article 11.1.1 (*Pubblicazione in Gazzetta Ufficiale, iscrizione nel Registro delle Imprese e forme integrative di pubblicità*), paragraph (a) of the Transfer Agreement in relation to the relevant Further Portfolio.

"**Signing Date**" means 20 April 2021.

"**Small and Medium Enterprises**" or "**SME**" means the enterprises falling into the definition of micro, small and medium-sized enterprises (SME) in accordance with the 2003/361/EC Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises and "**Small and Medium Enterprise**" means each of them.

"**Sole Director**" means any person appointed from time to time as sole director (*amministratore unico*) of the Issuer in accordance with the Issuer's statutory documents (*statuto*).

"**Sole Quotaholder**" means Fenice Trust Company.

"**Solvency II Directive**" means the Directive 2009/138/EU adopted on 25 November 2009 by the European Parliament and the Council, as amended and supplemented from time to time.

"**Solvency II Regulation**" means the Delegated Act adopted on 10 October 2014 by the European Commission, as amended and supplemented from time to time.

"**Specific Criteria**" means the objective criteria for the identification of the Receivables of each Portfolio specified in annex 3 to the Transfer Agreement.

"**Subscription Agreements**" means collectively the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement and "**Subscription Agreement**" means each of them.

"**Sub-Servicer**" means Mo.Net, or any other person who will act as a Sub-Servicer under the Sub-Servicing Agreement and any legitimate successor thereto.

"**Sub-Servicer Insolvency Event**" means an Insolvency Event relating to the Sub-Servicer.

"**Sub-Servicer Report**" has the meaning ascribed to such term in Article 8.1 (*Rapporto del Sub-Servicer*) of the Sub-Servicing Agreement.

"**Sub-Servicer Report Date**" means the seventh Business Day prior to each Payment Date, or any other date as agreed in writing between the Issuer (also through its delegates) and the Sub-Servicer.

"**Sub-Servicer Termination Event**" means any event referred to in Clause 14.4 of the Sub-Servicing Agreement.

"**Sub-Servicing Agreement**" means the Sub-Servicing Agreement entered into on 1 April 2021 between the Issuer, the Servicer and the Sub-Servicer, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Successor Servicer"** means the entity appointed by the Issuer to replace the Servicer if a Servicer Termination Event occurs, or any other person acting in such capacity pursuant to Article 8.4 (*Sostituto del Servicer*) of the Master Servicing Agreement.

**"Successor Sub-Servicer"** means the entity appointed by the Servicer to replace the Sub-Servicer, with the prior consent of the Issuer acting upon the instructions of the Representative of the Noteholder, in accordance with the provisions of Article 14.2 (*Facoltà di recesso del Sub-Servicer*) of the Sub-Servicing Agreement.

**"Supervisory Regulations for Financial Intermediaries"** means the "*Istruzioni di Vigilanza per gli Intermediari Finanziari iscritti nell'Elenco Speciale*" issued by the Bank of Italy by Circular No. 216 of 5 August 1996, as amended and supplemented from time to time.

**"Suspension"** has the meaning ascribed to such term in Article 6.3.1 (*Autorizzazione a sospendere*) of the Sub-Servicing Agreement.

**"Suspension Period"** means, with reference to each relevant Debtor, the period during which the payment of the relevant Instalments has been suspended in accordance with the provisions of the Sub-Servicing Agreement.

**"Target Amount"** means the amount reported by the Servicer in the Monthly Report.

**"Tax Event"** shall have the meaning ascribed to it in Condition 8.4.1 (*Redemption, Purchase and Cancellation – Redemption for Taxation*).

**"Terms and Conditions"** means the Conditions.

**"Tolerance Period"** has the meaning ascribed to such term in clause 15.1 (*Concessione del Prestito a Ricorso Limitato*) of the Transfer Agreement.

**"Transaction Documents"** means:

- (1) the Transfer Agreement (*Contratto di Cessione*) and the relevant Transfer Deeds (*Atti di Cessione*),
- (2) the Master Servicing Agreement (*Contratto di Master Servicing*),
- (3) the Sub-Servicing Agreement (*Contratto di Sub-Servicing*),
- (4) the Limited Recourse Loan Agreement,
- (5) the Back-Up Sub-Servicing Agreement,
- (6) the Corporate Services Agreement (*Contratto di Servizi Amministrativi*),
- (7) the Agency Agreement,
- (8) the Intercreditor Agreement,
- (9) the Master Definitions Agreement,
- (10) the Senior Notes Subscription Agreement,
- (11) the Mezzanine Notes Subscription Agreement,
- (12) the Junior Notes Subscription Agreement,
- (13) the Information Memorandum,
- (14) the Terms and Conditions, and

any other deed, act, document or agreement executed in the context of the Securitisation or identified

by the relevant parties as a "*Transaction Document*" in the context of the Securitisation.

**"Transfer Acceptance"** means the acceptance by the Issuer of each Offer relating to a Further Portfolio, made pursuant to the Transfer Agreement.

**"Transfer Agreement"** means the transfer agreement entered into on 1 April 2021 between the Issuer and ART, as from time to time modified in accordance with the provisions therein contained and including any agreement or other document expressed to be supplemental thereto.

**"Transfer Date"** means respectively the Infra-Period Transfer Date, the Monthly Transfer Date and the Quarterly Transfer Date.

**"Transfer Deed"** means each Offer and the relevant Transfer Acceptance thereto entered into by the Issuer and the Originator for the purpose of a Further Portfolio in accordance with the Transfer Agreement.

**"Transparency Investor Report"** means the report to be prepared by the Sub-Servicing pursuant to the Intercreditor Agreement, setting out the information required by Article (7)(1) letters (e), of the EU Securitisation Regulation and the Regulatory Technical Standards.

**"Transparency Loan Report"** means the report to be prepared by the Sub-Servicer pursuant to clause 8.2 (*Rapporti del Servicer*) of the Sub-Servicing Agreement and the Intercreditor Agreement and to be delivered pursuant to clause 5 (*Predisposizione e consegna dei rapporti*) of the Master Servicing Agreement, setting out the information required by Article 7(1)(a) of the EU Securitisation Regulation and the Regulatory Technical Standards.

**"Transparency Report Date"** means the day falling within the 15<sup>th</sup> calendar day of January, April, July and October or, if such day is not a Business Day, the immediately following Business Day, by which date the Sub-Servicer shall prepare the Transparency Investor Report and the Transparency Loan Report.

**"Trigger Event"** means any of the events described in Condition 13.1 (*Trigger Events*).

**"Trigger Notice"** means the notice delivered by the Representative of the Noteholders following a Trigger Event pursuant to Condition 13.2 (*Trigger Notice*).

**"Underwriters"** means the Senior Notes Underwriter, the Mezzanine Notes Underwriters and the Junior Notes Underwriters.

**"Unpaid Guarantee Enforceability Ratio"** means the ratio between:

- (a) the sum of the Outstanding Principal at the end of the relevant Collection Period of the Loans secured by the FCG Guarantee classified as Defaulted Receivables for more than 13 (thirteen) months and, in respect of which, the Guarantee could not be recovered; and
- (b) the Collateral Portfolio Outstanding Principal at the end of the relevant Collection Period.

**"Unpaid Guarantee Ratio"** means the ratio between:

- (a) the sum of the Principal Outstanding as at the end of the relevant Collection Period in respect to the Loans secured by the FCG Guarantee classified as Defaulted Receivables for more than thirteen (13) months and for which the Guarantee could not be enforced; and
- (b) the Principal Outstanding of the Collateral Portfolio at the end of the relevant Collection Period.

**"Usury Law Decree"** means Law Decree No. 394 of 29 December 2000 (amending, deeming, and supplementing the Usury Law) converted in Law No. 24 of 28 February 2001.

**"Usury Law"** means collectively Italian Law No. 108 of 7 March 1996, as modified and amended and

Italian Law No. 24 of 28 February 2001, which has converted into law the Usury Law Decree.

**"Valuation Date"** means, with respect to (i) the Initial Portfolio, 11:59 p.m. (Italian time) of March 31, 2021 and (ii) the date indicated in the relevant Offer for each Further Portfolio.

**"Weighted Average Guarantee Percentage of the Further Portfolio"** means the weighted average of the FCG Guarantee Loan Percentage weighted by the Outstanding Credit of the Receivables included in each Further Portfolio.

**"Weighted Average Guarantee Percentage of the Performing Portfolio"** means, on each Determination Date, the weighted average percentage of the FCG Guarantee weighted in respect of the Outstanding Credit of the Receivables comprised in the Performing Portfolio.

**"Weighted Average Life"** or **"WAL"** means, in relation to a Loan, the value, expressed in years, equal to the weighted average of the principal repayment time.

**"Weighted Average Rate"** indicates, with respect to the Aggregate Portfolio, the average interest rate to be paid on each Loan included in the Aggregate Portfolio weighted by the Outstanding Principal.

**"Weighted Average Residual Life"** means, in relation to the Aggregate Portfolio, the average Residual Life of each Loan included in the Aggregate Portfolio weighted by the Outstanding Principal).

**"Weighted FCG Guaranteed Performing Portfolio Amount"** means the weighted average of the Guaranteed Portfolio Outstanding Credit, as set out in the relevant Quarterly Servicer's Report.

### 3. **FORM, DENOMINATION AND TITLE**

#### 3.1 **Form**

The Notes will be issued in bearer form and held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Account Holders. The Notes will be wholly and exclusively deposited with Monte Titoli, in accordance with Article 83 *bis* of the Financial Laws Consolidated Act and Regulation 13 August 2018.

#### 3.2 **Title**

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 entry in accordance with the provisions of (i) Article 83 *bis* of the Financial Laws Consolidated Act; and (ii) Regulation 13 August 2018. No physical document of title will be issued in respect of the Notes.

#### 3.3 **Denomination**

The Notes are issued in the denomination of Euro 100,000 with additional increments of Euro 1,000.

#### 3.4 **Partly Paid Notes**

##### 3.4.1 *Partly paid Notes*

The Notes will be issued on a partly-paid basis by the Issuer. On the Issue Date the full nominal amount of the Notes will be issued. Subject to these Conditions and the terms of the Subscription Agreements, on the Issue Date the Underwriters will pay the relevant Initial Instalment of the subscription price of the Notes.

##### 3.4.2 *Incremental Instalment payment*

Subject to and in accordance with the provisions of the Transaction Documents and the

Subscription Agreements, during the Ramp-Up Period on any Incremental Instalment Date, the Noteholders will pay the relevant Incremental Instalment on each Class of Notes, as notified by the Issuer, in order to fund the purchase of the relevant Further Portfolio from the Originator, provided that no Trigger Event or Purchase Termination Event has occurred or arisen and is continuing.

The payment of the Incremental Instalment shall be made in Euro to the Incremental Instalments Account, *pro rata* on the basis of the Principal Amount Outstanding of the Notes at the time held by the relevant Noteholder and in accordance with the relevant Incremental Instalment Request. Subject to Condition 3.5 (*Crystallization of the Notes*) below, upon payment of the relevant Incremental Instalments by the Noteholders, the Paid-Up Amount of the Notes will be increased accordingly.

Pursuant to the Subscription Agreements, the aggregate amount of the Incremental Instalment will not be higher than the difference between (i) the Nominal Amount of the Notes, and (ii) the then current Paid-Up Amount of the Notes.

Under the Subscription Agreements, the Noteholders have agreed the terms and conditions for the payment and subscription of the Incremental Instalments.

The Issuer has undertaken to not send any Incremental Instalment Request after the Ramp-Up Period.

### **3.5 Crystallization of the Notes**

If any Incremental Instalment in respect of each Class of Notes is not paid in full by 3:00 p.m. (Milan time) on the relevant Incremental Instalment Date by all the relevant Noteholders, the lower amount paid up by the relevant Noteholders in respect of each Class of Notes on the Incremental Instalment Date shall be cancelled and no further amounts as Incremental Instalment shall be due by the Noteholders in respect of each Class of Notes, it being understood that the portion of the Incremental Instalment already paid by the Noteholders in respect to the relevant Class of Notes shall (i) be immediately repaid to any such Noteholders, each for the relevant portion thereof, and (ii) not be registered by the Paying Agent with Monte Titoli, provided that if any portion of the Incremental Instalment already paid by the Noteholders in respect to the relevant Class of Notes has been already registered with Monte Titoli, it shall be immediately cancelled thereafter. Concurrently with the occurrence of the events set out in this Condition 3.5 the Ramp-Up Period shall terminate.

No interest shall accrue on the amount of Incremental Instalment (if any) from the relevant Incremental Instalment Date up to the date of repayment by the Issuer to the relevant Noteholders pursuant to this Condition 3.5.

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

### **4.1 Status**

The Notes constitute limited recourse obligations of the Issuer and, accordingly, the extent of the obligation of the Issuer to make payments under the Notes is limited to the amounts received or recovered by the Issuer in respect of the Portfolio and the Issuer's Rights, and is subject to payment of the amounts required under the applicable Priority of Payments to be paid in priority to or *pari passu* with the Notes. By holding Notes, the Noteholders acknowledge that the limited recourse nature of the Notes produces the effects of a *contratto aleatorio* under Italian law and are deemed to accept the consequences thereof, including (but not limited to) the provisions of Article 1469 of the Italian Civil Code.

### **4.2 Segregation**

By virtue of the operation of Article 3 of the Securitisation Law and the Transaction Documents, the Issuer's right, title and interest in and to the Portfolio, any monetary claim accrued by the Issuer in the context of the Securitisation, the Collections and the financial assets purchased through such Collections will be segregated from all other assets of the Issuer (including any other receivables purchased by the Issuer pursuant to the Securitisation Law in the context of any Further Securitisation). Therefore, any cash-flow deriving therefrom (to the extent identifiable) will be exclusively available, both prior to and following a winding up of the Issuer, to satisfy the obligations of the Issuer to the Noteholders, the Other Issuer Creditors and any other creditor of the Issuer in respect of any costs, fees and expenses in relation to the Securitisation.

#### 4.3 **Ranking**

In respect of the obligations of the Issuer to pay interest and repay principal on the Notes, subject to the provisions of the relevant Priority of Payments, the Notes of each Class rank as set out in Condition 6 (*Priority of Payments*).

#### 4.4 **Conflict of interests**

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.

#### 4.5 **Amendments to the Transaction Documents**

Any Transaction Document may only be modified with the consent of each party to such document and in accordance with the Intercreditor Agreement and any relevant provisions of the Rules of the Organisation of the Noteholders.

The Terms and Conditions may only be modified with the consent of the Issuer and the Representative of the Noteholders and in accordance with any relevant provisions of the Intercreditor Agreement and the Rules of the Organisation of the Noteholders.

### 5. **COVENANTS**

#### 5.1 **Covenants by the Issuer**

For so long as any amount remains outstanding in respect of the Notes of any Class, the Issuer shall not, save with the prior written consent of the Representative of the Noteholders, or as provided in or contemplated by any of the Transaction Documents:

##### 5.1.1 *Negative pledge*

create or permit to subsist any Security Interest whatsoever over the Portfolio or any part thereof or over any of its other assets (save for any Security Interest created in connection with any Further Securitisation and to the extent that such Security Interest is created over assets which form part of the segregated assets of such Further Securitisation), or sell, lend, part with or otherwise dispose of, all or any part of the Portfolio or any of its other assets; or

##### 5.1.2 *Restrictions on activities*

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with any Further Securitisation or with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
- (b) have any *società controllata* (as defined in Article 2359 of the Italian Civil Code) or any employees or premises; or
- (c) at any time approve or agree or consent to any act or thing whatsoever which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents, or do, or permit to be done, any act or thing in relation thereto which may be materially prejudicial to the interests of the Noteholders under the Transaction Documents; or
- (d) become the owner of any real estate asset, including in the context of a foreclosure proceeding over a Real Estate Asset; or

5.1.3 *Dividends or distributions*

pay any dividend or make any other distribution or return or repay any equity capital to its quotaholders, or increase its capital, save as required by the applicable law; or

5.1.4 *De-registrations*

ask for de-registration from the register of the *Società Veicolo* held by Bank of Italy, for so long as any other applicable law or regulation requires an issuer of notes issued under the Securitisation Law or companies incorporated pursuant to the Securitisation Law to be registered therein; or

5.1.5 *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever (save for any indebtedness to be incurred in relation to any Further Securitisation) or give any guarantee, indemnity or security in respect of indebtedness or of any obligation of any person or entity; or

5.1.6 *Merger*

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person; or

5.1.7 *No variation or waiver*

- (a) permit any of the Transaction Documents to which it is party to be amended, terminated or discharged if such amendment, termination or discharge may materially prejudice the interest of the Noteholders; or
- (b) exercise any power of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is party which may materially prejudice the interest of the Noteholders; or
- (c) permit any party to any of the Transaction Documents to which it is party to be released from such obligations, if such release may materially prejudice the interest of the Noteholders; or

5.1.8 *Bank accounts*

open or have an interest in any bank account other than the Accounts and any bank account opened in the context of any Further Securitisation; or

5.1.9 *Statutory documents*

amend, supplement or otherwise modify its *statuto* in any manner which is prejudicial to the interest of the Noteholders, except where such amendment, supplement or modification is required (i) by compulsory provisions of Italian law or by the competent regulatory authorities or (ii) in connection with a change of the Issuer's registered office; or

5.1.10 *Centre of main interest*

move its "centre of main interest" (as that term is used in Article 3(1) of the EU Insolvency Regulation) outside the Republic of Italy; or

5.1.11 *Branch outside Italy*

establish any branch or "establishment" (as that term is used in Article 2(h) of the EU Insolvency Regulation) outside the Republic of Italy; or

5.1.12 *Corporate formalities*

cease to comply with all corporate formalities necessary to ensure its corporate existence and good standing;

5.1.13 *Derivatives*

enter into derivative contracts, save as expressly permitted by Article 21(2) of the Securitisation Regulation.

5.2 **Further Securitisations**

For so long as any amount remains outstanding in respect of the Senior Notes, the Issuer shall not, save with the prior express consent of the Noteholders, carry out any other securitisation transaction pursuant to the Securitisation Law (each a "**Further Securitisation**").

6. **PRIORITY OF PAYMENTS**

6.1 **Pre-Enforcement Priority of Payments**

Prior to the service of a Trigger Notice, a redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), an optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) or the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

(i) *First,*

(a) 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 Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

(b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;

(ii) *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 any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under



the provisions of or in connection with any of the Transaction Documents;

- (b) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Sub-Servicer, the Back-Up Sub-Servicer and the Servicer (but excluding any amounts to be paid under any item set out below in this Priority of Payments); and
  - (c) any other documented costs, fees, expenses and other amounts due to the Lead Manager and/or the Underwriters and/or other persons who are not parties to the Intercreditor Agreement;
- (iii) *Third*, in or towards satisfaction of any amount in respect of interest and principal due and payable in respect of the Limited Recourse Loan made available to the Issuer during the immediately preceding Interest Periods;
- (iv) *Fourth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Senior Notes;
- (v) *Fifth*, to pay, prior to the occurrence of a First Performance Event, *pari passu* and *pro rata* according to the respective amounts thereof all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;
- (vi) *Sixth*, to pay the Required Cash Reserve Amount into the Cash Reserve Account;
- (vii) *Seventh*, prior the occurrence of a First Performance Event, to pay *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (viii) *Eighth*, to pay, *pari passu* and *pro rata*, to the Other Issuer Creditors any other amount due under the Transaction Documents (including, for the avoidance of any doubt, the payment and reimbursement of the limited recourse loan, if any, granted by the Originator under Article 15 of the Transfer Agreement but excluding any amounts to be paid under any item set out below in this Priority of Payments);
- (ix) *Ninth*, during the Ramp-Up Period:
  - (a) to pay to the Originator any amount (if any) due as Purchase Price for any Further Portfolio under (b) below and unpaid on the previous Incremental Instalment Dates;
  - (b) to pay to the Originator any amount (if any) due as Purchase Price for the relevant Further Portfolio purchased in accordance with the provisions of the Transfer Agreement at the Quarterly Offer Date immediately after the end of the relevant Collection Period, provided that any payments to be made under this paragraph (b) of item *Ninth* will be made (in whole or in part) out of the proceeds of the Incremental Instalments on the Notes made as of such Incremental Instalment Date;
- (x) *Tenth*, following the end of the Ramp-Up, to pay to the Originator any amount due as Purchase Price for any Further Portfolio under (ix) above and unpaid on the previous Incremental Instalment Dates;
- (xi) *Eleventh*, after the Ramp-Up Period, to pay, prior to the occurrence of a First Performance Event, any principal amount on the Senior Notes up to the Senior Notes Redemption Amount;
- (xii) *Twelfth*, after the Ramp-Up Period, to pay, prior to the occurrence of a First Performance Event, any principal amount on the Mezzanine Notes up to the Mezzanine Notes

Redemption Amount;

- (xiii) *Thirteenth*, to pay:
  - (a) after the occurrence of a First Performance Event, any principal amount on the Senior Notes up to Senior Notes Redemption Amount; or
  - (b) after the occurrence of a Second Performance Event, any Principal Amount Outstanding on the Senior Notes;
- (xiv) *Fourteenth*, to pay, after the occurrence of a First Performance Event, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;
- (xv) *Fifteenth*, to pay, after the occurrence of a First Performance Event, any principal amount of the Mezzanine Notes up to the Mezzanine Notes Redemption Amount;
- (xvi) *Sixteenth*, during the Ramp-Up Period, to pay all the Issuer Available Funds remaining after the payments made from item (i) to (xv) on the Incremental Instalments Account;
- (xvii) *Seventeenth*, to pay, prior to the occurrence of a First Performance Event, *pari passu* and *pro rata* any principal amount on the Junior Notes up to the Junior Notes Redemption Amount;
- (xviii) *Eighteenth*, to pay, after the occurrence of a First Performance Event, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (xix) *Nineteenth*, to pay, after the occurrence of a First Performance Event, *pari passu* and *pro rata*, any principal amount of Junior Notes up to the Junior Notes Redemption Amount;
- (xx) *Twentieth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Additional Return to the Junior Noteholders;
- (xxi) *Twenty-first*, on the Cancellation Date, to pay *pari passu* and *pro rata*, according to the respective amounts thereof, any outstanding principal amount in respect of the Junior Notes.

The Issuer shall, if necessary, make the payments set out under items *First* paragraph (a) and *Second* paragraph (c) above on any day during an Interest Period using the amounts standing to the credit of any Account in accordance with the provisions of the Agency Agreement.

## 6.2 Post-Enforcement Priority of Payments

Following the delivery of a Trigger Notice pursuant to Condition 13 (*Trigger Events*), or in the event of redemption for taxation pursuant to Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), or optional redemption pursuant to Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*), or on the Final Maturity Date, the Issuer Available Funds shall be applied on each Payment Date in making the following payments in the following order of priority (in each case, only if and to the extent that payments of a higher priority have been made in full):

- (i) *First*,
  - (a) 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 Expense Account have been insufficient to pay such costs during the immediately preceding Collection Period), and

- (b) to credit to the Expense Account such an amount equal to the lower of (1) the Retention Amount, and (2) any Expenses paid during the immediately preceding Collection Period;
- (ii) *Second*, to pay the remuneration due to the Representative of the Noteholders and any indemnity, proper costs and expenses incurred by the Representative of the Noteholders under the provisions of or in connection with any of the Transaction Documents;
- (iii) *Third*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof,
  - (a) any amounts due and payable on such Payment Date to the Account Bank, the Computation Agent, the Paying Agent, the Cash Manager, the Corporate Servicer, the Sub-Servicer, the Back-Up Sub-Servicer and the Servicer (but excluding any amounts to be paid under any item set out below in this Priority of Payments); and
  - (b) (if the Trigger Event is not an Insolvency Event) any other documented costs, fees, expenses and other amounts due to the Lead Manager and/or the Underwriters and/or other persons who are not parties to the Intercreditor Agreement which have been incurred in or in connection with the preservation or enforcement of the Issuer's Rights;
- (iv) *Fourth*, to pay any outstanding amount due and payable to the Loan Provider in respect of the Limited Recourse Loan made available to the Issuer up to the end of the Ramp-Up Period and not paid on the preceding Payment Dates;
- (v) *Fifth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any amount in respect of interest due (including any previous outstanding interest accrued but not paid) on the Senior Notes;
- (vi) *Sixth*, to pay, *pro rata*, any principal amount on the Senior Notes;
- (vii) *Seventh*, to pay, *pari passu* and *pro rata* according to the respective amount thereof, any amount of interest due (including any previous outstanding interest accrued but not paid) on the Mezzanine Notes;
- (viii) *Eighth*, to pay, *pro rata*, any principal amount due on the Mezzanine Notes;
- (ix) *Ninth*, to pay, *pari passu* and *pro rata*, to the Other Issuer Creditors any other amount due under the Transaction Documents (including, for the avoidance of any doubt, the payment and reimbursement of the limited recourse loan, if any, granted by the Originator under Article 15 of the Transfer Agreement but excluding any amounts to be paid under any item set out below in this Priority of Payments);
- (x) *Tenth*, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, all amounts of interest due and payable (including any previous outstanding interest accrued but not paid) on the Junior Notes;
- (xi) *Eleventh*, to pay, *pari passu* and *pro rata*, any principal amount on the Junior Notes up to the amount redeemed as principal in respect of the Junior Notes is equal to 99% of the nominal amount of the Junior Notes;
- (xii) *Twelfth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, the Additional Return to the Junior Noteholders;
- (xiii) *Thirteenth*, on the Cancellation Date, to pay, *pari passu* and *pro rata* according to the respective amounts thereof, any outstanding principal amount in respect of the Junior Notes.

Unless an Insolvency Event has occurred in respect to the Issuer, the Issuer shall, if necessary, make the payments set out under items *First*, paragraph (a), and *Second*, paragraph (c), above on any day during an Interest Period using the amounts standing to the credit of any Account in accordance with the provisions of the Agency Agreement.

## 7. INTEREST

### 7.1 Rate of Interest

#### 7.1.1 Interest on the Senior Notes

The Senior Notes will bear interest on their Principal Amount Outstanding from and including the Issue Date at the EURIBOR (except in respect of the Initial Interest Period where an interpolated interest rate based on 3 (three) and 6 (six) month deposits in Euro will be substituted for the EURIBOR) plus a margin equal to 2 (two) per cent. per annum, provided that, in the event that in respect of any Interest Period the EURIBOR results to be lower than 0 (zero), it shall be deemed to be equal to 0 (zero) (the "**Senior Notes Interest Rate**").

Interest in respect of the Senior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.

The Senior Notes Interest Rate will start to accrue in respect of the Senior Notes:

- (a) from the relevant Issue Date (included), in respect of the Initial Instalment; and
- (b) from the relevant Incremental Instalment Date (included), in respect of any Incremental Instalment.

The first payment of interest in respect of the Senior Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.

#### 7.1.2 Interest on the Mezzanine Notes

The Mezzanine Notes will bear a fixed interest rate on their Principal Amount Outstanding from and including the Issue Date at 6 (six) per cent. *per annum* ) (the "**Mezzanine Notes Interest Rate**").

Interest in respect of the Mezzanine Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.

The Mezzanine Notes Interest Rate will start to accrue in respect of the Mezzanine Notes:

- (a) from the relevant Issue Date (included), in respect of the Initial Instalment; and
- (b) from the relevant Incremental Instalment Date (included), in respect of any Incremental Instalment.

The first payment of interest in respect of the Mezzanine Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.

#### 7.1.3 Interest on the Junior Notes

The Junior Notes will bear a fixed interest on their Principal Amount Outstanding from and including the Issue Date at 10 per cent *per annum* plus the Additional Return (if any) in accordance with the applicable Priority of Payments (the "**Junior Notes Interest Rate**" and,

together with the Senior Notes Interest rate, the "**Rates of Interest**").

Interest in respect of the Junior Notes will accrue on a daily basis and will be payable quarterly in arrears in Euro on each Payment Date in accordance with the applicable Priority of Payments.

The Junior Notes Interest Rate will start to accrue in respect of the Junior Notes:

- (a) from the relevant Issue Date (included), in respect of the Initial Instalment; and
- (b) from the relevant Incremental Instalment Date (included), in respect of any Incremental Instalment.

The first payment of interest in respect of the Junior Notes will be due on the Payment Date falling in September 2021 in respect of the period from (and including) the Issue Date to (but excluding) such date.

## 7.2 **Determinations of the Senior Notes Interest Rate and calculation of Interest Amounts for each Class of Notes**

Subject to Condition 7.7 (*Fallback Provisions*), the Paying Agent, or the Representative of the Noteholders pursuant to Condition 7.4 (*Determination or calculation by the Representative of the Noteholders*) shall determine:

- (a) with respect to each Interest Determination Date:
  - (i) the Rate of Interest applicable to the Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in respect of the Senior Notes in accordance with the Terms and Conditions;
  - (ii) the Interest Amount payable on the Senior Notes and Mezzanine Notes in respect of such Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in accordance with these Conditions;
  - (iii) the Payment Date in respect of the Interest Amount on the Notes;
  - (iv) the EURIBOR applicable to the Senior Notes; and
  - (v) the Junior Notes Interest Amount payable on the Junior Notes in respect of such Interest Period beginning after such Interest Determination Date (or, in the case of the Initial Interest Period, beginning on and including the Issue Date) in accordance with these Conditions;

The Interest Amount payable in respect of any Interest Period in respect of each Class of Notes shall be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding (also taking into account any Further Instalment to be made as of such Payment Date) of the relevant Class of Notes on the Payment Date (or, in the case of the Initial Interest Period, on the Issue Date) on which such Interest Period commences (after deducting therefrom any payment of principal due on such 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).

## 7.3 **Publication of Rate of Interest and Interest Amount**

The Paying Agent will cause the Senior Notes Interest Rate, the Interest Amount applicable to each Class of Notes for each Interest Period and the Payment Date in respect of such Interest Amount to

be notified promptly after determination to Monte Titoli, the Issuer, the Servicer, the Representative of the Noteholders, the Account Bank, the Computation Agent (or the Cash Manager as the case may be), Borsa Italiana and the Corporate Servicer and will cause the same to be published in accordance with Condition 16 (*Notices*) or as soon as possible after determination.

The Paying Agent will arrange for notice to be given forthwith to Monte Titoli, the Issuer, the Servicer, the Representative of the Noteholders, the Account Bank, the Computation Agent, Borsa Italiana and the Corporate Servicer and will cause notification to be given to the Noteholders in accordance with Condition 16 (*Notices*), no later than the second Business Day prior to any Payment Date on which, pursuant to this Condition 7 (*Interest*), the Interest Amount on the Notes will not be paid in full.

Other than in respect of the Senior Notes, in the event that on any Payment Date, there are any Interest Amounts which are unpaid on their due date and remain unpaid as a result of the insufficiency of the Issuer Available Funds (the "**Interest Amount Arrears**"), such Interest Amount Arrears will be deferred (and not regarded as due) and shall be aggregated with the amount of interest due on the relevant Class of Notes on the next succeeding Payment Date, and treated for the purpose of this Condition 7 (*Interest*) as if it was due, subject to this Condition 7 (*Interest*), on each Note on the next succeeding Payment Date. No interest will accrue on any Interest Amount Arrears.

#### 7.4 **Determination or calculation by the Representative of the Noteholders**

If the Paying Agent does not at any time for any reason determine the Senior Notes Interest Rate and/or calculate the Interest Amount for the Notes in accordance with the foregoing provisions of this Condition 7 (*Interest*), the Representative of the Noteholders, as legal representative of the Noteholders, shall (but without incurring, in the absence of wilful default (*dolo*) or gross negligence (*colpa grave*), any liability to any person as a result):

- (i) determine (or cause to be determined) the Senior Notes Interest Rate; and/or (as the case may be)
- (ii) calculate (or cause to be determined) the Interest Amount for each Class of Notes in the manner specified in Condition 7.2 (*Determination of the Senior Notes Interest Rate and calculation of Interest Amounts*) above,

and any such determination and/or calculation shall be deemed to have been made by the Paying Agent in accordance with these Terms and Conditions.

#### 7.5 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Interest*), whether by the Computation Agent, the Paying Agent, the Issuer or the Representative of the Noteholders shall (in the absence of wilful default (*dolo*), bad faith (*mala fede*) or manifest error) be binding on the Computation Agent, the Paying 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 Computation Agent, the Paying Agent, the Corporate Servicer, the Issuer or the Representative of the Noteholders in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

#### 7.6 **Paying Agent**

The Issuer shall ensure that, also in accordance with the Agency Agreement, so long as any of the Notes remain outstanding, there shall at all times be a Paying Agent. The Paying Agent may not resign until a successor approved in writing by the Representative of the Noteholders has been appointed. If a new Paying Agent is appointed, a notice will be published in accordance with Condition

16 (*Notices*).

## 7.7 **Fallback Provisions**

The Representative of the Noteholders, with the consent of the Noteholders, may request the Issuer to agree to amend the EURIBOR as referred to in Condition 7.1 (*Rate of Interest*) above (any such amended rate, an “**Alternative Base Rate**”), provided that such Alternative Base Rate is:

- (a) a base rate published, endorsed, approved or recognised by the European Central Bank, any regulator in Italy or the EU (or any relevant committee or other body established, sponsored or approved by any of the foregoing); or
- (b) the ESTER (or any rate which is derived from, based upon or otherwise similar to the foregoing); or
- (c) a base rate utilised in a material number of publicly-listed new issues of Euro denominated asset backed floating rate notes prior to the effective date of such interest rate modification; or
- (e) such other base rate as the Representative of the Noteholders reasonably determines.

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

### 8.1 **Final Maturity Date**

8.1.1 Unless previously redeemed in full or cancelled in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*), the Notes are due to be repaid in full at their respective Principal Amount Outstanding (together with interest accrued and unpaid thereon) on the Final Maturity Date.

8.1.2 The Issuer may not redeem the Notes prior to the Final Maturity Date except as provided below in Condition 8.2 (*Redemption, Purchase and Cancellation - Mandatory Redemption*), 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) and 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), but without prejudice to Condition 13 (*Trigger Events*).

### 8.2 **Mandatory Redemption**

The Notes of each Class will be subject to mandatory redemption in full (or in part *pro rata*) on each Payment Date thereafter, in each case if and to the extent that, on such dates, there are sufficient Issuer Available Funds which may be applied towards redemption of the Notes, in accordance with the applicable Priority of Payments set out in Condition 6 (*Priority of Payments*).

### 8.3 **Optional Redemption**

8.3.1 Unless previously redeemed in full, on any Payment Date falling after the Quarterly Servicer's Report Date on which the aggregate of the Outstanding Principal of the Portfolio is equal to or less than 10% of the sum of the Outstanding Principal of the Portfolio as at the relevant Valuation Date, the Issuer, having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*), may redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding, together with interest accrued thereon, up to the date fixed for redemption, in accordance with this Condition 8.3 (*Optional Redemption*), provided that:

- (a) no Trigger Event has occurred prior to or upon such date; and
- (b) the Issuer has certified to the Representative of the Noteholders and produced evidence acceptable to the Representative of the Noteholders that it will have the

necessary funds (not subject to the interests of any person) to discharge all of its outstanding liabilities in respect of the Senior Notes and the Mezzanine Notes and any amount required to be paid under the Priority of Payments in priority to or *pari passu* with the Senior Notes.

8.3.2 The Issuer may obtain the necessary funds in order to effect the above optional redemption of the Notes, in accordance with the Condition 8.3 (*Redemption, Purchase and Cancellation – Optional Redemption*), through the sale of the Portfolio subject to the terms and conditions of the Intercreditor Agreement. The relevant sale proceeds shall form part of the Issuer Available Funds.

#### 8.4 **Redemption for Taxation**

8.4.1 If the Issuer at any time satisfies the Representative of the Noteholders, immediately prior to giving the notice referred to below, that on the next Payment Date:

- (a) the Issuer or any other person would be required to deduct or withhold (other than in respect of a Decree 239 Deduction) from any payment of principal or interest on any Class of Notes (the "**Affected Class**"), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Italy or any political or administrative sub-division thereof or any authority thereof or therein (or that amounts payable to the Issuer in respect of the Portfolio would be subject to withholding or deduction) (hereinafter, the "**Tax Event**"); and
- (b) the Issuer will have the necessary funds (not subject to the interests of any other person) to discharge all of its outstanding liabilities in respect of the Affected Class and any amount required to be paid, according to the Post-Enforcement Priority of Payments in priority to or *pari passu* with the Notes of the Affected Class,

then the Issuer may, on any such Payment Date at its option having given not less than 30 days' prior notice to the Representative of the Noteholders in writing and to the Noteholders in accordance with Condition 16 (*Notices*), redeem the Senior Notes (in whole but not in part), the Mezzanine Notes (in whole but not in part) and the Junior Notes (in whole or in part) at their Principal Amount Outstanding together with all accrued but unpaid interest thereon up to and including the relevant Payment Date, in accordance with this Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*).

Following the occurrence of a Tax Event, the Issuer may, or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio, or any part thereof, to finance the early redemption of the Notes in accordance with this Condition 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), subject to the terms and conditions of the Intercreditor Agreement.

#### 8.5 **Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding**

8.5.1 The Issuer shall procure that on or prior to each Calculation Date, the Computation Agent determines:

- (i) the amount of the Issuer Available Funds;
- (ii) the principal payment (if any) due on Euro 1,000 of nominal amount of each Note of each Class of the Notes on the next following Payment Date;



- (iv) the Principal Amount Outstanding of the Notes of each Class of Notes on the next following Payment Date (after deducting any principal payment due to be made on the Notes of each Class of Notes on such Payment Date); and
- (v) the Senior Notes Redemption Amount, the Mezzanine Notes Redemption Amount and the Junior Notes Redemption Amount, in accordance with these Conditions.

The principal amount redeemable in respect of a nominal amount of Euro 1,000 of each Note of each Class of Notes on any Payment Date shall be a pro rata share of the Issuer Available Funds available to make the principal payment in respect of the Notes of the relevant Class, in accordance with the relevant Priority of Payments, calculated by multiplying the relevant amount by a fraction, the numerator of which is the then Principal Amount Outstanding of a nominal amount of Euro 1,000 of each Note of the relevant Class and the denominator of which is the then Principal Amount Outstanding of all the Notes of the relevant Class, and rounding down the resultant figures to the nearest cent, provided always that no such principal payment may exceed the Principal Amount Outstanding of a nominal amount of Euro 1,000 of the relevant Note.

- 8.5.2 Each determination by (or on behalf of) the Issuer of the Issuer Available Funds, any principal payment on the Notes, the Principal Amount Outstanding of the Notes and the relevant Notes Redemption Amount shall in each case (in the absence of wilful default, gross negligence, bad faith or manifest error) be final and binding on all persons.
- 8.5.3 The Issuer will, on each Calculation Date, cause the determination of a principal payment on the Notes (if any), Principal Amount Outstanding of the Notes and the relevant Notes Redemption Amount to be notified by the Computation Agent (through the Payments Report) to the Representative of the Noteholders, the Corporate Servicer, the Account Bank, the Paying Agent, Monte Titoli, Borsa Italiana S.p.A., the Cash Manager, the Computation Agent and, in copy, the Servicer. The Issuer will cause notice of each determination of a principal payment on the Senior Notes and the Mezzanine Notes and of Principal Amount Outstanding of the Senior Notes and the Mezzanine Notes to be given to Monte Titoli and in accordance with Condition 16 (*Notices*).
- 8.5.4 If no principal payment on the Notes, or Principal Amount Outstanding of the Notes or the relevant Notes Redemption Amount is determined by or on behalf of the Issuer in accordance with the preceding provisions of this Condition 8.5 (*Redemption, Purchase and Cancellation - Principal Payment on the Notes, Redemption Amounts and Principal Amount Outstanding*), such principal payment on the Notes and Principal Amount Outstanding of the Notes shall be determined by the Representative of the Noteholders in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*) and each such determination or calculation shall be deemed to have been made by the Issuer.
- 8.5.5 In the event of the Computation Agent not receiving or receiving with delay (such a delay not enabling the Computation Agent to prepare the Payments Report in time for applying the Pre-Enforcement Priority of Payments on the relevant Payment Date) the information (in whole or in part) of any amount necessary for it to prepare the Payments Report in respect of any Calculation Date, but has evidence that the amounts standing to the credit of the Accounts (excluding the Quota Capital Account) are sufficient to pay the interests on the Most Senior Class of Notes and any other amount ranking in priority thereto pursuant to the Pre-Enforcement Priority of Payments, the Computation Agent shall:
  - (a) promptly inform the Issuer and the Representative of the Noteholders;

- (b) prepare a Payments Report on or prior to the relevant Calculation Date based on the assumption that:
  - (i) the amounts to be retained into the Expense Account and the fees due and payable on the next following Payment Date pursuant to item *Second* of the Pre-Enforcement Priority of Payments, shall be equal to the amount specified in the last available Payment Report; and
  - (ii) no payments will be made on any item of the Pre-Enforcement Priority of Payments different from the interests on the Senior Notes and any other amount ranking in priority thereto (and, therefore, for the avoidance of doubt, no principal will be due and payable on any Notes on such Payment Date)

being understood (for the avoidance of any doubt) that, if the principal due under the Notes set out in such Payments Report results equal to zero, such circumstance shall not constitute in any event a Trigger Event.

It remains understood and agreed that any amount that will not be used and applied in accordance with the Pre-Enforcement Priority of Payments on each Payment Date (excluding the proceeds deriving from any Incremental Instalment on the Notes paid by the Noteholders) shall remain credited onto the Payments Accounts and shall be considered as Issuer Available Funds and applied on the immediately following Payment Date.

The Computation Agent shall not be liable for any liability suffered or incurred by any party or any Other Issuer Creditors as a result of such assumption, being understood that should such assumptions be communicated to the Computation Agent to be wrong by the Party in charge to determine them, then the Computation Agent on the immediately following Calculation Date shall prepare a Payments Report which shall consider any incorrect assumed amounts with the purpose to set-off such amounts with any amounts due and payable on the next following Payment Date.

#### 8.6 **Notice of redemption**

Any notice of redemption, including those as set out in Condition 8.3 (*Redemption, Purchase and Cancellation - Optional Redemption*) and 8.4 (*Redemption, Purchase and Cancellation - Redemption for Taxation*), must be given in accordance with Condition 16 (*Notices*) and shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes in accordance with this Condition 8 (*Redemption, Purchase and Cancellation*).

#### 8.7 **No purchase by Issuer**

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

#### 8.8 **Cancellation**

8.8.1 The Notes shall be cancelled on the Cancellation Date which is the earlier of:

- (a) the date on which the Notes have been redeemed in full;
- (b) the Final Maturity Date; and
- (c) the date on which the Representative of the Noteholders has certified to the Issuer and the Noteholders that there are no more Issuer Available Funds to be distributed as a result of no additional amount or asset relating to the Portfolio being available to the Issuer at which date any amount outstanding, whether in respect of interest, principal or other amounts in respect of the Notes, shall be finally and definitively cancelled,

at which date any amount outstanding, whether in respect of interest, principal and/or other amounts in respect of the Notes, shall be finally and definitively cancelled.

8.8.2 Upon cancellation the Notes may not be resold or re-issued.

## 9. NON PETITION AND LIMITED RECOURSE

### 9.1 Non Petition

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

- (a) is entitled, save as expressly permitted by the Transaction Documents, to direct the Representative of the Noteholders to enforce the Security or take any proceedings against the Issuer to enforce the Security;
- (b) 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 to it;
- (c) shall be entitled, both before and following the delivery of a Trigger Notice until the date falling two years and one day after the date on which all the Notes and any other notes issued in the context of any other securitisation carried out by the Issuer have been redeemed in full or cancelled in accordance with their terms and conditions, to cause, initiate or join any person in initiating an Insolvency Event in relation to the Issuer; and
- (d) shall be entitled, both before and following the delivery of a Trigger Notice, to take or join in the taking of any corporate action, legal proceeding or other procedure or step which would result in the Priority of Payments not being complied with.

### 9.2 Limited recourse obligations of Issuer

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

- (a) each Noteholder will have a claim only in respect of the Issuer Available Funds and at all times only in accordance with the applicable Priority of Payments and will not have, by operation of law or otherwise, any claim against, or recourse to, the Issuer's other assets or its contributed capital;
- (b) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (i) the aggregate amount of all sums due and payable to such Noteholder; and (ii) the Issuer Available Funds, net of any sums which are payable by the Issuer in accordance with the applicable Priority of Payments in priority to or pari passu with such sums payable to such Noteholder; and
- (c) upon the Representative of the Noteholders giving notice in accordance with Condition 16 (*Notices*) that it has determined, in its sole opinion, that there is no reasonable likelihood of there being any further amounts to be realised in respect of the 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 Servicer having confirmed the same in writing to the Representative of the Noteholders, the Noteholders shall have no further claim against the

Issuer in respect of any such unpaid amounts and such unpaid amounts shall be cancelled and discharged in full.

## 10. PAYMENTS

### 10.1 Payments through Monte Titoli, Euroclear and Clearstream

Payment of principal and interest in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of those banks and authorised brokers whose Monte Titoli accounts are credited with such Notes and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of such Notes or through Euroclear and Clearstream to the accounts with Euroclear and Clearstream of the beneficial owners of such Notes, in accordance with the rules and procedures of Monte Titoli, Euroclear or Clearstream, as the case may be.

### 10.2 Payments subject to tax laws

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

### 10.3 Variation of Paying Agent

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 Paying Agent and to appoint another paying agent. The Issuer will cause at least 30 days' prior notice of any replacement of the Paying Agent to be given to the Noteholders in accordance with Condition 16 (*Notices*).

## 11. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature other than a Decree 239 Deduction (as recently amended) or any other withholding or deduction required to be made by applicable law. Neither the Issuer nor any other person shall be obliged to pay any additional amount to any holder of Notes on account of such withholding or deduction.

## 12. PRESCRIPTION

Claims against the Issuer for payments in respect of the Notes shall be prescribed and shall become void unless made within ten years (in the case of principal) or five years (in the case of interest and Additional Return) from the date on which a payment in respect thereof first becomes due and payable.

## 13. TRIGGER EVENTS

### 13.1 Trigger Events

The occurrence of any of the following events shall constitute a Trigger Event:

- (a) *Non-payment*: The Issuer defaults in the payment of:
  - (i) (1) the Interest Amount payable on the Senior Notes as at the relevant Payment Date; or
  - (2) before the occurrence of a First Performance Event, the Interest Amount payable on the Mezzanine Notes for two consecutive Payment Dates; or
  - (3) in case there are sufficient Issuer Available Funds in accordance with the applicable Priority of Payments, the amount of principal due and payable on the Senior Notes and/or the Mezzanine Notes on the relevant Payment Date

(as set out in the Relevant Payments Report)

and such default is not remedied within a period of 5 (five) Business Days from the due date thereof; or

- (ii) any amount due to the Other Issuer Creditors under items *First* and *Second* of the Priority of Payments and such default is not remedied within a period of five Business Days from the due date thereof; or
- (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 specified in (a) above) which is in the Representative of the Noteholders' sole and absolute opinion materially prejudicial to the interests of the Noteholders and such default remains unremedied for 30 days after the Representative of the Noteholders having given written notice thereof to the Issuer requiring the same to be remedied (except where, in the sole opinion of the Representative of the Noteholders, such default is not capable of remedy in which case no term of 30 days will be given); or
- (c) *Breach of Representations and Warranties by the Issuer*: Any of the representations and warranties given by the Issuer under any of the Transaction Documents to which it is party is, or proves to have been, incorrect or erroneous in any material respect when made, or deemed to be made, or at any time thereafter, unless it has been remedied within 15 days after the Representative of the Noteholders has served notice requiring remedy; or
- (d) *Insolvency of the Issuer*: An Insolvency Event occurs in respect of the Issuer; or
- (e) *Unlawfulness for the Issuer*: It is or will become unlawful (in any respect deemed to be material by the Representative of the Noteholders) 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.

## 13.2 Trigger Notice

Upon the occurrence of a Trigger Event, the Representative of the Noteholders:

- (a) in the case of a Trigger Event under Condition 13.1 (a) or (e) above, shall; and/or
- (b) in the case of a Trigger Event under Condition 13.1 (b) and (c) above, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall; and/or
- (c) in the case of a Trigger Event under Condition 13.1 (d) above, may at its sole discretion or, if so directed by an Extraordinary Resolution of the Most Senior Class of Noteholders, shall,

serve a Trigger Notice to the Issuer. Upon the service of a Trigger Notice, the Notes will be due and payable at their Principal Amount Outstanding and the Issuer Available Funds shall be applied in accordance with Condition 6.2 (*Priority of Payments – Post-Enforcement Priority of Payments*).

Following the service of a Trigger Notice, no amount of cash shall be trapped in the Issuer beyond what is necessary to ensure the operational functioning of the Issuer or the orderly payments of the amounts due under the Notes in accordance with the Post-Enforcement Priority of Payments and pursuant to the terms of the Transaction Documents, as required by Article 21(4)(a) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

Following the service of a Trigger Notice, the Issuer may (subject to the consent of the Representative of the Noteholders), or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio (in full or in part), subject to the terms and conditions of the *Intercreditor Agreement*. It is

understood that no provisions shall require the automatic liquidation of the Portfolio pursuant to Article 21(4)(d) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

#### **14. ACTIONS FOLLOWING THE SERVICE OF A TRIGGER NOTICE**

##### **14.1 Actions of the Representative of the Noteholders**

At any time after a Trigger Notice has been served, the Representative of the Noteholders may or shall, if so requested or authorised by an Extraordinary Resolution of the Most Senior Class of Noteholders, take such steps and/or institute such proceedings against the Issuer as it may think fit to ensure repayment of the Notes and payment of accrued interest thereon in accordance with the Priority of Payments set out in Condition 6.2 (*Priority of Payments - Post-Enforcement Priority of Payments*).

##### **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 (*Actions following the service of a Trigger Notice*) by the Representative of the Noteholders shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer and all the Noteholders and (in such absence as aforesaid) no liability to the Noteholders or the Issuer shall attach to the Representative of the Noteholders in connection with the exercise or non-exercise by it of its powers, duties and discretion hereunder.

##### **14.3 Actions against the Issuer**

No Noteholder shall be entitled to proceed directly against the Issuer save as provided in these Conditions and the Rules of the Organisation of the Noteholders.

##### **14.4 Limited claims against the Issuer**

If the Representative of the Noteholders takes action to ensure the Noteholders' rights in respect of the Portfolio and the Issuer's Rights and after payment of all other claims ranking in priority to the Notes under the Terms and Conditions and the Intercreditor Agreement, if the remaining proceeds of such action (the Representative of the Noteholders having taken action to ensure the Noteholders' rights in respect of the entire Portfolio and all the Issuer's Rights) are insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes and all other claims ranking *pari passu* therewith, then the Noteholders' claims against the Issuer will be limited to their *pro rata* share of such remaining proceeds (if any) and the obligations of the Issuer to the Noteholders will be discharged in full and any amount in respect of principal, interest or other amounts due under the Notes will be finally and definitively cancelled.

##### **14.5 Disposal of the Portfolio**

Following the service of a Trigger Notice, the Issuer may (subject to the consent of the Representative of the Noteholders) or the Representative of the Noteholders may (or shall if so requested by an Extraordinary Resolution of the Most Senior Class of Noteholders) direct the Issuer to dispose of the Portfolio (in full or in part), subject to the terms and conditions of the Intercreditor Agreement. No provisions in these Terms and Conditions or the other Transaction Documents shall require the automatic liquidation of the Portfolio pursuant to Article 21(4)(d) of the EU Securitisation Regulation and the EBA Guidelines on STS Criteria.

#### **15. THE REPRESENTATIVE OF THE NOTEHOLDERS**

##### **15.1 The Organisation of the Noteholders**

The Organisation of the Noteholders shall be established upon and by virtue of the issuance of the

Notes and shall remain in force and in effect until repayment in full or cancellation of the Notes.

## 15.2 **Appointment of the Representative of the Noteholders**

Pursuant to the Rules of the Organisation of the Noteholders, for so long as any Note is outstanding, there shall at all times be a Representative of the Noteholders. The appointment of the Representative of the Noteholders, as legal representative of the Organisation of the Noteholders, is made by the Noteholders subject to and in accordance with the Rules of the Organisation of the Noteholders, except for the initial Representative of the Noteholders appointed at the time of the issue of the Notes by the Senior Notes Underwriter, the Mezzanine Notes Underwriter and the Junior Notes Underwriters, subject to and in accordance with the provisions of the Senior Notes Subscription Agreement, the Mezzanine Notes Subscription Agreement and the Junior Notes Subscription Agreement. Each Noteholder is deemed to accept such appointment.

## 16. **NOTICES**

### 16.1 **Notices**

Any notice regarding the 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 and, as long as the Notes are admitted to trading on the ExtraMOT PRO, in accordance with the rules of such multilateral trading facility. In addition, any notice to the Noteholders given by or on behalf of the Issuer shall also be published on the website "<https://cardoai.com/public?transaction=krypton-spe>". Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in one of the manners referred to above.

### 16.2 **Alternative methods of notice**

The Representative of the Noteholders shall be at liberty to sanction some other method of giving notice to the 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 Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Representative of the Noteholders shall require and in accordance with the rules of the stock exchange on which the Notes are then listed.

## 17. **GOVERNING LAW AND JURISDICTION**

### 17.1 **Governing law of the Notes**

The Notes and all non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with Italian Law.

### 17.2 **Governing law of the Transaction Documents**

All the Transaction Documents and all non-contractual obligations arising in any way whatsoever out of or in connection with them, are governed by, and shall be construed in accordance with Italian Law.

### 17.3 **Jurisdiction**

Any dispute arising from the interpretation and execution of these Conditions or from the legal relationships established by these Notes and these Conditions will be submitted to the exclusive jurisdiction of the Courts of Milan.

**EXHIBIT 1**  
**TO THE TERMS AND CONDITIONS**  
**RULES OF THE ORGANISATION OF THE NOTEHOLDERS**

**TITLE I**  
**GENERAL PROVISIONS**

**1. General**

1.1 *Establishment*

The Organisation of the Noteholders is created concurrently with the issue by Krypton SPE S.r.l. and subscription for the € 180,000,000 Class A Asset Backed Partly Paid Notes due March 2036, € 20,000,000 Class B Asset Backed Partly Paid Notes due March 2036 and € 20,000,000 Class J Asset Backed Partly Paid Notes due March 2036, and is governed by these Rules of the Organisation of the Noteholders (the "**Rules**").

1.2 *Validity*

These Rules shall remain in force and effect until full repayment or cancellation of all the Notes.

1.3 *Integral part of the Notes*

These Rules are deemed to be an integral part of each Note issued by the Issuer.

**2. Definitions and interpretations**

2.1 *Interpretation*

2.1.1 Unless otherwise provided in these Rules, any capitalised term shall have the meaning attributed to it in the Terms and Conditions.

2.1.2 Any reference herein to an "Article" shall be a reference to an Article of these Rules.

2.1.3 Headings and subheadings used herein are for ease of reference only and shall not affect the construction of these Rules.

2.2 *Definitions*

In these Rules, the terms set out below shall have the following meanings:

**"Basic Terms Modification"** means any proposal to:

- (a) change the date of maturity of the Notes of any Class;
- (b) change any date fixed for the payment of principal or interest in respect of the Notes of any Class;
- (c) reduce or cancel the amount of principal or interest payable on any date in respect of the Notes of any Class (other than any reduction or cancellation permitted under the Terms and Conditions) or alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;
- (d) change the quorum required at any Meeting or the majority required to pass any Resolution;
- (e) change the currency in which payments are due in respect of any Class of Notes;
- (f) alter the priority of payments affecting the payment of interest and/or the repayment of principal in respect of any of the Notes;



- (g) effect the exchange, conversion or substitution of the Notes of any Class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate, formed or to be formed;
- (h) a change to this definition.

"**Blocked Notes**" means Notes which have been blocked by an authorised intermediary in an account with a clearing system.

"**Block Voting Instruction**" means in relation to a Meeting, the document issued by the Paying Agent stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting;
- (b) that the Paying Agent has been instructed by the holder of the relevant Notes to cast the votes attributable to such Blocked Notes in a particular way on each resolution to be put to the relevant 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
- (c) authorising a Proxy to vote in accordance with such instructions.

"**Chairman**" means, in relation to any Meeting, the individual who takes the chair in accordance with Title II, Article 7 of these Rules.

"**Extraordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 18.

"**Meeting**" means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).

"**Monte Titoli Account Holder**" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli including any depository banks appointed by Euroclear and Clearstream.

"**Ordinary Resolution**" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules to resolve on the object set out in Article 17.

"**Proxy**" means any person to which the powers to vote at a Meeting have been duly granted under a Voting Certificate or a Block Voting Instruction.

"**Resolution**" means an Ordinary Resolution and/or an Extraordinary Resolution, as the case may be.

"**Terms and Conditions**" means the Conditions, 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 numbered "**Condition**" is to the corresponding numbered provision thereof.

"**Voter**" means, in relation to any Meeting, the holder of a Voting Certificate or a Proxy;

"**Voting Certificate**" means, in relation to any Meeting, a certificate issued by the Monte Titoli Account Holder in accordance with Regulation 13 August 2018, as subsequently amended and supplemented, stating *inter alia*:

- (a) that the Blocked Notes specified therein will not be released until a specified date which falls after the conclusion of the Meeting; and
- (b) that the bearer of such certificate is entitled to attend and vote at such Meeting in respect of

such Blocked Notes.

"**24 hours**" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and in the place where the Paying Agent has its specified office.

"**48 hours**" means 2 consecutive periods of 24 hours.

### **3. Purpose of the Organisation**

#### **3.1 Membership**

Each Noteholder is a member of the Organisation of the Noteholders.

#### **3.2 Purpose**

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 NOTEHOLDERS**

### **4. Voting Certificates and Validity of the Proxies and Voting Certificates**

#### **4.1 Participation in Meetings**

Noteholders may participate in any Meeting by obtaining a Voting Certificate or by depositing a Block Voting Instruction at the specified office of the Representative of the Noteholders not later than 24 hours before the relevant Meeting.

#### **4.2 Validity**

A Block Voting Instruction or a Voting Certificate shall be valid only if deposited at the specified office of the Representative of the Noteholders, or at any other place approved by the Representative of the Noteholders, at least 24 hours before the time of the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid unless the Chairman decides otherwise before the Meeting proceeds to discuss the items on the agenda. If the Representative of the Noteholders so requires, notarised copy of each Voting Certificate or Block Voting Instruction and satisfactory evidence of the identity of each Proxy named therein shall be produced at the Meeting but the Representative of the Noteholders shall not be obliged to investigate the validity of a Voting Certificate, a Block Voting Instruction or the identity of any Proxy.

#### **4.3 Mutually exclusive**

A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Note.

#### **4.4 Blocking and release of Notes**

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. Convening the Meeting**

#### **5.1 Meetings convened by the Representative of the Noteholders**

The Representative of the Noteholders may convene a Meeting at any time.

The Representative of the Noteholders shall convene a Meeting at any time it is requested to do so

in writing by (a) the Issuer, or (b) Noteholders representing at least one-fiftieth of the aggregate Principal Amount Outstanding of all the Notes outstanding for the Class in respect of which the Meeting is to be convened.

#### 5.2 *Request from the Issuer*

Whenever the Issuer requests the Representative of the Noteholders to convene a Meeting, it shall immediately send a communication in writing to that effect 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.

#### 5.3 *Time and place of the Meeting*

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Noteholders.

Every Meeting may be held where there are Voters located at different places (located in the European Union) connected via video-conference, provided that:

- (a) the Chairman may ascertain and verify the identity and legitimacy of those Voters, monitor the Meeting, acknowledge and announce to those Voters the outcome of the voting process;
- (b) the person drawing up the minutes may hear well the meeting events being the subject matter of the minutes;
- (c) each Voter attending via video-conference may follow and intervene in the discussions and vote the items on the agenda in real time;
- (d) the notice of the Meeting expressly states, where applicable, how Voters may obtain the information necessary to attend the relevant Meeting via video-conference equipment; and
- (e) for the avoidance of doubt, the Meeting is deemed to take place (located in the European Union) where the Chairman and the person drawing up the minutes will be.

### **6. Notice of Meeting and Documents Available for Inspections**

#### 6.1 *Notice of meeting*

At least 10 days' notice (but not exceeding 60 (sixty) days' notice) (exclusive of the day on which notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place (which shall be in the European Union) of the Meeting, must be given by the Paying Agent (upon instruction from the Representative of the Noteholders) to the relevant Noteholders, with copy to the Issuer and the Representative of the Noteholders.

#### 6.2 *Content of the notice*

The notice of any resolution to be proposed at the Meeting shall specify at least the following information:

- (a) day, time and place (located in the European Union) of the Meeting, on first and second call;
- (b) agenda of the Meeting; and
- (c) nature of the Resolution.

#### 6.3 *Validity notwithstanding lack of notice*

Notwithstanding the formalities required by this Article 6, a Meeting is validly held if the entire Principal Amount Outstanding of the relevant Class or Classes of Notes is represented thereat and the Issuer and the Representative of the Noteholders are present.

#### 6.4 *Documentation Available for Inspection*

All the documentation (including, if possible, the full text of the resolution to be proposed at the Meeting) which is necessary, useful or appropriate for the Noteholders consciously to (i) determine whether or not to take part in the relevant Meeting and (ii) exercise their right to vote on the items on the agenda, shall be deposited at the specified office of the Representative of the Noteholders at least 7 days before the date set for the relevant Meeting.

## **7. Chairman of the Meeting**

### **7.1 Appointment of the Chairman**

The Meeting is chaired by an individual (who may, but need not be, a Noteholder) appointed by the Representative of the Noteholders. If the Representative of the Noteholders fails to make such appointment or the individual so appointed declines 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.

### **7.2 Duties of the 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.

### **7.3 Assistance**

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.

## **8. Quorum**

### **8.1 Quorum and Passing of Resolution**

The quorum (*quorum constitutivo*) at any Meeting shall be:

- (a) in respect of a Meeting convened to vote on an Ordinary Resolution:
  - (i) on first call, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened; or
  - (ii) on second call, following any adjournment pursuant to Article 9, at least one third of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened;
- (b) in respect of a Meeting convened to vote on an Extraordinary Resolution, other than in respect of a Basic Terms Modification:
  - (i) on first call, one or more Voters holding or representing at least two thirds of the Principal Amount Outstanding of the Notes outstanding for the Class in respect of which the Meeting is convened; or
  - (ii) on second call, following any adjournment pursuant to Article 9, at least one half of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened;
- (c) in respect of a Meeting convened to vote on an Extraordinary Resolution in respect of a Basic Terms Modification:
  - (i) on first call, one or more Voters holding or representing at least three quarters of the

Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened; or

- (ii) on second call, following any adjournment pursuant to Article 9, one or more Voters holding or representing at least one half of the Principal Amount Outstanding of the outstanding Notes for the Class in respect of which the Meeting is convened.

## 8.2 *Passing of a Resolution*

A Resolution shall be deemed validly passed if voted by the following majorities:

- (a) in respect of an Ordinary Resolution, a majority of the votes cast; and
- (b) in respect of an Extraordinary Resolution, a majority of not less than three quarters of the votes cast.

## 9. **Adjournment for lack of quorum**

If a quorum is not reached within 30 minutes after the time fixed for any Meeting:

- (a) if such Meeting was requested by Noteholders, the Meeting shall be dissolved; or
- (b) in any other case, the Meeting (unless the Issuer and the Representative of the Noteholders otherwise agree) shall 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 (which shall be in the European Union) and time as the Chairman determines with the approval of the Representative of the Noteholders, provided however that no meeting may be adjourned more than once for want of quorum.

## 10. **Adjourned Meeting**

Except as provided in Article 9, the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another new date no earlier than 14 (fourteen) days and no later than 42 (fortytwo) days after the original date of such Meeting, and to such place (which shall be in the European Union). No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

## 11. **Notice following adjournment**

### 11.1 *Notice required*

If a Meeting is adjourned in accordance with the provisions of Article 9, Articles 5 and 6 above shall apply to the resumed meeting except that:

- (a) 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
- (b) the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

### 11.2 *Notice not required*

It shall not be necessary to give notice to resume any Meeting adjourned for reasons other than those described in Article 9.

## 12. **Participation**

The following categories of persons may attend and speak at a Meeting:

- (a) Voters;

- (b) the director(s) and the auditors of the Issuer;
- (c) the Representative of the Noteholders;
- (d) financial and/or legal advisers to the Issuer and the Representative of the Noteholders; and
- (e) any other person authorised by the Issuer, the Representative of the Noteholders or by virtue of a resolution of the relevant Meeting.

### **13. Voting by show of hands**

#### **13.1** *First instance vote*

Every question submitted to a Meeting shall be decided in the first instance by a vote by show of hands.

#### **13.2** *Demand of poll*

If, before the vote by show of hands, the Issuer, the Representative of the Noteholders, the Chairman or one or more Voters who represent or hold at least one-fiftieth of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes request to vote by poll, the question shall be voted on in compliance with the provisions of Article 14. No request to vote by poll shall hinder the continuation of the Meeting in relation to the other items on the agenda.

#### **13.3** *Approval of a resolution*

A resolution is only passed on a vote by show of hands if the Meeting has been validly constituted and the relevant resolution is unanimously approved by all the Voters at the Meeting. The Chairman's declaration that on a show of hands a resolution has been passed or rejected shall be conclusive. Whenever it is not possible to approve a resolution by show of hands, voting shall be carried out by poll.

### **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 entitled to vote at the Meeting. A poll may be taken immediately or after any adjournment as 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** *Conditions of a poll*

The Chairman sets the conditions for voting by poll, 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 conditions set 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. Votes**

#### **15.1** *Votes*

Each Voter shall have:

- (a) one vote, when voting by a show of hands; and
- (b) one vote for each Euro 1,000 of face amount of each Note represented or held by the Voter, when voting by poll.

## 15.2 *Exercise of multiple votes*

Unless the terms of any Block Voting Instruction or Voting Certificate borne by a Proxy state otherwise, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes which he exercises in the same manner.

## 15.3 *Voting tie*

In case of a voting tie, the Chairman shall have the casting vote.

## 15.4 *Votes Cast*

The Noteholders can cast their votes "in favour of" or "against" any proposed Resolution.

The Noteholders that do not intend to cast their votes and abstain from voting shall be ignored and not be included in the computation of the votes cast.

## **16. Voting by Proxy**

### 16.1 *Validity*

Any vote by a Proxy appointed in accordance with the relevant Block Voting Instruction or Voting Certificate shall be valid even if such Block Voting Instruction or Voting Certificate or any other instruction pursuant to which it has been given had been amended or revoked provided that none of the Paying Agent, the Issuer, the Representative of the Noteholders or the Chairman has been notified in writing of such revocation at least 24 hours prior to the time set for the relevant Meeting.

### 16.2 *Adjournment of Meeting*

Unless revoked, the appointment of a Proxy in relation to a Meeting shall remain valid also in relation to a resumption of such Meeting following an adjournment, unless such Meeting was adjourned for lack of quorum pursuant to Article 9. If a Meeting is adjourned pursuant to Article 9, any person appointed to vote in such Meeting must be re-appointed by virtue of a Block Voting Instruction or Voting Certificate in order to vote at the resumed Meeting.

## **17. Ordinary Resolutions**

Save as provided by Article 18 and subject to the provisions of Article 19, a Meeting shall have the power exercisable by Ordinary Resolution to:

- (a) waive (including to waive a prior breach) any breach by the Issuer of its obligations arising under the Transaction Documents or the Notes, or waive a Trigger Event, if such waivers are not previously authorised by the Representative of the Noteholders in accordance with the Transaction Documents;
- (b) determine any other matters submitted to the Meeting, other than matters required to be subject of an Extraordinary Resolution, in accordance with the provisions of these Rules and the Transaction Documents; and
- (c) 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. Extraordinary Resolutions**

The Meeting, subject to Article 19, shall have power exercisable by Extraordinary Resolution to:

- (a) approve any Basic Terms Modification;
- (b) approve any proposal by the Issuer or the Representative of the Noteholders for any alteration or waiver of the rights of the Noteholders against the Issuer;

- (c) approve any scheme or proposal related to the mandatory exchange or substitution of any Class of Notes;
- (d) save as provided by Article 29, approve any amendments of the provisions of (i) these Rules, (ii) the Terms and Conditions, (iii) the Intercreditor Agreement, (iv) the Agency Agreement, or (v) any other Transaction Document in respect of the obligations of the Issuer under or in respect of the Notes which is not a Basic Terms Modification be proposed by the Issuer, the Representative of the Noteholders and/or any other party thereto;
- (e) discharge or exonerate (including prior or retrospective discharge or exoneration) 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 Terms and Conditions or any other Transaction Document;
- (f) grant any authority, order or sanction which, under the provisions of these Rules or of the Terms and Conditions, must be granted by Extraordinary Resolution (including the issue of a Trigger Notice as a result of a Trigger Event pursuant to Condition 13);
- (g) authorise and ratify the actions of the Representative of the Noteholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- (h) authorise the Representative of the Noteholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- (i) appoint and remove the Representative of the Noteholders;
- (j) authorise or object to individual actions or remedies of Noteholders under Article 23; and
- (k) approve any other relevant matter (that should be expressly approved by the Noteholders) pursuant to the Intercreditor Agreement and any other Transaction Document.

## **19. Relationship between Classes and conflict of interests**

### **19.1 *Basic Terms Modification***

No Extraordinary Resolution involving a Basic Terms Modification that is passed by the Holders of one Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the Holders of each of the other Classes of Notes (to the extent that there are Notes outstanding in any of such other Class).

### **19.2 *Extraordinary Resolution other than in respect of a Basic Terms Modification or Ordinary Resolution***

No Extraordinary Resolution of any Class of Notes to approve any matter other than a Basic Terms Modification or an Ordinary Resolution of any 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 ranking at that time senior to such Class with respect to the repayment of the principal in accordance with the applicable Priority of Payments (to the extent that there are Notes outstanding ranking senior to such Class).

### **19.3 *Binding nature of the Resolutions***

Any Resolution passed at a Meeting of the Noteholders of one or more Classes of Notes duly convened and held in accordance with these Rules shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not dissenting and whether or not voting and, except in the case of Meeting relating to a Basic Terms Modification, any Resolution passed at a meeting of the then Most Senior Class of Noteholders duly convened and held as aforesaid shall also be binding upon all the other Class of Noteholders. In each such case, all of the



relevant Classes of Noteholders shall be bound to give effect to any such resolutions accordingly.

19.4 *Conflict between Classes*

If, however, in the opinion of the Representative of the Noteholders, there is a conflict between the interest 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.

19.5 *Joint Meetings*

Subject to the provisions of these Rules and the Terms and Conditions, if the Representative of the Noteholders considers it is not detrimental to the holders of any relevant Class of Notes, joint meetings of the Senior Noteholders, the Mezzanine Noteholders and of the Junior Noteholders may be held to consider the same Resolution and the provisions of these Rules shall apply *mutatis mutandis* thereto provided however that, upon request of the Noteholders of any Class, separate meetings shall be held even when meeting has been convened as a joint meeting.

19.6 *Separate and combined Meetings of the Noteholders*

Subject to the aforesaid provisions of this Article 19, the following provisions shall apply where outstanding Notes belong to more than one Class:

- (a) business which, in the sole opinion of the Representative of the Noteholders, affects only one Class of Notes shall be transacted at a separate Meeting of the Noteholders of such Class;
- (b) 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 such Class of Notes and the Noteholders of the other Class of Notes shall be transacted either at separate Meetings of the Noteholders of each such Class of Notes or at a joint Meeting of the Noteholders of all such Classes of Notes, as the Representative of the Noteholders shall determine in its absolute discretion; and
- (c) 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 the other Class of Notes shall be transacted at separate Meetings of the Noteholders of each such Class.

In this paragraph "**business**" includes (without limitation) the passing or rejection of any Resolution.

19.8 *Notice of Resolution*

Within 5 Business Days after the conclusion of each Meeting, the Issuer shall give notice, in accordance with Condition 16 (*Notices*), of the result of the votes on each resolution put to the Meeting. Such notice shall also be sent by the Issuer (or its agents) to the Paying Agent and the Representative of the Noteholders.

**20. Challenge of Resolution**

Any absent or dissenting Noteholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

**21. 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 shall be regarded as having been duly passed and transacted.

## **22. Written Resolution**

Notwithstanding the formalities required by Article 6, a Meeting is validly held if a resolution in writing is 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 (the "**Written Resolution**").

A Written Resolution shall take effect as if it were an Extraordinary Resolution or an Ordinary Resolution, in respect of matters to be determined by Ordinary Resolution.

## **23. Individual Actions and Remedies**

### *23.1 Individual actions of the Noteholders*

Each Noteholder is deemed to have accepted and is bound by the limited recourse and non-petition provisions of Condition 9. Accordingly, the right of each Noteholder to bring individual actions or use other individual remedies to enforce his/her rights under the Notes or the Transaction Documents will be subject to a Meeting passing an Extraordinary Resolution authorising such individual action or other remedy. In this respect, the following provisions shall apply:

- (a) the Noteholder intending to enforce his/her rights under the Notes or the Transaction Documents will notify the Representative of the Noteholders of his/her intention;
- (b) the Representative of the Noteholders will, without delay, call a Meeting in accordance with these Rules at the expense of such Noteholder;
- (c) if the Meeting passes a resolution objecting to the enforcement of the individual action or remedy, the Noteholder will be prevented from taking such action or remedy (without prejudice to the fact that after a reasonable period of time, the same matter may be resubmitted for review of another Meeting); and
- (d) if the Meeting of Noteholders authorises such individual action or remedy, the Noteholder will not be prohibited from taking such individual action or remedy.

### *23.2 Individual actions subject to Resolution*

No Noteholder will be permitted to take any individual action or remedy to enforce his/her rights under the Notes or the Transaction Documents unless a Meeting has been held to resolve on such action or remedy in accordance with the provisions of this Article 23.

### *23.3 Breach of Condition 9*

No Noteholder shall be permitted to take any individual action or remedy to enforce his/her rights under the Notes or the Transaction Documents in the event that such action or remedy would cause or result in a breach of Condition 9.

### *23.4 Exclusive power of the Representative of the Noteholders*

Save as provided in this Article 23, only the Representative of the Noteholders may pursue the remedies available under the general law or the Transaction Documents to obtain payment of obligations or to enforce the Security and no Noteholder shall be entitled to proceed directly against

the Issuer to obtain or enforce such remedies.

## **24. Further Regulations**

Subject to all other provisions contained in these Rules, the Representative of the Noteholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Noteholders in its sole discretion may decide.

### **TITLE III**

#### **THE REPRESENTATIVE OF THE NOTEHOLDERS**

## **25. Appointment, Removal and Remuneration**

### *25.1 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 25, except for the appointment of the first Representative of the Noteholders which will occur on the Issue Date.

### *25.2 Requirements for the Representative of the Noteholders*

The Representative of the Noteholders shall be:

- (a) a bank incorporated in any jurisdiction of the European Union, or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- (b) a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 106 of the Consolidated Banking Act; or
- (c) any other entity which is not prohibited from acting in the capacity of Representative of the Noteholders pursuant to the law.

### *25.3 Directors and auditors of the Issuer*

The director/s and auditors of the Issuer cannot be appointed as Representative of the Noteholders, and if appointed as such they shall be automatically removed.

### *25.4 Duration of appointment*

Unless the Representative of the Noteholders is removed by Extraordinary Resolution pursuant to Title II above or it resigns in accordance with Article 27, it shall remain in office until full repayment or cancellation of all the Notes.

### *25.5 Removal*

The Representative of the Noteholders may be removed by Extraordinary Resolution of the Most Senior Class of Noteholders at any time.

### *25.6 Office after termination*

In the event of a termination of the appointment of the Representative of the Noteholders for any reason whatsoever, such Representative of the Noteholders shall remain in office until a substitute Representative of the Noteholders, which shall be a subject among those listed in Article 25.2, paragraphs (a), (b), and (c) above, accepts its appointment, and the powers and authority of the Representative of the Noteholders whose appointment 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.

### *25.7 Remuneration*

The Issuer shall pay to the Representative of the Noteholders for its services as 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 separate fee letter. Such fees shall accrue from day to day and shall be payable in accordance with the applicable Priority of Payments.

## **26. Duties and Powers of the Representative of the Noteholders**

### *26.1 Legal representative of the Organisation of the Noteholders*

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 pursuant to the Transaction Documents in order to protect the interests of the Noteholders.

### *26.2 Meetings and implementation of Resolutions*

Subject to Article 28.9 (*Illegality*), the Representative of the Noteholders is responsible for implementing all resolutions of the Noteholders and has the right to convene Meetings to propose any course of action which it considers from time to time necessary or desirable.

### *26.3 Delegation*

26.3.1 The Representative of the Noteholders may also, whenever it considers it expedient and in the interest of the Noteholders, whether by power of attorney or otherwise, delegate to any person(s) specific activities vested in it as aforesaid.

26.3.2 The terms and conditions (including power to sub-delegate) of such appointment shall be established by the Representative of the Noteholders depending on what it deems suitable in the interest of the Noteholders.

26.3.3 The Representative of the Noteholders shall not, other than in the normal course of its business, 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 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 (*culpa in eligendo*).

26.3.4 As soon as reasonably practicable, the Representative of the Noteholders shall 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.

### *26.4 Judicial proceedings*

The Representative of the Noteholders is authorised to represent the Organisation of the Noteholders, *inter alia*, in any judicial proceedings.

## **27. Resignation of the Representative of the Noteholders**

### *27.1 Resignation*

The Representative of the Noteholders may resign at any time by giving at least three calendar months' written notice to the Issuer, with no need to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation.

### *27.2 Effectiveness*

The resignation of the Representative of the Noteholders shall not become effective until a new Representative of the Noteholders has been appointed by an Extraordinary Resolution of the Most Senior Class of Noteholders and such new Representative of the Noteholders has accepted its appointment provided that if the Noteholders fail to select a new Representative of the Noteholders within three months of written notice of resignation delivered by the Representative of the Noteholders, the Representative of the Noteholders may appoint a successor which is a qualifying entity pursuant to Article 25.

## **28. Exoneration of the Representative of the Noteholders**

### **28.1 *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.

### **28.2 *Other limitations***

Without limiting the generality of Article 28.1, the Representative of the Noteholders:

- (i) shall not be under any obligation to take any steps to ascertain whether a Trigger Event or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Noteholders hereunder or under any other Transaction Document has occurred, and until the Representative of the Noteholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Trigger Event has occurred;
- (ii) 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 the Terms and Conditions and hereunder or, as the case may be, in any Transaction Document to which each such party is a party, 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 carefully observing and performing all their respective obligations;
- (iii) except as otherwise required under these Rules or the Transaction Documents, 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;
- (iv) shall not be responsible for (or 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:
  - (1) the nature, status, creditworthiness or solvency of the Issuer;
  - (2) 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 herewith;
  - (3) the suitability, adequacy or sufficiency of any collection procedure operated by the Servicer or compliance therewith;
  - (4) 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

- (5) any accounts, books, records or files maintained by the Issuer, the Servicer, and the Paying Agent or any other person in respect of the Portfolio or the Notes;
- (v) 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;
- (vi) shall not be responsible for (or for investigating) any matter which is the subject of any recital, statement, warranty or representation by any party other than the Representative of the Noteholders contained herein or in any Transaction Document or any certificate, document or agreement relating to thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- (viii) 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;
- (ix) 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;
- (x) shall not be under any obligation to guarantee or procure the repayment of the Portfolio or any part thereof;
- (xi) 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 Noteholder;
- (xii) 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;
- (xiii) shall not be responsible for reviewing or investigating any report relating to the Portfolio provided by any person;
- (xiv) 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;
- (xv) shall not be responsible for (except as otherwise provided in the Terms and Conditions or in the Transaction Documents) making or verifying any determination or calculation in respect of the Portfolio and the Notes;
- (xvi) 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; and
- (xvii) save as expressly provided in the Transaction Documents, shall not be under any obligation to give notice to any person in relation to the execution of these Rules or any other Transaction Document or any transaction contemplated hereby or thereby.

## 28.3 *Discretion*

### 28.3.1 The Representative of the Noteholders:

- (i) save as expressly otherwise provided herein and in the Intercreditor Agreement, shall have absolute discretion as to the exercise, non-exercise or refraining from 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 default (*dolo*) or gross negligence (*colpa grave*);
- (ii) 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 to its satisfaction against all actions, proceedings, claims and demands which may be brought against it and against all costs, charges, damages, expenses and liabilities which it may incur by taking such action;
- (iii) may certify whether or not a Trigger Event is in its opinion prejudicial to the interest of the Noteholders and any such certification shall be conclusive and binding upon the Issuer, the Noteholders, the Other Issuer Creditors and any other subject party to the Transaction Documents;
- (iv) may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these 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 Transaction Documents;

28.3.2 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.

28.3.3 The Representative of the Noteholders may, prior to taking any action (as well as prior to deciding not to take any action) in the execution and exercise of its powers and authorities and discretions under the Conditions, these Rules and the Transaction Documents, request in writing the Noteholders to determine in its sole discretion acting in good faith, whether any such action (or decision not to take any such action) would be prejudicial to, or have a negative impact on, the interests of the Noteholders. Upon determination by the Noteholders that any such action (or decision not to take any such action) of the Representative of the Noteholders would be materially prejudicial to, or have a material negative impact on, the interests of the Noteholders, the Representative of the Noteholders shall comply with the written instructions received by the Noteholders. On the contrary, in case the Noteholders will consider any such action (or decision not to take any such action) as no materially prejudicial to, or with no material negative impact on their interests, then the Representative of the Noteholders will act in accordance with the Conditions, these Rules and the provisions of the Intercreditor Agreement.

#### 28.4 Certificates

The Representative of the Noteholders:

- (i) may act on the advice of or a certificate or opinion of or any information obtained from any lawyer, accountant, banker, broker or credit agency or other expert whether obtained by the Issuer, the Representative of the Noteholders or otherwise, and shall not be responsible for any loss incurred by so acting in the absence of gross negligence (*colpa grave*) or wilful default (*dolo*) on the part of the Representative of the Noteholders;
- (ii) may call for, and shall be at liberty to accept as sufficient evidence of any fact or matter, a certificate duly signed by the Issuer, 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 it has information which casts a doubt on the truthfulness of the certificates signed by the Issuer;
- (iii) shall have the right to call for (or have the Issuer call for) and to rely on written attestations issued by any one of the parties to the Intercreditor Agreement, or by any Other Issuer Creditor. The Representative of the Noteholders shall not be required to seek additional evidence 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.

## 28.5 *Ownership of the Notes*

28.5.1 In order to ascertain ownership of the Notes, the Representative of the Noteholders may fully rely on the certificates issued by any authorised institution listed in Article 83-*sexies* of the Financial Law Consolidated Act, which certificates are conclusive proof of the statements attested to therein.

28.5.2 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.

## 28.6 *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 Regulation 13 August 2018, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

## 28.7 *Certificates of 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.

## 28.8 *Illegality*

No provision of these 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 or otherwise risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its powers or discretion, and 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.

## **29. Amendments to the Transaction Documents**

### **29.1 *Consent of the Representative of the Noteholders***

Subject to the prior express consent of the Senior Noteholders and the Mezzanine Noteholders, the Representative of the Noteholders may agree to any amendment or modification to these Rules or to any of the Transaction Documents, if in its opinion:

- (i) it is expedient to make such amendment or modification in order to correct a manifest error or an error of a formal, minor or technical nature; or
- (ii) save as provided under paragraph (i) above, such amendment or modification (which shall be other than in respect of a Basic Terms Modification or any provision in these Rules which makes a reference to the definition of "Basic Terms Modification") is not materially prejudicial to the interest of the Most Senior Class of Noteholders.

### **29.2 *Binding nature of amendments***

Any such amendment or modification shall be binding on the Noteholders and the Other Issuer Creditors and, unless the Representative of the Noteholders otherwise agrees, the Issuer shall procure that such amendment or modification be notified to the Noteholders and the Other Issuer Creditors as soon as practicable thereafter.

## **30. Indemnity**

### **30.1 *Indemnification***

Pursuant to the Subscription Agreements, the Issuer has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Noteholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, receivables and demand (including, without limitation, legal fees and any applicable tax, value added tax or similar tax) properly incurred by or made against the Representative of the Noteholders or any subject to which the Representative of the Noteholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authority and discretion and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, 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 these Rules, the Notes or the Transaction Documents, except insofar as the same are incurred because of the fraud, gross negligence or wilful default of the Representative of the Noteholders or the abovementioned appointed persons. It remains understood and agreed that such costs, expenses and liabilities shall be reasonably incurred.

### **30.2 *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 gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Noteholders.

## **TITLE IV**

### **THE ORGANISATION OF THE NOTEHOLDERS AFTER SERVICE OF A TRIGGER NOTICE**

### **31. Powers**

It is hereby acknowledged that, upon the occurrence of a Trigger Event, pursuant to the Intercreditor Agreement, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, shall be entitled - also in the interest of the Other Issuer Creditors, pursuant to Articles 1411 and 1723 of the Italian Civil Code - to exercise certain rights in relation to the Portfolio. Therefore, the Representative of the Noteholders, in its capacity as legal representative of the Organisation of the Noteholders, will be authorised, pursuant to the terms of the Intercreditor 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**

#### **32. Governing law and Jurisdiction**

##### *32.1 Governing law*

These Rules and all non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with the laws of the Republic of Italy.

##### *32.2 Jurisdiction*

Any dispute arising from the interpretation and execution of these Rules or from the legal relationships established by these Rules will be submitted to the exclusive jurisdiction of the Courts of Milan.

## **SUBSCRIPTION AND SALE**

### **1. THE SENIOR NOTES SUBSCRIPTION AGREEMENT**

Pursuant to the Senior Notes Subscription Agreement entered into on or about the Issue Date, the Lead Manager and the Senior Notes Underwriter has agreed to subscribe for the Senior Notes, subject to the terms and conditions set out thereunder.

The Issuer has agreed to indemnify the Senior Notes Underwriter against certain liabilities in connection with the issue of the Senior Notes.

The Senior Notes Subscription Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Senior Notes Subscription Agreement (including a dispute relating to the existence, validity or termination of the Senior Notes Subscription Agreement or any non-contractual obligation arising out of or in connection with it).

### **2. THE MEZZANINE NOTES SUBSCRIPTION AGREEMENT**

Pursuant to the Mezzanine Notes Subscription Agreement entered into on or about the Issue Date, the Mezzanine Notes Underwriter has agreed to subscribe for the Mezzanine Notes, subject to the terms and conditions set out thereunder.

The Issuer has agreed to indemnify the Mezzanine Notes Underwriter against certain liabilities in connection with the issue of the Mezzanine Notes.

The Mezzanine Notes Subscription Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Mezzanine Notes Subscription Agreement (including a dispute relating to the existence, validity or termination of the Mezzanine Notes Subscription Agreement or any non-contractual obligation arising out of or in connection with it).

### **2. THE JUNIOR NOTES SUBSCRIPTION AGREEMENT**

Pursuant to the Junior Notes Subscription Agreement, the Junior Notes Underwriters have agreed to subscribe and pay the Issuer for the Junior Notes, subject to the terms and conditions set out thereunder.

In respect of the obligation of the Issuer to make payment on the Notes, under the Terms and Conditions the payment obligations of the Issuer in respect of the Junior Notes are subordinated to its payment obligations in respect of the Senior Notes, the Mezzanine Notes, the Other Issuer Creditors and any other creditors of the Issuer, as provided by the Priority of Payments. Therefore, in the event that the Issuer sustains losses and is unable to meet in full its obligations in respect of each of its creditors, the first creditors to bear any shortfall shall be the Junior Noteholders.

No commission, fee or concession shall be due by the Issuer to Junior Notes Underwriters in respect of its subscription of the Junior Notes.

The Junior Notes Subscription Agreement and all non-contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with Italian Law and the Courts of Milan shall have exclusive jurisdiction in relation to any disputes arising in respect of the Junior Notes Subscription Agreement (including a dispute relating to the existence, validity or termination of the Junior Notes Subscription Agreement or any non-contractual obligation arising out of or in connection with it).

### 3. SELLING RESTRICTIONS

#### 3.1 General

Under the Senior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement each of Senior Notes Underwriter and the Mezzanine Notes Underwriter:

##### 3.1.1 No action to permit public offering

has acknowledged that no action has been or will be taken in any jurisdiction by the Issuer that would permit a public offering of the Senior Notes and/or the Mezzanine Notes, or possession or distribution of any offering material in relation to the Senior Notes and/or the Mezzanine Notes, in any country or jurisdiction where action for that purpose is required;

##### 3.1.2 Compliance with laws

has represented and warranted to the Issuer that it has complied with and will undertake that it will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers the Senior Notes and/or the Mezzanine Notes or has in its possession, distributes or publishes such offering material, in all cases at its own expense; and

##### 3.1.3 Publicity

has represented and warranted to the Issuer that it has not made or provided and undertakes that it will not make or provide any representation or information regarding the Issuer or the Senior Notes and/or the Mezzanine Notes save as contained in the Information Memorandum or as approved for such purpose by the Issuer or which is a matter of public knowledge.

#### 3.2 United States

Neither the Senior Notes nor the Mezzanine Notes have been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Senior Notes Underwriter and the Mezzanine Notes Underwriter has represented and agreed that it has not offered and sold the Senior Notes and/or the Mezzanine Notes, and will not offer and sell the Senior Notes and/or the Mezzanine Notes (i) as part of their distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of the Senior Notes and/or the Mezzanine Notes, and then only in accordance with Rule 903 of Regulation S promulgated under the Securities Act. Neither the Senior Notes Underwriter nor the Mezzanine Notes Underwriter nor their affiliates nor any persons acting on the behalf of the Senior Notes Underwriter or the Mezzanine Notes Underwriter or their affiliates' behalf have engaged or will engage in any directed selling efforts with respect to the Senior Notes and/or the Mezzanine Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Senior Notes and/or Mezzanine Notes, the Senior Notes Underwriter and the Mezzanine Notes Underwriter will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Senior Notes and/or Mezzanine Notes from it during the restricted period a confirmation or notice to substantially to the following effect:

**"The Securities covered hereby have not been registered under the U.S. Securities**

Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903(b)(2)(111) (x) as part of their distribution at any time or (y) otherwise until 40 calendar days after the completion of the distribution of Securities as determined and certified by us, 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 under the Securities Act."

Terms used in this selling restriction have the meaning given to them by Regulation S under the Securities Act.

### 3.3 United Kingdom

#### 3.3.1 Prohibition of sales to United Kingdom retail investors

The Senior Notes Underwriter and the Mezzanine Notes Underwriter has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Senior Notes and/or Mezzanine Notes which are the subject of the offering contemplated by the Information Memorandum to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes.

#### 3.3.2 Other regulatory restrictions in the United Kingdom

Under the Senior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement, each of the Senior Notes Underwriter and the Mezzanine Notes Underwriter has represented, warranted and undertaken to the Issuer that:

- (a) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Senior Notes and/or the Mezzanine Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (b) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes and/or the Mezzanine Notes in, from or otherwise involving the United Kingdom.

### 3.4 Republic of Italy

Under the Senior Notes Subscription Agreement and the Mezzanine Notes Subscription Agreement, each of the Senior Notes Underwriter and the Mezzanine Notes Underwriter has represented, warranted and undertaken to the Issuer that:

#### 3.4.1 No offer to public

the offering of the Senior Notes and the Mezzanine Notes has not been registered with *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") (the Italian securities and exchange commission) pursuant to Italian securities legislation and, accordingly, neither the Senior Notes nor the Mezzanine Notes have been or may be offered, sold or delivered, nor may copies of the Information Memorandum or any other document relating to the Senior Notes and/or the Mezzanine Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) ("**Qualified Investors**"), as defined under Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**Prospectus Regulation**") and any applicable provisions of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Laws Consolidated Act**") and/or Italian CONSOB regulations; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws;

provided that, in any case, the offer or sale of the Senior Notes and/or the Mezzanine Notes in the Republic of Italy shall be effected in accordance with all relevant Italian securities, tax and other applicable laws and regulations;

#### 3.4.2 Offer to Qualified Investors

any offer, sale or delivery of the Senior Notes and/or the Mezzanine Notes in the Republic of Italy or distribution of copies of the Information Memorandum or any other document relating to the Senior Notes and/or the Mezzanine Notes in the Republic of Italy under paragraph 3.4.1 (a) and (b) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Laws Consolidated Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 as amended, (the "**Consolidated Banking Act**");
- (b) made in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Consolidated Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Please note that, in accordance with Article 5 of the Prospectus Regulation, where no exemption under paragraph 3.4.1, letter (a) or (b) above applies, the subsequent distribution of the Senior Notes and/or the Mezzanine Notes on the secondary market in Italy must be made in compliance with the rules on offers of securities to*

*be made to the public provided under the Prospectus Regulation and the applicable Italian laws. Failure to comply with such rules may result, inter alia, in the sale of the Senior Notes and/or the Mezzanine Notes being declared null and void and in the liability of the intermediary transferring the Senior Notes and/or the Mezzanine Notes for any damages suffered by the investors.*

The Junior Notes remain subject to the further selling restrictions provided for in the Junior Notes Subscription Agreement.

### 3.5 **Prohibition of Sales to EEA Retail Investors**

Each of the Senior Notes Underwriter and the Mezzanine Notes Underwriter has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Senior Notes and/or Mezzanine Notes which are the subject of the offering contemplated by the Information Memorandum to any retail investor in the European Economic Area (**EEA**). For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes.

## 4. **REGULATORY DISCLOSURE AND RETENTION UNDERTAKING**

Under the Subscription Agreements, ART, in its capacity as Originator, has undertaken that it will:

- (a) retain, on an on-going basis, a material net economic interest in the Securitisation of not less than 5 (five) per cent., in accordance with option (d) of Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (b) not change the manner in which the net economic interest is held, unless expressly permitted by Article 6(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards;
- (c) procure that any change to the manner in which such retained interest is held in accordance with paragraph (b) above will be notified to the Sub-Servicer to be disclosed in the Transparency Investors' Report; and
- (d) comply with the disclosure obligations imposed on originators under Article 7(1)(e)(iii) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards, subject always to any requirement of law,

provided that the Originator is only required to do so to the extent that the retention and disclosure requirements under the EU Securitisation Regulation and the applicable Regulatory Technical Standards are applicable to the Securitisation.

In addition, the Originator has undertaken that the material net economic interest held by it shall not be split amongst different types of retainers and shall not be subject to any credit-risk mitigation or hedging, in accordance with Article 6(3) of the EU Securitisation Regulation and the applicable

Regulatory Technical Standards.

**Due diligence disclosure**

A portion of the Notes has been subscribed by an institutional investor (as defined by Article 2, paragraph 1, of the EU Securitisation Regulation) which has carried out the due diligence activities provided by Article 5 of the EU Securitisation Regulation.



## GENERAL INFORMATION

### Listing and admission to trading

As of the date of this Information Memorandum, the Notes are not listed on any regulated market or multilateral trading facility or equivalent in any jurisdiction. The Issuer has filed with Borsa Italiana S.p.A. a request for the Senior Notes and the Mezzanine Notes to be admitted to trading on the professional segment ExtraMOT PRO of multilateral trading facility ExtraMOT. The Issuer does not have any intention to file any request for the listing or admission to trading of the Notes or any other market or multilateral trading facility, other than the ExtraMOT.

### Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the Notes. The Issuer is managed by a Sole Director. Therefore, in accordance with Italian law, the issue of the Notes has been authorised by such Sole Director without the need of any formal meeting or resolution.

### Clearing of the Notes

The Notes have been accepted for clearance through Monte Titoli, Euroclear and Clearstream as follows:

<i>Class</i>	<i>ISIN</i>
Class A	IT0005442444
Class B	IT0005442451
Class J	IT0005442469

### No material litigation

There have been no governmental, litigation or arbitration proceedings against or affecting the Issuer or any of its assets or revenues in the last twelve months, nor is the Issuer aware of any pending or threatened proceedings of such kind, which are or might be material, which may have, or have had in the recent past, significant effects on the Issuer and/or group's financial position or profitability.

### No material adverse change

Since 11 June 2020 being the date of incorporation of the Issuer, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer that is material.

### Documents available for inspection

Copies of the following documents are available in physical and electronic form for inspection during normal business hours at the registered office of the Issuer and of the Representative of the Noteholders (and, with respect to the documents under paragraphs (i) to (xv) (included) below, also on the following website <https://securitization.cardoai.com/>):

- (i) Memorandum and Articles of Association of the Issuer;
- (ii) Transfer Agreement;
- (iii) Master Servicing Agreement;
- (iv) Sub-Servicing Agreement;
- (v) Limited Recourse Loan Agreement;

- (vi) Intercreditor Agreement;
- (vii) Agency Agreement;
- (viii) Senior Notes Subscription Agreement;
- (ix) Mezzanine Notes Subscription Agreement;
- (x) Junior Notes Subscription Agreement;
- (xi) Corporate Services Agreement;
- (xii) Back-Up Sub-Servicing Agreement;
- (xiii) Master Definitions Agreement;
- (xiv) Information Memorandum; and
- (xv) Issuer's annual audited financial statement.

### **Post issuance reporting**

So long as any of the Notes remains outstanding, pursuant to Clause 6.2.3 (*Investors' Report*) of the Agency Agreement, each Investors' Report will be made available on the website <https://securitization.cardoi.com>.

### **Financial statements available**

The Issuer will produce financial statements in respect of each financial year. So long as any of the Senior Notes and the Mezzanine Notes remains outstanding, upon publication, copies of the Issuer's annual audited financial statements shall be made available in physical and/or electronic form for collection at the registered offices of the Issuer and of the Representative of the Noteholders and on the website <https://cardoi.com/public?transaction=kripton-spe>.

### **Transparency requirements under the EU Securitisation Regulation**

Under the Intercreditor Agreement, the parties thereto have acknowledged that the Originator and the Issuer shall be responsible for compliance with the transparency requirements of Article 7 of the EU Securitisation Regulation pursuant to the Transaction Documents.

Under the Intercreditor Agreement, each of the Issuer and the Originator has agreed that the Originator:

- (i) it has been designated and will act as Reporting Entity, pursuant to and for the purposes of Article 7(2) of the EU Securitisation Regulation. In such capacity as Reporting Entity, the Originator shall fulfil the information requirements pursuant to points (a), (b), (c), (d), (e), (f) and (g) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation by making available the relevant information pursuant to Article 7(2) of the EU Securitisation Regulation;
- (ii) has been designated as first contact point for investors and competent authorities pursuant to the third sub-paragraph of Article 27(1) of the EU Securitisation Regulation.

Under the Intercreditor Agreement, the Originator, in its capacity as Reporting Entity, has undertaken to publish and make available the information required to be disclosed to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and perspective noteholders, in accordance with Article 7 of the EU Securitisation Regulation (and any implementing regulation or technical standards adopted by the European Commission and any applicable or binding guidance of any regulatory, tax or governmental authority).

In particular, the Reporting Entity undertakes to make available to such investors and entities, upon request, the information under point (a) of the first subparagraph of Article 7(1) as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation.

As to pre-pricing information:

- (a) the Originator (also as holder of a portion of the Junior Notes) has confirmed that it has been, before pricing, in possession of (i) data relating to each Loan (and therefore it has not requested to receive the information under point (a) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation at least in draft form pursuant to Article 22(5) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, (ii) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data cover a period of at least 5 (five) years, pursuant to Article 22(1) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, and (iii) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards;
- (b) the Originator has confirmed that it has made available to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes before pricing (i) the information and documentation under point (a) of the first subparagraph of Article 7(1) upon request, as well as the information under points (b), (c) and (d) of the first subparagraph of Article 7(1) of the EU Securitisation Regulation at least in draft form pursuant to Article 22(5) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, (ii) data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, provided that such data shall cover a period of at least 5 (five) years, pursuant to Article 22(1) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards, and (iii) a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the relevant Regulatory Technical Standards.

As to post-closing information, the relevant parties to the Intercreditor Agreement have agreed and undertaken as follows:

- (a) the Servicer shall prepare the Transparency Loan Report and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make available the Transparency Loan Report (simultaneously with the Transparency Investors' Report) to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and the potential investors in the Notes by no later than the Transparency Report Date;
- (b) the Sub-Servicer shall prepare the Transparency Investors' Report and deliver it to the Reporting Entity in a timely manner in order for the Reporting Entity to make it available (i) simultaneously with the Transparency Loan Report to the investors in the Notes by no later than the Transparency Report Date, (ii) in case an inside information or significant event (within the respective meanings of Articles 7(1)(f) and (g) of the EU Securitisation Regulation) has occurred, without delay with reference to the information requested under Article 7(1)(f) and 7(1)(g) of the EU Securitisation Regulation, it being understood that on each Transparency Report Date the Transparency Investor Report shall indicate whether an inside information or a significant event has occurred or not;
- (c) the Issuer shall deliver to the Reporting Entity (i) a copy of the final Information Memorandum and the other final Transaction Documents (which are all underlying documents that are essential for the

understanding of the Securitisation) in a timely manner in order for the Reporting Entity to make available such documents to the investors in the Notes by no later than 15 (fifteen) days after the Issue Date, and (ii) any other document or information that may be required to be disclosed to the Noteholders, the competent authorities referred to in Article 29 of the EU Securitisation Regulation and, upon request, the potential investors in the Notes and competent authorities pursuant to the EU Securitisation Regulation and the applicable Regulatory Technical Standards in a timely manner (to the extent not already provided by other parties);

- (d) the Originator shall make available the final Transaction Documents and all the other documents listed under Article 7(1)(b) and 7(1)(d) to the investors in the Notes by no later than 15 (fifteen) days after the Issue Date,

in each case in accordance with the requirements provided by the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

Under the Intercreditor Agreement, the Originator has undertaken to make available on the website <https://securitization.cardoai.com/> to investors in the Notes on an ongoing basis and to potential investors in the Notes, upon request, a liability cash flow model which precisely represents the contractual relationship between the Receivables and the payments flowing between the Originator, the investors in the Notes, other third parties and the Issuer pursuant to Article 22(3) of the EU Securitisation Regulation and the applicable Regulatory Technical Standards.

Under the Intercreditor Agreement, the relevant parties thereto have acknowledged and agreed that:

- (a) in no event ART, in its capacity as Reporting Entity, shall be liable to the other parties thereto for any failure or delay in preparing or delivering the information required to be disclosed under Article 7 of the EU Securitisation Regulation if such failure is caused by the non-delivery or late delivery by any of the Parties of any information to be provided to the Reporting Entity pursuant to Clause 13 of the Intercreditor Agreement and the Transaction Documents (unless such non-delivery or late delivery is attributable to the non-delivery or late delivery of information to be provided by ART to such Parties);
- (b) in no event ART, in its capacity as Reporting Entity, shall be liable to the other parties thereto for the accuracy and completeness of any information or data that has been provided to it pursuant to Clause 13 of the Intercreditor Agreement and the Transaction Documents nor for the compliance of any such information with the requirements of the EU Securitisation Regulation and the applicable Regulatory Technical Standards (unless any inaccuracy, incompleteness or non-compliance is attributable to the inaccuracy, incompleteness or non-compliance of information provided by ART to such parties); and
- (c) ART, in its capacity as Reporting Entity, will not be under any obligation to verify, reconcile or recalculate any information or data provided to it by any Party pursuant to Clause 13 of the Intercreditor Agreement or the Transaction Documents and it shall be entitled to rely conclusively on such information and data for the purpose of fulfilling the information requirements provided for by Article 7 of the EU Securitisation Regulation (without prejudice to ART's liability for the information provided by it to the relevant Parties). In case the information or data provided by a Party pursuant to Clause 13 of the Intercreditor Agreement or the Transaction Documents appears to be prima facie incomplete or to include any material mistakes, ART shall liaise with the relevant Party to discuss in good faith such circumstance and obtain a new delivery of such information or data.

#### **Cooperation undertakings in relation to EU Securitisation Rules**

Under the Intercreditor Agreement, the relevant parties thereto (in relation to the respective role performed under the Securitisation) have agreed to:

- (a) provide all reasonable cooperation to the Issuer and the Originator in order to ensure that the Securitisation complies with the EU Securitisation Rules and is designated as STS;
- (b) take any action, negotiate in good faith and execute any amendment or additional agreement, deed or document, make available authorised signatories, adequately qualified personnel and internal administrative resources, and perform such other supporting activities in each case as may reasonably be deemed necessary and/or expedient for the purposes of point (ii) above.

The STS Notification in respect of the Securitisation will be publicly available on the ESMA website: <https://www.esma.europa.eu/>.

### **Fees and expenses**

The estimated annual fees and expenses payable by the Issuer in connection with the Securitisation amount to approximately Euro 170,000.00 (excluding VAT and excluding the fees paid to the sub-servicer and to the Lead Manager) and the estimated total expenses related to the admission to trading of the Senior Notes and the Mezzanine Notes amount approximately to Euro 5,000.00 (excluding VAT, if applicable).

### **Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 8156006AB37C6CC29A14.

**ISSUER**  
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**UNDERWRITER**  
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**PAYING AGENT**

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**BACK-UP SUB-SERVICER**  
**NSA S.p.A.**

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**ACCOUNT BANK, CASH MANAGER, LOAN**  
**PROVIDER, LEAD MANAGER AND ARRANGER**

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**LEGAL ADVISER TO THE ARRANGER**

**Hogan Lovells Studio Legale**

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